

# THE AFGHANISTAN- PAKISTAN WAR AT THE END OF 2011:

**Strategic Failure? Talk Without Hope?  
Tactical Success? Spend Not Build (And Then  
Stop Spending)?**

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## **Executive Summary**

The US is on the thin edge of strategic failure in two wars: the war in Iraq and the war in Afghanistan/Pakistan. This failure may never reach the point of outright defeat in either country. Iraq may never become hostile, revert to civil war, or come under anything approaching Iranian control. Afghanistan and Pakistan may never become major sanctuaries for terrorist attacks on the US and its allies.

Yet Iraq is already a grand strategic failure. The US went to war for the wrong reasons, let Iraq slide into a half decade of civil war, and failed to build an effective democracy and base for Iraq's economic development. Its tactical victories – if they last – did little more than put an end to a conflict it help create, and the US failed to establish anything like the strategic partnership it sought.

The US invasion did bring down a remarkably unpleasant dictatorship, but at cost of some eight years of turmoil and conflict, some 5,000 US and allied lives and 35,000 wounded, and over 100,000 Iraqi lives. The Congressional Research Service estimates that the dollar cost of the war to the US alone is over \$823 billion through FY2012, and SIGIR estimates that the US and its allies will have spent some \$75 billion on aid – much of it with little lasting benefit to Iraq.

The outcome in Afghanistan and Pakistan now seems unlikely to be any better. While any such judgments are subjective, the odds of meaningful strategic success have dropped from roughly even in 2009 to 4:1 to 6:1 against at the end of 2011. It is all very well for senior US officials to discuss “fight, talk, and build,” and for creating a successful transition before the US and ISAF allies withdraw virtually all of their combat troops and make massive cuts in the flow of outside money to Afghanistan. The US, however, has yet to present a credible and detailed plan for transition that shows the US and its allies can achieve some form of stable, strategic outcome in Afghanistan that even approaches the outcome of the Iraq War.

Far too many US actions have begun to look like a cover for an exit strategy from Afghanistan, and the US has never provided a credible set of goals – indeed any goals at all – for the strategic outcome it wants in Pakistan. Unless the US does far more to show it can execute a transition that has lasting strategic benefits in Afghanistan and Pakistan well after 2014, it is all too likely to repeat the tragedy of its withdrawal from Vietnam.

Such a US strategic failure may not mean outright defeat, although this again is possible. It is far from clear that the Taliban and other insurgents will win control of the country, that Afghanistan will plunge into another round of civil war, or that Afghanistan and Pakistan will see the rebirth of Al Qaida or any other major Islamist extremist or terrorist threat.

However, the human and financial costs have far outstripped the probable grand strategic benefits of the war. Given the likely rush to a US and ISAF exit, cuts in donor funding and in-country expenditures, and unwillingness to provide adequate funding after 2014, Afghanistan is likely to have less success than Iraq in building a functioning democracy with control over governance, economic development, and security. Worse, Pakistan is far more strategically important and is drifting towards growing internal violence and many of the aspects of a failed state.

Even if Afghanistan gets enough outside funding to avoid an economic crisis and civil war after US and allied withdrawal, it will remain a weak and divided state dependent on continuing US and outside aid through 2024 and beyond, confining any strategic role to one of open-ended dependence. As for a nuclear-armed Pakistan, it is far more likely to be a disruptive force in Afghanistan than a constructive one, and there is little sign it will become any form of real ally or effectively manage its growing internal problems.

Regardless of which outcome occurs, the result will still be strategic failure in terms of cost-benefits to the US and its allies. The Afghan War has cost the US and its allies over 2,700 dead and well over 18,000 wounded. There are no reliable estimates of total Afghan casualties since 2001, but some estimates put direct deaths at around 18,000 and indirect deaths at another 3,200-20,000. And the war is far from over.

The Congressional Research Service estimates that the dollar cost of the war to the US alone is over \$527 billion through FY2012, and SIGAR estimates that the US and its allies will have spent some \$73 billion on aid – much of it again with little lasting benefit. Similar cost estimates are lacking for Pakistan, but they have also taken significant casualties and received substantial amounts of US aid.

The key question now is whether the US can minimize the scale of its strategic failure. Can the US move from concepts and rhetoric to working with its allies, Afghanistan, and Pakistan to create a credible transition plan that can secure Congressional and popular support and funding? Can they actually implement such a transition plan with the effectiveness that has been lacking in its efforts in Iraq and Afghanistan to date?

Some form of success (or limited failure) may still be possible, but the analysis in this paper warns that nothing the US government has said to date raises a high probability that this will be the case, and that much of the progress it has reported may be misleading. There are four critical areas wherein any lasting level of success is now unlikely:

- *Strategic failure?* The US has not shown that it can bring about enough of the elements required to create Afghan security and stability in a way that creates more than a marginal possibility that Afghanistan will have a successful transition by 2014, or at any time in the near future. It has never announced any plan that would make this possible. It has no strategic plans or clearly defined goals for Pakistan, although it has far more strategic importance than Afghanistan.
- *Talk Without Hope:* It is far from clear that any major insurgent faction feels it is either losing, or cannot simply outwait, US and allied withdrawal. Nor is it clear that Pakistan will ever seriously attempt to eliminate insurgent sanctuaries within its borders. If insurgents do choose to negotiate it may well be because they feel the US, allied, and GIRoA position is becoming so weak they can use diplomacy as a form of war by other means and speed their victory through deception and by obtaining US, allied, and GIRoA concessions. They have already used similar tactics in Helmand and Pakistan, and Nepal and Cambodia are warnings that “talk” may do little more than cover an exit.
- *Tactical Success?* The very real gains the US and ISAF have made in the south may not be possible to hold if the US move forces east, and the US and ISAF are cutting forces so quickly that it is doubtful they can achieve the goals that ISAF

set for 2012. ANSF development is being rushed forward as future resources are being cut, and it is far from clear that the insurgents cannot outwait the US and ISAF and win a war of political attrition without having to win tactical battles in the field. The ISAF focus on significant acts of violence is a questionable approach to assessing both tactical and strategic progress, and ANSF transition has been little more than political symbolism.

- *Spend Not Build?* The latest Department of Defense and SIGAR reports do little to indicate that US and allied efforts to improve the quality of government, the rule of law, representative democracy, and economic development are making anything like the needed level of progress. They are a warning that Afghanistan and the Afghan government may face a massive recession as funding is cut, and the dreams of options like mining income and a “new Silk road” are little more than a triumph of hope over credible expectations. Once again, the very real progress being made in the development of the ANSF is being rushed as future funding is being cut, and it is unclear that current gains will be sustained or that the US has sufficient time left in which to find credible answers to these questions, build Congressional, domestic, and allied support, and then to begin implementing them. It is now entering the 11<sup>th</sup> year of a war for which it seems to have no clear plans and no clear strategic goals. The new strategy that President Obama outlined in 2009 is now in tatters.

There are no obvious prospects for stable relations with Pakistan or for getting more Pakistani support. The Karzai government barely functions, and new elections must come in 2014 – the year combat forces are supposed to leave. US and allied troop levels are dropping to critical levels. No one knows what presence – if any – would stay after 2014. Progress is taking place in creating an Afghan army, but without a functioning state to defend, the ANSF could fragment. Far less progress is taking place in creating the police and justice system. Massive aid to Afghanistan has produced far too few tangible results, and the Afghan economy is likely to go into a depression in 2014 in the face of massive aid and spending cuts that will cripple both the economy and Afghan forces.

It is time the Obama Administration faced these issues credibly and in depth. The US and its allies need a transition plan for Afghanistan that either provides a credible way to stay – with credible costs and prospects for victory – or an exit plan that reflects at least some regard for nearly 30 million Afghans and our future role in the region. It needs to consider what will happen once the US leaves Afghanistan and what longer term approaches it should take to a steadily more divided and unstable Pakistan.

In the case of the US, this also means a detailed transition plan that spells out exactly how the US plans to phase down its civil and military efforts, what steps it will take to ensure that transition is stable through 2014, and a clear estimate of the probable cost. The US needs a meaningful action plan that Congress, the media, area experts, and the American people can debate and commit themselves to supporting. If President Obama cannot provide such a plan within months, and win the support necessary to implement it, any hope of salvaging lasting success in the war will vanish.

Even if the US does act on such a plan and provide the necessary resources, it may not succeed, and Pakistan may become progressively more unstable regardless of US aid and

actions in Afghanistan. Any de facto “exit strategy” will make this future almost inevitable.

The most likely post-2014 outcome in Afghanistan, at this point in time, is not the successful transition to a democratic Afghan government with control of the entire country. Nor is it likely that the Taliban will regain control of large parts of the country. Rather, the most likely outcome is some sort of middle ground where the insurgents control and operate in some areas, while others are controlled by the Pashtun. Some form of the Northern Alliance is likely to appear, and the role of the central government in Kabul would be limited or caught up in civil conflict.

This would not be what some US policymakers call “Afghan good enough,” it would be “Afghan muddle through.” What, exactly such an “Afghan muddle” would look like, and how divided and violent it would be, is impossible to predict. But it is the most likely outcome and the US needs to start now to examine the different options it has for dealing with a post-2014 Afghanistan that is far less stable and self-sufficient than current plans predict, and make real plans for a Pakistan whose government and military cannot move the country forward and contain its rising internal violence. As is the case in Iraq, strategic failure in the Afghanistan/Pakistan War cannot end in a total US exit. The US must be ready to deal with near and long term consequences.

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## **Strategic Failure?**

As Iraq and Vietnam have made brutally clear, strategic success in many ways is not determined by military victory – critical as it is. It is determined by whether the war produces lasting strategic benefits. In cases where the war is largely optional – at least in the sense the nation's future is not at risk – the issue is one of cost-benefits as well. Does the outcome justify the cost? Would other investments in blood and money – or more effective and less costly prosecution of the war -- produce more strategic benefits?

### **The Lack of Meaningful Strategic Goals for the War**

Neither President Bush nor President Obama – nor any other senior US official or commander – has ever addressed this aspect of the Afghan/Pakistan conflict. The US has never established a meaningful set of grand strategic goals for Pakistan, and for what it is seeking in and from Pakistan after the war. The most important country in the conflict – a major nuclear power – has been left in a total grand strategic intellectual vacuum. We have talked about near term changes from Pakistani behavior in Afghanistan, and provided vacuous clichés to describe our goals in providing forms of aid that are little more than a glorified bribe, but we have no apparent strategy.

The situation in Afghanistan is only marginally better. Our broad goals at the start focused on nation building – on transforming Afghanistan into a secure, effectively governed, representative democracy with solid rule of law and human rights; a country that was well on the path to economic development. It was apparent long before the new strategy was adopted in 2009, however, that such goals could not be achieved.

More recent Department of Defense reporting sets relatively modest strategic goals for the war:

The goal of the United States is to disrupt, dismantle, and eventually defeat al Qaeda, and to prevent its return to either Afghanistan or Pakistan. The specific objectives in Afghanistan are to deny safe haven to al Qaeda and to deny the Taliban the ability to overthrow the Afghan Government. To support these objectives, U.S. and coalition forces will continue to degrade the Taliban insurgency in order to provide time and space to increase the capacity of the Afghan National Security Forces and the Afghan Government so they can assume the lead for Afghanistan's security by the end of 2014.<sup>1</sup>

The problem with these strategic goals is that they say nothing about the probability that Afghanistan will be a stable, secure, and friendly state after 2014, and there are few signs that all of the necessary conditions to reach even those modest goals can be met.

### **The Lack of Strategic Progress in Afghanistan**

At the time the new strategy was formulated in 2009, it was clear that any strategy faced a significant chance of failure. This was true even when no deadlines were yet set for withdrawal, the military surge was supposed to be roughly a third larger than was approved, and cuts in forces and aid were assumed to be “conditions based.” It was clear that the US confronted a wide range of challenges if it was to win the Afghan conflict in any meaningful sense, and leave a stable Afghanistan and Pakistan. It is interesting to reexamine these challenges and the probability of meeting them:

- *Dealing with Pakistan.*



As described above, the progress expected in 2009 has not occurred, tensions with Pakistan have grown, and recent negotiations seem to have failed – essentially giving Pakistan more of a role in talks between GIRoA and the insurgents in return for little more than token action and continued use of Pakistan LOCs and supply routes.

- *Decide on US strategic objectives in conducting and terminating the war. These objectives not only include the defeat of Al Qaeda, but deciding on what kind of transition the US wishes to make in Afghanistan, what goals the US can achieve in creating a stable Afghanistan, US goals in Pakistan, and the broader strategic goals the US will seek in Central and South Asia.*

The US has no credible – or even stated – strategy for its post war goals in Pakistan, Central Asia, and South Asia. Transition planning consists largely of issuing concepts and statements of good intentions while phasing down existing efforts by 2014. It is unclear that stable, credible plans for governance, economic stability, and the development and sustainment of the ANSF will be in place in time to seek Congressional funding for FY2013 and approval of funding plans to and beyond 2014 – and even more unclear the Congress will actually fund the necessary level of effort.

- *Defeat the insurgency not only in tactical terms, but also by eliminating its control and influence over the population and ability exploit sanctuaries in Pakistan and win a war of political transition.*

As is analyzed in detail later in this paper, the US and its allies will cut back their forces before their planned tactical gains can take place in the East and before the ANSF is ready. The latest semi-annual report from the Department of Defense notes that sanctuaries in Pakistan remain a critical problem, and intense US pressure has not produced any clear indication that Pakistan will act to eliminate insurgents, as opposed to continuing to use them to achieve its own postwar goals in Afghanistan.

- *Create a more effective and integrated, civil and civil-military transition effort by NATO/ISAF, UN, member countries, NGOs, and international community efforts through 2014, and for 5-10 years after the withdrawal of combat forces.*

Only one country, France, has substantially improved its military efforts since 2009. More broadly, the total number of caveat nations have increased as Germany and Italy have put serious limits on their forces, Canada and the Netherlands have ceased combat operations, and a broad rush to the exit has begun with little guarantee of anything approaching conditions-based support after 2014.

- *Build up a much larger, and more effective, mix of Afghan National Security Forces (ANSF).*

This is the one real area of progress since 2009, but that progress is tentative and the transition burden placed on the ANSF is likely to be too great and too early for sustained success. The progress in the army needs several more years of substantial outside support, funding, and partnering than it is likely to receive. While the short-term capabilities of the army are improving, the long-term

sustainability, and loyalty, of the army are open questions. The police effort is far less successful and will not have the support of other elements of a functioning justice system and governance necessary for the police effort to succeed.

- *Give the Afghan government the necessary capacity and legitimacy (and lasting stability) at the national, regional/provincial, district, and local levels by 2014.*

Current Department of Defense and SIGAR reporting provides little indication that GIRoA will have the broad political legitimacy it needs, make significant reductions in corruption and the role of power brokers and criminal networks, create a functioning legislature, build up provincial and district governance, and create effective aid programs at anything like the scale required. There is a major risk that the 2012 elections will again raise broad question about their legitimacy, and that coming massive cuts in military spending and aid will trigger a major recession – if not depression – by 2014-2015.

- *Shape a balance of post-transition relations with India, Iran, “Stans,” Russia, and China that will help sustain post-transition stability.*

No evidence of meaningful real progress.

- *Make effective trade-offs in terms of resources relative to the priorities set by other US domestic and security interests*

A vastly less favorable economic situation, far greater domestic funding needs, and a deteriorating partisan political process that is likely to be in near self-paralysis until after the 2012 election – if then.

### **Strategy and the Race Towards Transition**

The focus on deadlines, and the loss of conditionality – tying force and spending levels to the actual conditions on the ground – is already having a growing impact. In theory, both the US and its allies are committed to an effort that lasts long beyond 2014, even if they withdraw their combat troops. In practice, both may be making troop and funding cuts that put them on the path toward an exit strategy by some point no later than early 2013.

Regardless of ministerial meetings and political rhetoric, the US and its allies are now in a race to determine whether they can find some credible approach to transition in Afghanistan and Pakistan before the coming cuts in troops and money reshape the Afghan War.

US actions will shape the outcome of this race, and determine how much of a transition actually occurs, as distinguished from a de facto rush to the exit. The US also has little time in which to act. The Afghan conflict is steadily losing domestic support from the public and within the Congress. There are divisions within the White House over the priority of the war relative to the 2012 campaign and domestic programs. The Department of Defense cannot really plan its FY2013 budget submission until the outcome of the Budget Control Act is far clearer, and State and USAID are already cutting their future funding levels for civil programs.

Put bluntly, the chances of the US avoiding strategic failure in the war are probably well below one in three, and probably closer to one in six.

## **Talk Without Hope?**

These odds are reinforced by the current focus on negotiations with the insurgents. When the new strategy was adopted in 2009, there was little emphasis on political negotiation with insurgent leaders versus the hope that tactical victories and improved governance would lead many fighters and less ideological insurgent leaders to reconcile with GIRoA and return to civilian life.

### **Political Settlement at What Probability, Cost and Risk?**

Political settlement has now become a key goal for transition, but one with very uncertain credibility and prospects for success. It is all very well for Secretary Clinton to state at the Kabul Conference this month that:

...we can pursue three mutually reinforcing objectives: We're going to continue fighting, we're going to be talking, and we're going to continue building... Now, some might say, "How do you do all three of those at the same time?" And my answer is, under the circumstances we must do all three at the same time. So we want a very clear message to the insurgents on both sides of the border that we are going to fight you and we are going to seek you in your safe havens, whether you're on the Afghan side or the Pakistani side. They must be dealt with.

It is far from clear that the Afghan government can even bring the Taliban, Haqqani network, or any other major group of insurgents to the negotiating table. The September 20, 2011 assassination of Burhanuddin Rabbani, the Chairman of the High Peace Council, is just one highly visible sign of this fact.

Even if they do come to the table, it is unclear why the insurgents would negotiate any agreement that favored the Afghan government or served US and allied goals in Afghanistan when they have every reason to hope they can outlast the US and ISAF. And, it is unclear why the insurgents would not try to use such negotiations to their own advantage, and violate any agreements the moment it is convenient to do so.

This is what Taliban insurgents have done in the past with the British in Helmand and the Pakistanis. It is what North Vietnam did in the Vietnam War, what the Maoists did in Nepal, and what elements of Pol Pot's supporters did in Cambodia. "Talk" is fine when both sides are willing to seriously compromise and stick by their agreements, or when one side is weak enough to have to concede. There is, however, little indication that any major insurgent group feels this way today.

### **Pakistan as a "Partner"?**

Moreover, there is no clear unity in the Afghan government about such negotiations, and Pakistan will seek to use them to its own advantage. Secretary Clinton raised this issue in her remarks in Kabul, and made it all too clear that success depends on the cooperation of a very uncertain Pakistani "ally":

...we're going to be expecting the Pakistanis to support the efforts at talking. We believe they can play either a constructive or a destructive role in helping to bring into talks those with whom the Afghans themselves must sit across the table and hammer out a negotiated settlement to end the years of fighting.

We will be looking to the Pakistanis to take the lead, because the terrorists operating outside of Pakistan pose a threat to Pakistanis, as well as to Afghans and others. And we will have ideas to share with the Pakistanis. We will certainly listen carefully to the ideas that they have. But our message is very clear: We're going to be fighting, we're going to talking, and we're going to be building. And they can either be helping or hindering, but we are not going to stop our efforts to create a strong foundation for an Afghanistan that is free from interference, violence, conflict, and has a chance to chart its own future.

So this is a time for clarity. It is a time for people to declare themselves as to how we intend to work together to reach goals that we happen to believe are in the mutual interests of Afghanistan, Pakistan, and the region.

### **The Allied Rush to the Exit**

The risks in negotiation are compounded by the fact there are strong elements in several allied governments that will accept any agreement that allows them to exit –and elements in virtually every ISAF-supporting government that now simply want out of the war. This doesn't mean that negotiations have to fail, or are not worth trying. It does mean that at present they not only are a triumph of hope over experience, they are a triumph of hope over reasonable expectations.

### **Tactical Success?**

The US and its allies can currently claim real progress in some aspects of the military dimension of the war. Few doubt that ISAF has had significant success in southern Afghanistan – success that is reflected in a major drop in insurgent-initiated attacks and the number of significant acts of violence.

### **Current Claims of Tactical Success**

The US Department of Defense issued a report to Congress on October 30, 2011 that stated that:

The most significant development during this reporting period is the reduction in year-over-year violence. After five consecutive years where enemy-initiated attacks and overall violence increased sharply each year (e.g., up 94 percent in 2010 over 2009), such attacks began to decrease in May 2011 compared to the previous year and continue to decline.

The successful May 2, 2011 raid against Osama bin Laden ... was an important achievement for all partner nations engaged in Afghanistan and sent a signal to all, including the Taliban, that the United States is committed to achieving its objective, which is to disrupt, dismantle, and eventually defeat al Qaeda and its affiliates, and to prevent their return to either Afghanistan or Pakistan. Nevertheless, the effect that this operation has had on U.S.-Pakistani relations, particularly cross-border cooperation, should not be underestimated.

The security gains highlighted in the previous edition of this report – enabled by the surge in ISAF and Afghan forces throughout 2010 – have been sustained and expanded during the reporting period. ANSF-ISAF success in consolidating security gains in previously cleared areas confirms that the civil-military counterinsurgency (COIN) strategy has significantly degraded the insurgency's capability, particularly in Helmand and Kandahar. ANSF-ISAF operations have widened the gap between the insurgents and the population in several key population centers, limiting insurgent freedom of movement, disrupting safe havens in Afghanistan, and degrading insurgent leadership.

Continued, partnered COIN operations by ANSF and ISAF forces, complemented by partnered Special Forces targeting of insurgent leaders, have reduced enemy attacks and violence in

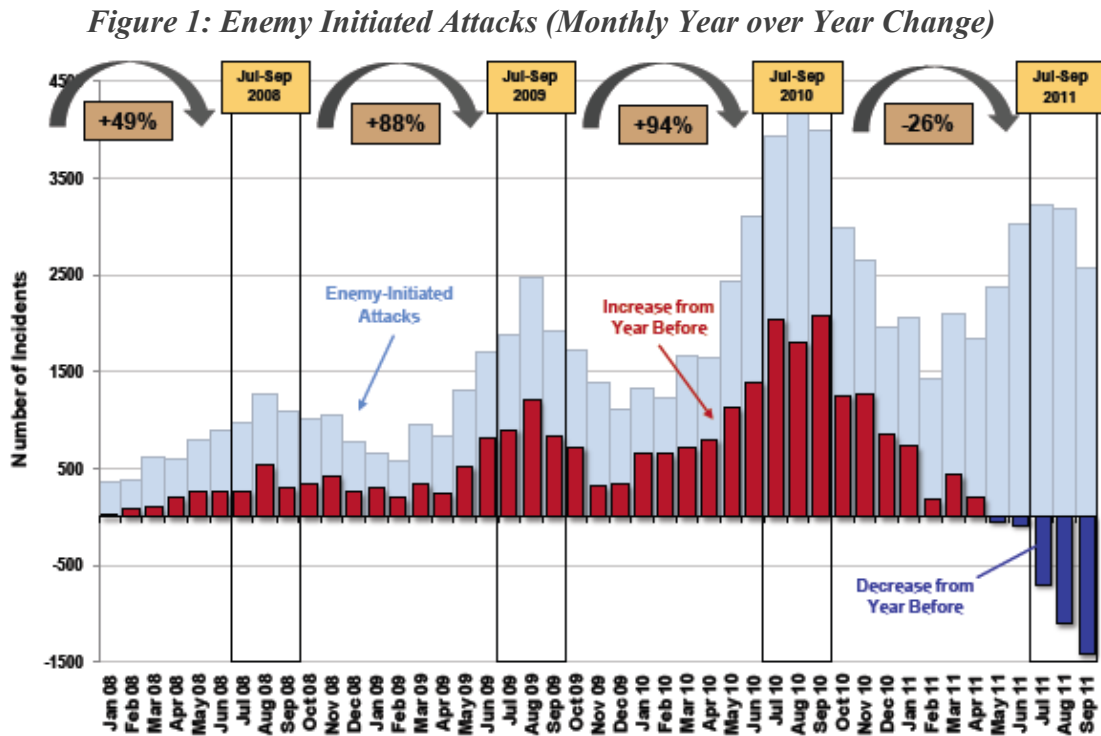
Regional Commands Southwest, West, and North. Overall, year-to-date enemy attacks nationwide were five percent lower than the same period in 2010, and attacks continue to decline.

During the reporting period, ANSF-ISAF operations remained focused on southern and southwestern Afghanistan, the heartland of the Taliban-led insurgency. Regional Command Southwest produced the most dramatic security progress during the reporting period, as COIN operations expanded gains in central and southern Helmand Province by disrupting insurgents' freedom of movement, limiting their access to the population, and eliminating key supply routes.

In Regional Command South, Afghan and coalition operations consolidated gains from Operation HAMKARI, with a particular focus on the Highway 1 corridor. Insurgent momentum was also reversed in Regional Commands North and West, where the insurgency had conducted supporting operations during 2009 and 2010 in an effort to divert ISAF resources and attention away from operations in the south. However, in 2011, increasingly effective partnered military operations reversed insurgent gains made in the previous two years, reducing violence and enemy attacks and beginning the process of expanding ANSF-led security into contested areas.

...ANSF-ISAF operations continue to reduce the influence and operational capacity of the insurgency. The disruption of safe havens within Afghanistan, the significant loss of low- and mid-level insurgents, and the disruption of command and control structures have largely stunted the Taliban's spring and summer campaign, preventing it from achieving a significant strategic effect on security conditions throughout the country. The effective interdiction of supplies and the reluctance of some Pakistan-based commanders to return to Afghanistan contributed to the insurgents' failure to mount the level of operations that they had planned and that ISAF had expected.<sup>2</sup>

These gains are summarized in **Figure 1**, and enough supporting data and analysis exist to indicate that they are very real.



Source: Department of Defense, *Report on Progress Towards Security and Stability in Afghanistan*, October 30, 2011, p 2.

### Why Such Successes May Not Matter

Neither the US Department of Defense nor ISAF, however, have made a convincing case that such gains can achieve a meaningful, lasting form of tactical victory. The unclassified reporting to date leave a long list of critical issues unaddressed – many of which reinforce the points made earlier about the lack of a credible strategic objective for post transition Afghanistan and Pakistan

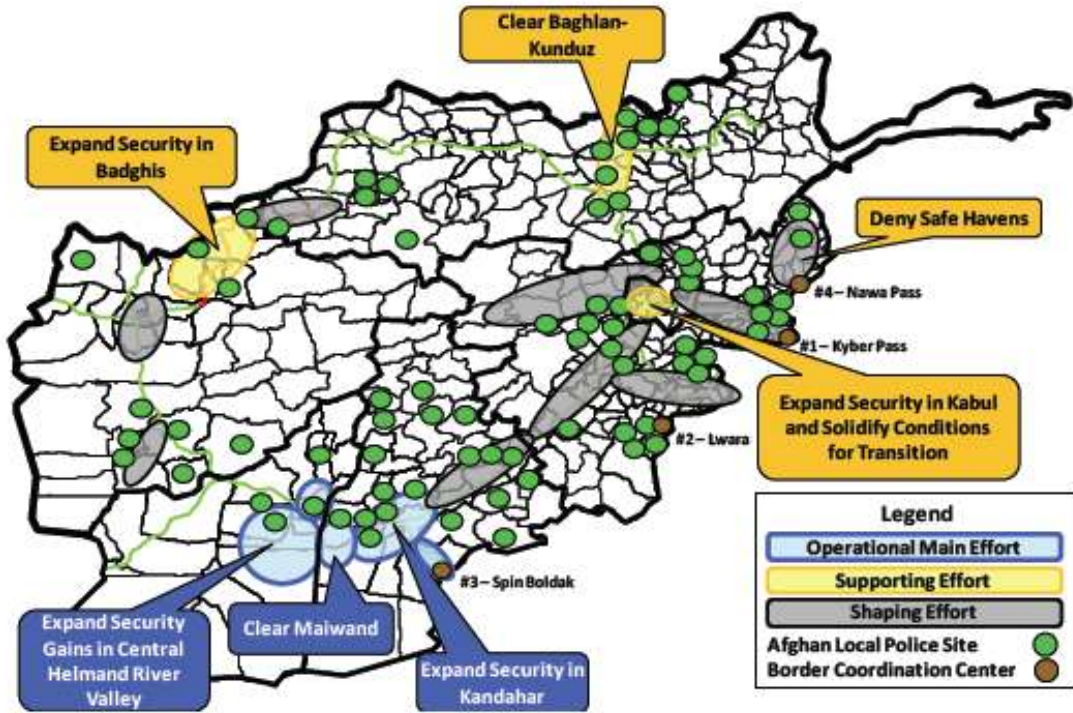
- *Coming troop cuts:* The DoD report notes that, “during the reporting period, President Obama announced that recent security progress and the increasing capacity and capability of the ANSF have allowed for the recovery of U.S. surge forces. Ten thousand U.S. troops will be redeployed by the end of the 2011, and the entire surge force of 33,000 personnel will be recovered by the end of September 2012. Approximately 68,000 U.S. troops, however, will remain in Afghanistan following the drawdown, and ISAF is currently developing a recommendation for future force levels. Although force levels will gradually decrease, the United States remains committed to the long-term security and stability of Afghanistan, and negotiations are progressing on a long-term strategic partnership between the United States and Afghanistan.” US troop cuts are no longer “conditions-based”; but are instead effectively open ended. They are also being accompanied by allied troop cuts.
- *Sanctuary in Pakistan:* After more than 10 years, the US has yet to show that it can persuade Pakistan to give up its influence over the Taliban, Haqqani network, and other insurgent groups, and to stop using them as potential tools to secure its own influence in Afghanistan and counter India. This is a critical failure. As the DoD report notes, “Although security continues to improve, the insurgency’s safe havens in Pakistan, as well as the limited capacity of the Afghan Government, remain the biggest risks to the process of turning security gains into a durable, stable Afghanistan. The insurgency remains resilient, benefitting from safe havens inside Pakistan, with a notable operational capacity, as reflected in isolated high-profile attacks and elevated violence levels in eastern Afghanistan.”<sup>3</sup>
- *Sustain Victory in the South and Winning in the East:* The levels of US and ISAF forces were significantly lower than was requested in shaping the new strategy, and are dropping sharply. It is far from clear that there will be enough ISAF troops to both hold on to gains in the South and make the needed gains in the East and the rest of Afghanistan. This could leave Afghanistan vulnerable along the border where the insurgency now is strongest, and the DoD report notes that “The security situation in Regional Command East, however, remains tenuous. Cross-border incidents have risen during the reporting period as a result of the sanctuary and support that the insurgency receives from Pakistan. In Regional Command Capital, the ANSF has established a layered defense system in and around Kabul, which has resulted in improved security, and the ANSF continues to respond effectively to threats and attacks. Nevertheless, Kabul continues to face persistent threats, particularly in the form of high-profile attacks and assassinations.”
- *The ANA development effort is being rushed, funding is being cut, there are trainer and partner shortfalls, and the end result may be unsustainable.* The

ANSF is making progress, particularly the ANA. There are sharp differences, however, between reported and actual progress, and no agreed plan as yet exists for shaping and full force development through 2014 and afterwards. Major cuts have already been made in future near-term funding. There are important ethnic differences in the ANA that could affect its future loyalties, and there are serious problems with loyalty to powerbrokers, corruption, and in leadership. These could all be corrected with time, the needed number of foreign trainers and partners, and adequate funds – but none may be available at the levels and duration required. The total current revenue generating capability of the Afghan government is also only about one-sixth of the US and allied spending on the ANSF in 2011. ISAF and NTM-A reporting sharply downplays these problems, but they are all too real.

- *The ANAF will not be ready until 2016, and will then have very limited combat and IS&R capability.*
- *The ANP development effort is being rushed, funding is being cut, and there are significant trainer and partner shortfall., The ANP are not supported by effective rule of law in terms of courts, detention facilities and a functioning legal system. The most effective element, the ANCOP, have an unacceptable attrition rate. Other police units have major problems with leadership corruption and loyalties to local power brokers. The border police are particularly corrupt. The Afghan Local Police work as long as they are supported by large elements of Special Forces, but these forces are not large enough to meet current expansion goals, and it is unclear what will happen when SOF advisors leave.*
- *Future year cuts in funding, equipment, trainers, and aid could easily repeat the problems that occurred in Vietnam. Until mid-2011, plans called for levels of aid through 2024 that now may not be provided even through 2015.*

*Figure 2: Over-Ambitious Tactical Goals for 2012; Given Progress in 2011 and Coming Troop Cuts*

Concept of Operations in 2011



Concept of Operations in 2012





## **The Insurgents Do Not Need to Defeat ISAF; Just Outlast It in a War of Political Attrition**

Moreover, these problems are only part of the story. The US and ISAF analyses of tactical success focus on significant acts of violence and casualties, not the overall impact of the fighting. The same report that described the progress listed above also notes that:

...the Taliban-led insurgency remains adaptive and resilient with a significant regenerative capacity. As insurgent capacity to contest ANSF-ISAF gains erodes, insurgents have turned to asymmetric efforts in order to avoid direct engagement with ISAF and ANSF forces, including the increased use of improvised explosive devices (IEDs), high-profile attacks, and assassinations of Afghan Government officials.

These tactics require less infrastructure in Afghanistan and do not need the support of the Afghan people; however, they do require command and control, training, and logistics support from safe havens, which the insurgents have in Pakistan. For example, IED material storage and construction facilities formerly based in Afghanistan have now been moved to Pakistan, specifically in the border town of Chaman, Baluchistan Province. The assassinations and attacks directed from the safe havens in Pakistan – especially the Federally Administered Tribal Areas of North Waziristan and the settled area of Chaman – while reflecting the weakness of the Taliban in Afghanistan, have the potential to have a significant political effect in Afghanistan as well as coalition countries. With the continued disruption of key insurgent safe havens in Afghanistan, safe havens in Pakistan has become the most important external factor sustaining the insurgency, and continues to present the most significant risk to ISAF's campaign.<sup>4</sup>

It also notes that:

Safe havens in Pakistan remain the insurgency's greatest enabler and have taken on increased significance as ANSF-ISAF operations continue to clear key insurgent safe havens in Afghanistan. Safe havens in Pakistan, which directly support insurgent operations in Afghanistan, have grown more virulent during the reporting period, and represent the most significant risk to ISAF's campaign.

The majority of insurgent fighters and commanders operate in or near their home districts, and low-level insurgent fighters are often well integrated into the local population. Out-of-area fighters comprise a relatively small portion of the insurgency; typically a source of technical expertise, these fighters tend to be more ideological in nature and less tolerant of local norms.

Taliban senior leaders remain capable of providing strategic guidance to the broader insurgency and channeling resources to support their operational priorities. Pakistan-based senior leaders exercise varying degrees of command and control over the generally decentralized and local Afghan insurgency. Within Afghanistan, leadership structures vary by province. In general, the insurgency is led by a shadow governor and a military commander at the provincial level, who oversee district-level shadow governors and lower-level military commanders. Due to the success of ISAF and ANSF operations, particularly in the key provinces of Helmand and Kandahar, the insurgency continues to adapt its tactics, techniques, and procedures. To preserve resources and avoid direct confrontation, insurgents have increased their use of IEDs, which remain one of the most potent and efficient weapons. High-profile attacks have also increased, and insurgents have begun to increase terrorist-type attacks on "soft targets," particularly in Kabul. The attacks on the Intercontinental Hotel in June, the British Consul in August, and the U.S. Embassy and ISAF Headquarters in September demonstrate the insurgency's determination to attack the national capital in order to achieve strategic effects as they seek to undermine ISAF, the ANSF, and the Afghan Government.

Despite the death of al Qaeda leader Osama bin Laden in May, the Taliban's relationship to al Qaeda continues. Although the personal relationship between Taliban leader Mullah Mohammad Omar and bin Laden represented one of the most important and influential links between the two groups, al Qaeda leadership continues to view the Taliban and the conflict in Afghanistan as

integral to the organization's continued relevance and viability. Al Qaeda's global agenda, however, does come into conflict with the Taliban's domestic and regional goals.

As a result, the Taliban has publicly sought to distance itself from al Qaeda; following bin Laden's death, Taliban leaders emphasized the indigenous nature of the insurgency and stated the insurgency would not be weakened. Al Qaeda's most significant enabler in Afghanistan remains the Pakistan-based Haqqani Network, which will likely leverage this relationship as they continue to seek relevance in Afghanistan.

As has been the case in many other insurgencies, the Taliban, Haqqani network, and other insurgent groups do not have to win direct fights in the field. They can disperse, concentrate on intimidating and controlling the population, safely occupy sanctuaries, use high profile bombings, attack indirectly by using IEDs and rockets, assassinate key figures and kidnap others, tax villages and roads, use narcotics income, work with criminal networks, and go underground using reconciliation procedures.

US and ISAF unclassified reporting sees this as weakness, describing fatigued fighters and leaders hiding in Pakistan, but these are reminiscent of statements made about the Chinese Communists, Vietcong, Algerian FLN, North Vietnam, Castro's forces, and other successful insurgents in the past. Moreover, the US and ISAF focused on tactical measures during 2003-2008 – before the adoption of the new strategy – while the Taliban made massive gains in political influence even as it suffered serious tactical defeats.

The most recent unclassified reporting has also ceased to show areas of insurgent influence and GIRoA control, and shows sharply different patterns from both UN reporting and the reporting by the US National Counterterrorism Center, which does count some lower level acts of "terrorism."

For example, the Secretary General of the UN reported to the Security Council on September 21, 2011 that both violence and casualties had increased in 2011 – an assessment that may be a more accurate reflection of the impact of operations on the Afghan people than the tactically oriented counts by ISAF,<sup>5</sup>

There were fewer security incidents in July (2,605) and August (2,306) than in June (2,626). As at the end of August, the average monthly number of incidents for 2011 was 2,108, up 39 per cent compared with the same period in 2010. Armed clashes and improvised explosive devices continued to constitute the majority of incidents. The south and southeast of the country, particularly around the city of Kandahar, continued to be the focus of military activity and accounted for approximately two thirds of total security incidents.

...There were 9 suicide attacks in July, the third successive monthly decrease from a peak of 17 in April. There were 11 suicide attacks in August. As at the end of August, the average monthly number of suicide attacks for 2011 was 12, a level that was unchanged compared with the same period in 2010. Complex suicide attacks made up a greater proportion of the total number of suicide attacks. On average, three such attacks have been carried out per month in 2011, a 50 per cent increase compared with the same period in 2010. Insurgents continued to launch complex suicide attacks in urban centers, including the attacks on the Intercontinental Hotel in Kabul on 28 June, on the British Council in Kabul on 19 August, in the vicinity of the United States Embassy in Kabul on 13 September and on provincial centers, such as the one on Tirin Kot, Uruzgan Province, on 28 July. The focus of suicide attacks was no longer southern Afghanistan, the central region currently accounting for 21 per cent of such attacks.

...As in the previous reporting period, insurgents continued to conduct a campaign of intimidation, including through the targeted assassination of high-ranking Government officials, members of the security forces and influential local political and religious leaders. There were 54 incidents in July and 72 in August, killing 89 and 93 individuals, respectively. The following four high-level

persons from southern Afghanistan were killed in July: Ahmad Wali Karzai, Head of Kandahar Provincial Council; Hikmatullah Hikmat, Head of Kandahar Ulema Shura; Jan Muhammad Khan, Senior Adviser to the President; and Ghulam Haydar Hamidi, Mayor of Kandahar. News of the assassinations reverberated across the country, raising concerns for the political stability of the south, given the influence exerted by those killed and their ties to the Government in Kabul.

...Concerns about the protection of civilians increased with the rise in civilian deaths and injuries. In its mid-year report on the protection of civilians for the first six months of 2011, UNAMA documented 1,462 civilian deaths, an increase of 15 per cent over the same period in 2010, with anti-Government elements responsible for 80 per cent of the deaths, an increase of 28 per cent compared with the same period in 2010. Pro-Government forces were responsible for 14 per cent of civilian deaths, a decrease of 9 per cent over the same period in 2010. In 6 per cent of cases, the civilian deaths could not be attributed to either party to the conflict.

From June to August, UNAMA documented 971 civilian deaths and 1,411 injuries, an increase of 5 per cent in civilian casualties compared with the same period in 2010. Anti-Government elements were linked to 1,841 civilian casualties (77 per cent) and pro-Government forces to 282 (12 per cent). The remaining casualties could not be attributed to either party to the conflict.

The increase can be attributed, in the context of overall intensified fighting, mainly to the use by anti-Government elements of landmine-like pressure-plate improvised explosive devices and suicide attacks, in violation of international humanitarian law.

Improvised explosive devices and suicide attacks accounted for 45 per cent of civilian casualties, an increase of 177 per cent compared with the same period in 2010. In a disturbing development, anti-Government elements attacked two hospitals and several mosques, places protected under international law. On 25 June, a suicide attack against a hospital in Logar Province killed 25 civilians, including 13 children, and injured 25 others. Targeted killings of high profile Government officials and individuals associated or perceived to be associated with the Government and/or ISAF occurred throughout the country...

Air strikes remained the leading cause of civilian deaths by pro-Government forces, killing 38 civilians in July, the highest number recorded in any month since February 2010. The number of civilian deaths from ground combat and armed clashes increased by 84 per cent compared with the same period in 2010. UNAMA documented 38 civilian deaths (7 per cent of all deaths) due to military search operations, a 15 per cent increase over the same period in 2010. Civilian casualties from air strikes and night raids continued to generate anger and resentment among Afghan communities towards international military forces.

Graphic estimates of the differences in these reports, as well as in estimates of casualties are summarized in a separate Annex to this report entitled **Afghanistan: Violence, Casualties, and Tactical Progress: 2011, which is available on the CSIS web site at:**

**[http://csis.org/files/publication/111110\\_AfghanViolence\\_n\\_CivCas.pdf](http://csis.org/files/publication/111110_AfghanViolence_n_CivCas.pdf)**

This Annex shows that estimates of the security impact of US and ISAF tactical victories in given areas is very different from the patterns of major attacks.

This does not mean that ISAF and the US are not scoring gains in these areas, and have not reversed insurgent momentum. *It does mean that there are not enough credible unclassified indicators to show the insurgents cannot simply outwait the US and ISAF, as well as GIRoA's cohesion and funding.*

Colonel Harry Summers once noted in a conversation over the Vietnam War that he had been talking to a North Vietnamese officer after the war and had stated to him that the US had won virtually every battle. The Vietnamese officer paused, and then said, "Yes, but this was irrelevant." Like Vietnam, Afghanistan (and Pakistan) are not going to be won by military force alone, and tactical victories can be all too hollow.

## **Spend, Not Build (and Then Stop Spending)?**

Politics may force US officials to deny that Afghanistan is an exercise in nation building, but the reality is that the US has led a nation building effort in Afghanistan ever since 2002. In some ways this effort has been justified. In the real world, “classic COIN” is an almost mindless oxymoron. No two insurgencies are ever the same, and most longer insurgencies involve constant adaptation in tactics and civil-military operations. Serious insurgencies arise when states fail to meet the needs of enough of their people at the political, economic, and security level to maintain popular support, avoid driving key factions towards violence, and lack the capacity to enforce security and govern in significant parts of the country.

The Afghan/Pakistan War began in a failed state divided by decades of civil conflict and external interference. No military action could produce a stable result, and some level of armed nation building was inevitable if the US was to achieve a stable and favorable outcome from its intervention. The alternative would have been to intervene quickly and decisively against Al Qa’ida and leave Afghanistan to its own devices: An option that might well have been desirable in retrospect, but was not seriously considered at the time.

The problem with the chosen course was that a US government with little or no real capacity for nation building did not attempt to help the Afghans restore an Afghan government on Afghan terms. It instead attempted a sudden, comprehensive transformation of Afghanistan into a unitary state with a flawed, over-centralized constitution and system of government that was supposed to operate according to US/Western values of representative democracy, human rights, and rule of law. It ignored the realities of Pakistani and regional competition and interests. It then attempted to conduct “national transformation,” rather than “nation building,” on the cheap by dividing much of the task among its allies, delegating key responsibilities, and setting impossible goals for near and mid-term economic development. Finally, it ignored the real world consequences, the failures in the US and international effort, the failures in Afghan governance, and how serious the rebirth of the Taliban and other insurgent movement were during 2003-2008.

Unfortunately, far too many elements of this exercise in strategic hubris, stupidity, and denial still affect the civil effort in Afghanistan. UNAMA, the State Department, and USAID are all fond of claiming civil progress using factoids taken out of the context of Afghan perceptions and needs; facts that are often drawn from sources of uncertain credibility. They report spending as if the amount of money was a measure of effectiveness, and rarely make an attempt to tie such spending to its demonstrable efficacy.

It is now the eleventh year of the war and neither the State Department nor USAID has ever published a meaningful assessment of the overall impact of the civil aid program, assessment of the trends in the Afghan economy, or met commitment after commitment to develop credible measures of effectiveness. At least in this regard, the top leadership of both State and USAID have failed to come to grips with one of the most critical dimensions of the war.

The Special Inspector General for Afghan Reconstruction (SIGAR) does make some assessments of effectiveness. Unlike its Iraqi counterpart (SIGIR), however, SIGAR

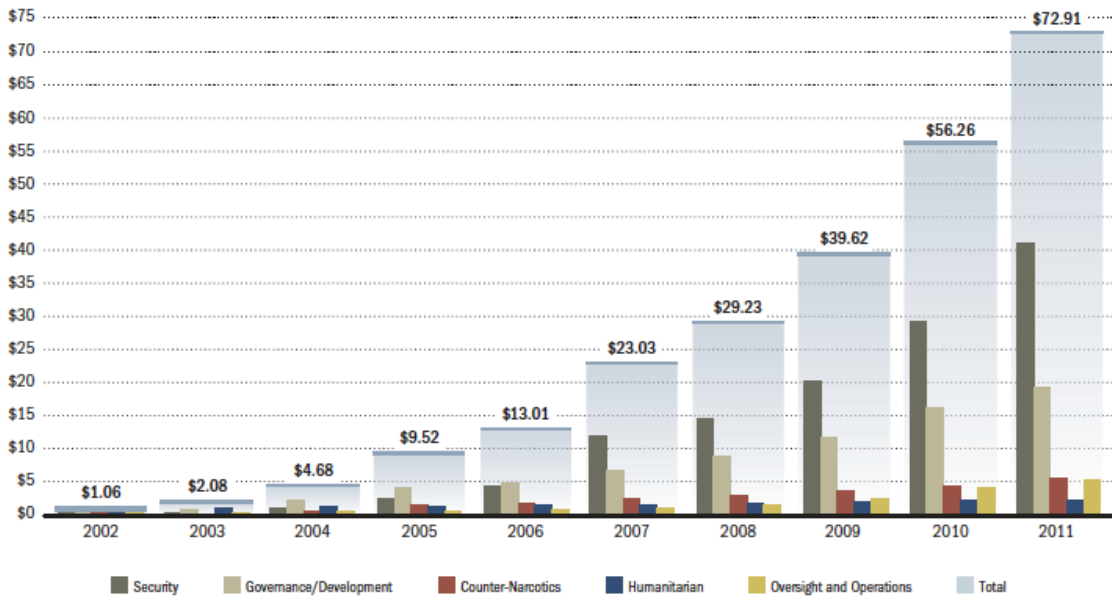
focuses almost exclusively on US spending and makes little effort to validate plans and requirements for civil and security aid efforts versus traditional audits which can do little more than document past failures.

**Figure 3** does, however, show the cumulative appropriations for aid efforts to date. It is a warning of the sheer scale of the spending, the erratic funding patterns that have taken place in the past, and how drastic the impact could be of sudden funding cuts for the ANSF and civil sector. Afghanistan will not be able to adapt to the loss of donor aid that is some nine to 14 times its current revenue earnings, and spending on military operations inside Afghanistan which is at least another 20 to 30 times the revenue earnings of the Afghan Government.

Moreover, while ISAF has stopped reporting progress in development by district, **Figure 4** shows that its past reporting is anything but reassuring. UN reporting also indicates that security for both aid activity and Afghanistan governance is still lacking in many districts.

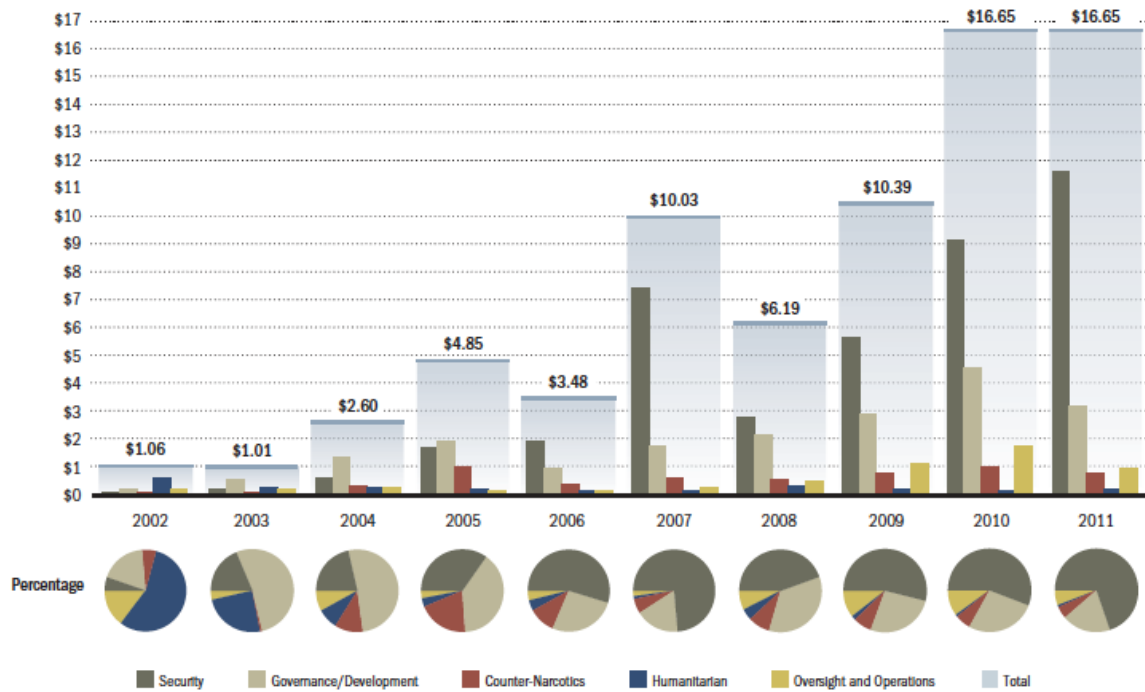
*Figure 3: USAID to Afghanistan*

CUMULATIVE APPROPRIATIONS BY FUNDING CATEGORY, AS OF SEPTEMBER 30, 2011 (\$ BILLIONS)



Notes: Numbers affected by rounding. Updated data resulted in minor differences in appropriation amounts from figures reported last quarter.  
 Sources: DoD, responses to SIGAR data call, 10/20/2011, 10/17/2011, 10/4/2011, 10/3/2011, 7/15/2011, 10/14/2009, and 10/1/2009; DoS, responses to SIGAR data call, 10/14/2011, 10/13/2011, and 4/14/2011; Treasury, response to SIGAR data call, 10/13/2011; OMB, response to SIGAR data call, 7/19/2011; USAID, responses to SIGAR data call, 10/3/2011, 10/15/2010, 1/15/2010, and 10/9/2009; DoI, response to SIGAR data call, 7/7/2009; USDA, response to SIGAR data call, 4/2009; P.L. 112-10, 4/15/2011; P.L. 111-212, 10/29/2010; P.L. 111-118, 12/19/2009; FY 2010 Defense Explanatory Statement.

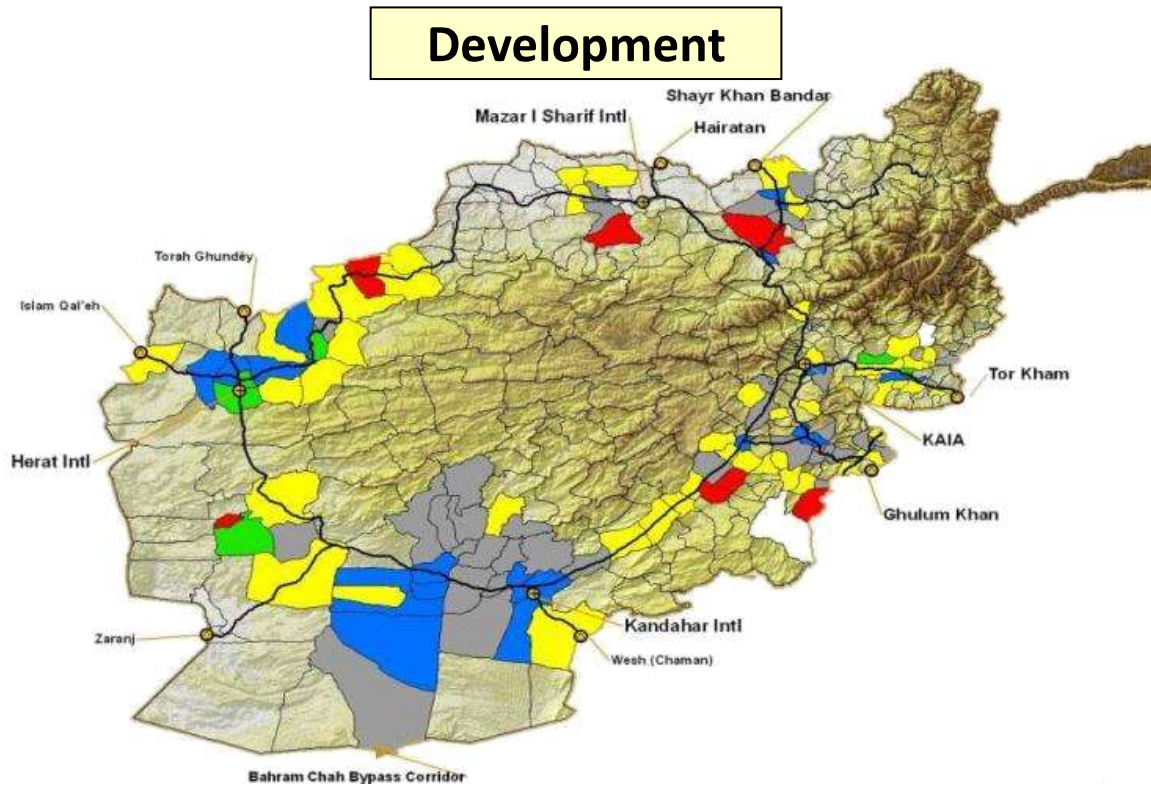
APPROPRIATIONS BY FISCAL YEAR, AMOUNT, AND PERCENTAGE (\$ BILLIONS)



Note: Numbers affected by rounding. Updated data resulted in minor differences in appropriation amounts from figures reported last quarter.

Source: SIGAR, Quarterly Report to US Congress, October 30, 2011, pp. 46-47.

Figure 4: Little or No Progress in Development in Many Areas



04-Feb-10	29-A	-10	Development Assessment
6		7	Sustainable Growth
16		9	Dependent Growth
47		6	Minimal Growth
40		4.1	Stalled Growth
10		7	Population at Risk
3		2	Not Assessed

## **Current Problems in the Political, Governance, Security and Economic Aspects of the Build Effort**

The Department of Defense does cover aid and “hold” activities in its reporting. Its October 2011 semiannual report on progress in the war describes a wide range of ongoing efforts (As well as presents the tenth annual set of new concepts and future good intentions on the part of State and USAID.) As **Figure 5**, ISAF also reports that the Afghan government is expanding its capacity at the Provincial and District levels in some areas, although others are less capable and the overall rate of progress is far too slow for to guarantee a successful transition.

### ***DoD Warnings About the Current Problems in the Build Phase***

A series of passages throughout the DoD report warn that many aspects of the “build” effort are already in trouble:

...four conditions are evaluated when considering an area’s eligibility to begin the Transition process. First, the security environment must be at a level that allows the population to pursue routine daily activities. Second, the ANSF must be capable of shouldering additional security tasks with less assistance from ISAF. Third, local governance must be sufficiently developed so that security will not be undermined as ISAF assistance is reduced. Finally, ISAF must be postured properly to thin-out as ANSF capabilities increase and threat levels stabilize or diminish.

Once an area enters the Transition implementation process, NATO and ISAF support continues through four stages, ranging from support to strategic overwatch. The security of the Afghan people and the stability of the government will be used to judge the readiness of the province to move to each successive stage of Transition implementation. Although a province can enter Transition implementation as soon as any part of its area is eligible, the province will not exit Transition until all its areas meet the required criteria.

...governance and development capacity remain the most challenging aspects of Transition. The first tranche of provinces and municipalities to Transition has been slow to develop the necessary service delivery and governance structures to underpin security gains, yet arguably these are the most difficult capacities to develop and grow. Efforts by the Department of State, U.S. Agency for International Development, and PRTs are focusing on the development and expansion of Afghan capacity in governance, rule of law, and service delivery, as well as linkages between national and sub-national governance structures. The development of these sectors will reinforce long-term stability and ensure that Transition is irreversible, as well as encourage the Afghan people to rely on the Afghan Government, rather than Taliban shadow governments, for necessary services.

...the capacity of the Afghan Government has been limited by a number of issues, including the political dispute in the Lower House of the Afghan Parliament, the continued absence of an International Monetary Fund program, widespread corruption, and the lack of political progress in enacting key reforms announced at the July 2010 Kabul Conference. Setbacks in governance and development continue to slow the reinforcement of security gains and threaten the legitimacy and long-term viability of the Afghan Government. The United States and the international community continue to work closely with their Afghan partners to address these challenges.

...During the reporting period, the Afghan Government made only limited progress in building the human and institutional capacity necessary for sustainable government. The most notable developments were efforts to build the human capacity necessary to extend governance throughout the country; merit-based appointments of senior civil servants continued, and a civil service recruiting campaign, focused on less-secure provinces, maintained momentum. However, the extension of effective governance in Afghanistan continues to face significant challenges, including: difficulty linking sub-national governance structures to the central government, the continued lack of an International Monetary Fund (IMF) program, minimal progress on Kabul



Conference commitments, widespread corruption, and delays in the legislative process resulting from the September 2010 *Wolesi Jirga* elections.

...the capacity of provincial governors' offices and provincial line departments remains fairly low and largely dependent on contractors. This is due in part to difficulties of recruiting qualified individuals and a lack of resources for a basic operating budget for maintenance and repairs. Another challenge facing the continued development of sub-national governance capacity is the difficulty of linking provincial planning exercises into the national budgeting cycle. Provincial governors and provincial line departments all have limited roles in the process due to the highly centralized system of governance in which they have limited service delivery and budget execution authority. This centralized system adversely affects the provincial governor's ability to lead provincial line departments, since their reporting chain is through the central ministries.

...Despite effective programs and signs of progress, several challenges persist that limit recruiting and retention of qualified civil servants. Standardized pay scales are low in comparison to the technical assistant salaries offered by donors, and heightened threats and targeting of government officials also hamper recruiting efforts. Public administration reforms and capacity-building programs are essential for the development of sufficient human and institutional capacity to deliver governance and basic services to the Afghan people.

...Overall, there continues to be little progress in the development of Afghanistan's justice sector. Plans to expand the justice sector to underserved areas, particularly in the Pashtun regions of Afghanistan, are ongoing, but have yet to yield results, and the fraud allegations of the 2010 Parliamentary elections stopped progress on necessary legal reforms for several months. Furthermore, the capacity of the justice sector continues to be limited by a lack of infrastructure and the inability to offer salaries sufficient enough to attract and retain trained legal personnel.

Corruption and organized crime present a significant threat to the success of the ISAF mission and the security and stability of the Afghan state. Corruption undermines the effectiveness, cohesion, and legitimacy of the Afghan Government; it alienates elements of the population and generates popular discontent from which insurgent groups draw strength; it deters investment, encourages the diversion of international assistance, and impedes licit economic growth; it enables criminal networks to influence important state institutions and functions; and it facilitates the narcotics trade and other transnational threats emerging from Afghanistan. Countercorruption efforts are essential to strengthening Afghan institutions and to consolidating gains in the wake of improved security, and will grow in importance as the process of transition continues.

The limited capacity of the Afghan Government continues to impede reconstruction and development efforts in Afghanistan. The availability of essential services remains mixed, and the government has yet to develop a comprehensive economic growth strategy or plan for private sector-led economic development.

Beyond security concerns, governance and development capacity remain the most challenging aspects of Transition. The first tranche of provinces and municipalities to Transition has been slow to develop the necessary service delivery and governance structures to underpin security gains, yet arguably these are the most difficult capacities to develop and grow. Efforts by the Department of State, U.S. Agency for International Development, and PRTs are focusing on the development and expansion of Afghan capacity in governance, rule of law, and service delivery, as well as linkages between national and sub-national governance structures. The development of these sectors will reinforce long-term stability and ensure that Transition is irreversible, as well as encourage the Afghan people to rely on the Afghan Government, rather than Taliban shadow governments, for necessary services.

### ***The Impact of Corrupting and Corruption***

Many of these assessments track closely with the reporting that is provided in the SIGAR Quarterly Report for October 30, 2011. They also track with the many NGO and international estimates of the ongoing impact of corruption, power brokers, criminal

networks and lack of supervision by donors and ISAF military forces over how contract and aid money are used. The seriousness of these issues for transition was made clear in detail in a UN survey of corruption in Afghanistan conducted in January 2010. The UN summarizes the key facts in the report as follows – and they highlight the scale of the problem in terms of government capacity, rule of law, and the police:

Citizens of Afghanistan have to pay bribes on a routine basis when dealing with public officials: 52% of adult Afghans had to pay at least one bribe to a public official during the last 12 months. On average, victims of bribery reported they had to pay almost 5 kickbacks per year.

In three quarters of cases bribes are paid in cash and the average amount paid was US\$158. The average amount was significantly higher in rural areas than in cities: US\$166 and US\$139, respectively.

In 2009 Afghan citizens had to pay approximately US\$ 2,490 million in bribes, which is equivalent to 23% of country GDP.

Bribery is not evenly distributed across the country. The most affected areas are located in the north and south (respectively 62% and 61%). Eastcentral regions are less affected (53%), while western areas have recorded the lowest prevalence of bribery (21%).

Paying bribes is a frequent experience both in urban and rural areas of the country: overall, the prevalence of bribery is somewhat higher in rural areas than in towns (respectively 56% and 46%).

In urban areas, prevalence of bribery is inversely proportional to city size. A higher incidence of bribery is recorded in small towns, while the lowest figures were recorded in the large cities, such as Kabul and Hirat.

Prevalence of bribe paying is significantly higher for men than for women: 53% and 39% respectively in urban areas. Even if less frequently than men, a significant share of women had to pay bribes to civil servants. In some sectors, notably health and education, women had to pay bribes more frequently than men.

The sectors most affected by bribery are the police, courts and customs: when such officers are contacted by citizens they request a bribe in around 50% of cases. Requests of bribes were slightly less frequent for citizens contacting municipal and provincial officers, members of the Government and cadastre officers (around 40% of cases).

The amounts paid in bribes differ between categories of public officials: on the lower end (less than US\$100 per bribe) are teachers, doctors and nurses. On average, officials belonging to the police, local authorities, tax/revenue agency and land cadastre requested bribes between US\$100-200. Judges, prosecutors, members of the Government and customs officers are at the higher end of the scale (average bribes higher than US\$200).

Public officials use their position by requesting bribes to speed up administrative procedures (74% of cases) or to make their finalization possible (51%). Data show that the bribe system is often beneficial to both public officials and citizens: for example citizens pay bribes to avoid payment of fines (30%) or to receive better treatment (28%).

As a result of the pervasiveness of such practices, many citizens are deeply worried: when asked to select the most prominent problem for the country, 59% of the population indicated corruption, followed by insecurity (54%) and unemployment (52%).

Corruption is perceived to be on the rise by many citizens, especially in rural areas: 80% of rural dwellers reported that in their eyes corruption had significantly increased over the last 5 years (40% in urban areas).

Corruption erodes trust in public officers and the state: most citizens believe that a bribe is always needed to obtain a public service (72% of respondents) and they have lost trust in public services (65%). International organizations and NGOs are not exempt from this negative picture: 54% of

the population believed that such organizations were corrupt and were in the country just to get rich.

There is widespread perception regarding the gravity of corruption but, at the same time, there can be a different understanding about what corruption is.

For example, many citizens consider it acceptable that civil servants ask for gifts or money to speed up administrative procedures (38%) or that a civil servant is recruited on the basis of family ties (42%). Social acceptance of certain practices represents fertile ground for corruption.

Another factor contributing to corruption growth is the perceived weakness of institutions that should fight corruption. Only 9% of population ever reported an act of corruption to a public authority. In most cases (63%) the reason for not reporting is that it would be useless as nobody would do anything about it.

Non-transparent administrative procedures and services of low quality also represent possible sources of dishonest conduct: two thirds of citizens stated that they do not have the necessary information to understand the administrative procedures and almost half of respondents were not satisfied with the treatment received by civil servants.

Corruption flourishes in the silence. An open and frank debate is a formidable way to nurture antibodies to fight corruption. Traditional opinion leaders, such as tribal elders and mullahs, regularly address corruption-related issues but not everywhere: in the South, for example, 52% of respondents reported that community leaders rarely or never address corruption publicly. Moreover, 43% of the population reported that the media deal with corruption rarely or never.<sup>6</sup>

There is no evidence of progress since that time. Transparency International ranked Afghanistan 176th in a survey of perceptions of corruption where the worst country ranked 178th.<sup>7</sup> (Pakistan was marginally better: It ranked 143<sup>rd</sup>) Working with the Konrad Adenauer Stiftung and the Royal United Services Institute (RUSI), it issued the following warning in May 2011:<sup>8</sup>

Many major international organizations have been witnessing and helping shape the transition to Afghan Leadership since 2009, when President Obama announced a new strategy for Afghanistan. Konrad Adenauer Stiftung, the Royal United Services Institute (RUSI), and the Defence and Security Programme at Transparency International UK believe the Afghan transition can be successful. After a round of seminars with over sixty experts and officials from the Governments of Afghanistan, the UK, Germany, NATO, the UN, and other experts on governance and development, they put together the 28 detailed recommendations in the **report *Afghanistan in Transition: Re-Shaping Priorities for 2015 and Beyond***, which will be launched on May 13th in Berlin.

Besides other important issues, the report makes 3 key recommendations regarding corruption which are interlinked:

- First, corruption threatens the success of the international Mission in Afghanistan. The vast public anger against corruption and the damage that it is doing to Afghan society need to be harnessed and channeled into a force for change. Afghan citizens are well aware of many of the current injustices and would be ready to participate in efforts to promote change. Leadership from the Afghan Government would catalyze this process.
- Second, the President of Afghanistan must embrace these recommendations as his own mission. The Afghan Government must also make counter corruption work a centerpiece of its transition strategy. Measures to reform Afghanistan institutions, build integrity, and curtail corruption need to be scaled up immediately and dramatically, to halt the current decline.
- Third, the international community contributes to the problem. It must radically and urgently change the way it handles its financial flows, especially the money associated with massive security operations and the way it offers contracts for goods and services. In

particular, it must direct more effort into contracting with Afghan companies, and it must do so in ways that improve national economic capacity.

Corruption, weak institutions and a lack of economic development pose a fatal threat to the viability of Afghanistan. "It is increasingly becoming part of the political dynamic of the country and entwined with organized crime. This threat has been consistently and seriously underestimated, both by the Afghan government and the International Community" stresses Mark Pyman, Director of the Defence and Security Programme at Transparency International UK. At the same time, weak and dysfunctional political institutions, lack of respect for the Afghan constitution and a slow economic process are posing major risks for Afghanistan's future development.

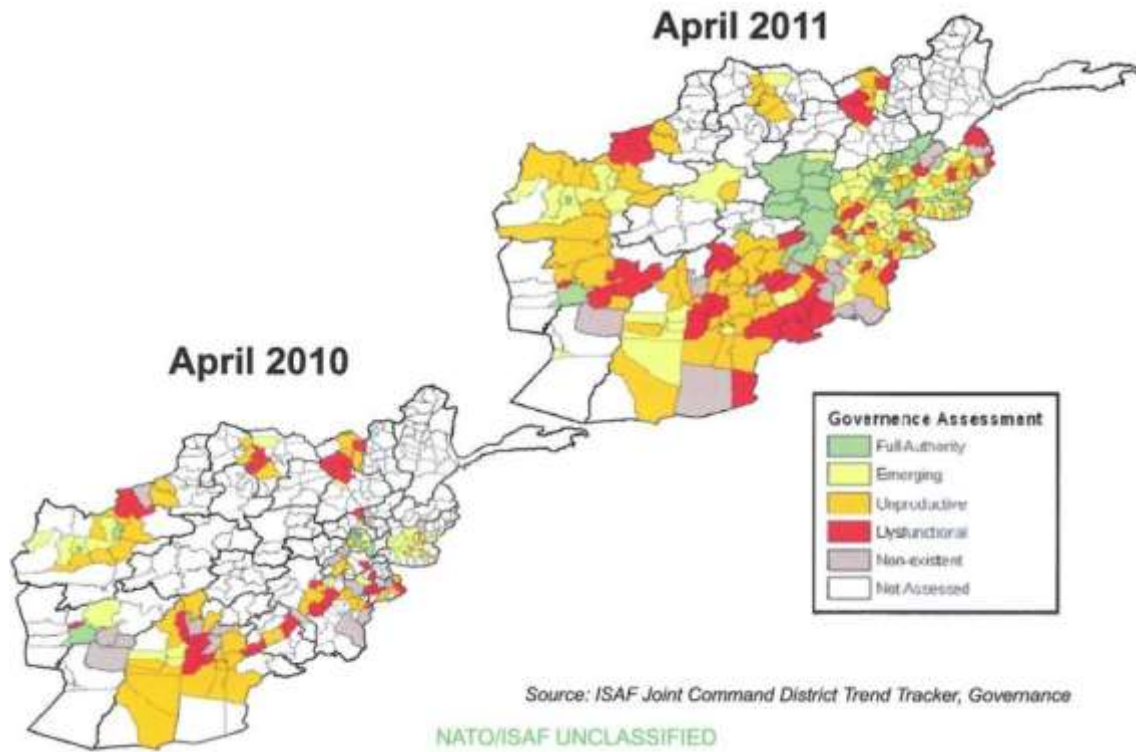
The practical problem with such recommendations is that – like so many recommendations for Afghanistan – this is simply another set of options for future action that comes after ten years of failed US and ISAF initiatives that have had virtually no impact. While an ISAF task force led by Brigadier General McMasters did make recommendations in 2011 that could make improvements in at least the military contracting phase, the schedule for transition is now so tight that it is unclear that such measures will really reduce the intensely corrupting nature of the flood of military and civil funds that have flowed into Afghanistan since 2001. It is easy to blame the Afghans, but the real responsibility lies with the US and allied governments along with the NGOs that dealt with one of the poorest and least secure countries in the world by pouring in money without regard for absorption capacity and the insecurity of Afghans.

As the ISAF task force and numerous GAO and inspector general reports have shown, this money flowed in through poorly structured contracts that lacked proper supervision, adequate contractor and fiscal controls, and contained no meaningful measures of effectiveness or performance evaluation. If anything, there will be intense pressure for those Afghans who have the opportunity, to get what they can while they are still able and to then leave, while others must deal with the practical politics and security threats left behind. Strong incentives remain to use money, appointments, and contracts to maintain their power, influence, and security.

#### *Inadequate Progress in Basic Measures of Government Capacity*

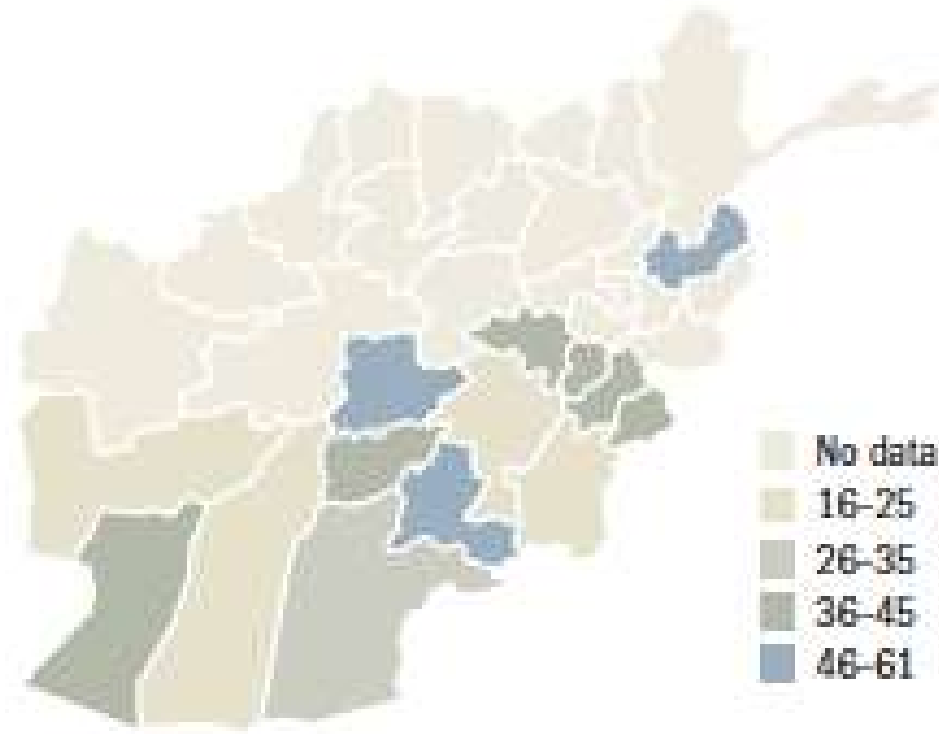
Like the DoD report, the SIGAR report again describes progress and plans for new "build" activities, but it also provides a summary that warns about lack of adequate progress to date. (pp. 86-87) It also notes that, As of September 18, 2011, only 60% of civil servant positions were filled in the 14 most insecure provinces, according to USAID. Southern and Eastern provinces faced the most difficulties in staffing, as shown in **Figure 6**. This is an improvement from April 2011 – when only 50% of positions were filled – but lack of security and candidates' lack of experience and education continue to pose challenges in filling local positions.

*Figure 5: Uncertain Progress in District Governance: 2010-2011*



Source: ISAF 5/2011

*Figure 6: Proportion of Afghan Civil Service Positions Vacant in Selected Provinces (in Percent)*



Source: SIGAR, Quarterly Report to US Congress, October 30, 2011, p. 89.

## **Transition Will Fail Without Careful Planning and Outside Funding to Sustaining the Political, Governance, Security, and Economic Build Efforts**

Some of the current problems in the US “build” effort may be solvable over time, although the lack of Afghan political progress, increases in capacity of government, effective governance at the provincial and local level, and corruption and reliance on power brokers all make this questionable. They are not solvable, however, unless the US and its allies are willing to sustain high levels of civil and security aid through 2014 and still fund very significant aid from 2015 to at least 2020 and more probably 2024.

### ***Killing the PRT Effort Without Clear Replacement***

So far, this is highly questionable. The “civilian surge” that was supposed to be part of the new US strategy has lagged, had uncertain organization and quality, and already faces funding cuts in FY2012. The DoD October 30 report notes that major cuts are already planned in key aspects of the civil effort like the Provincial Reconstruction Teams:

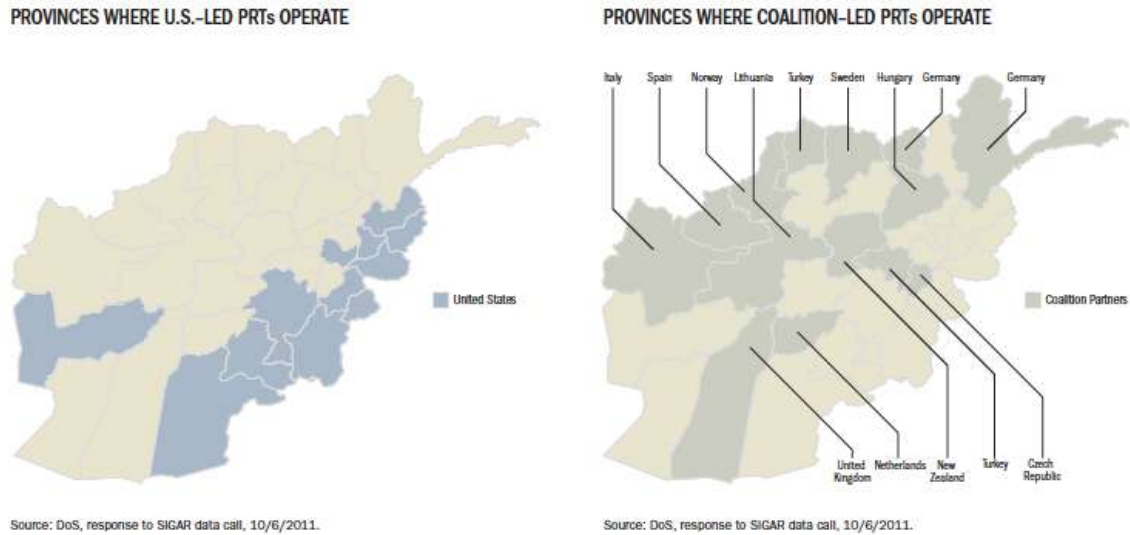
Provincial Reconstruction Teams (PRTs) led by coalition partners have made a significant contribution to Afghanistan's peace and stability. However, the beginning of the Transition process and the Afghan Government's assumption of its full responsibilities country-wide requires the evolution and ultimate dissolution of these entities. In June 2011, PRT-contributing nations reaffirmed that as a part of the Transition process, and in recognition of Afghan concerns regarding parallel structures, PRTs would evolve and phase out based on a set of six guidelines, which include:

1. Evolve, reinvest, and phase out. By the end of their province's transition period, PRTs will methodically hand-off their functions and phase out. Each PRT's evolution plan will depend on Afghan priorities, the unique circumstances in its province, and the PRT's capabilities and structure.
2. Incentivize Transition. PRTs should support governance and development efforts that promote transition's sustainability.
3. Set the conditions to make Transition irreversible. PRTs should focus on supporting and building capacity.
4. Shift to technical assistance, build capacity, and improve national and sub-national linkages.
5. Network and reach back. PRT nations should exchange information and share expertise amongst one another to meet needs in Afghanistan.<sup>9</sup>

SIGAR reports that the entire Provincial Reconstruction Team effort may phase out before 2014 – which is a date long before the Afghan government will have the capacity it needs in the field:

Early in 2011, President Karzai said that PRTs must be dismantled as the Afghan government takes over responsibility for the country in the transition process...As of September 30, 2011, DoS was reviewing the composition of the U.S. civilian presence, and no decision had been made on the disposition of PRTs. The review was conducted to ensure that the U.S. presence reflects the U.S. goals and mission and aligns with the two nations' strategic partnership. U.S.-led PRTs operate in 12 provinces, most of them in the east and south of the country, as shown in **Figure 7**; 12 coalition partners lead the other 14 PRTs. DoS noted that PRTs and DSTs focus primarily on building government capacity.<sup>10</sup>

*Figure 7: The Role of PRTs in Aid Activity in the Field*



Source: SIGAR, Quarterly Report to US Congress, October 30, 2011, p. 88.

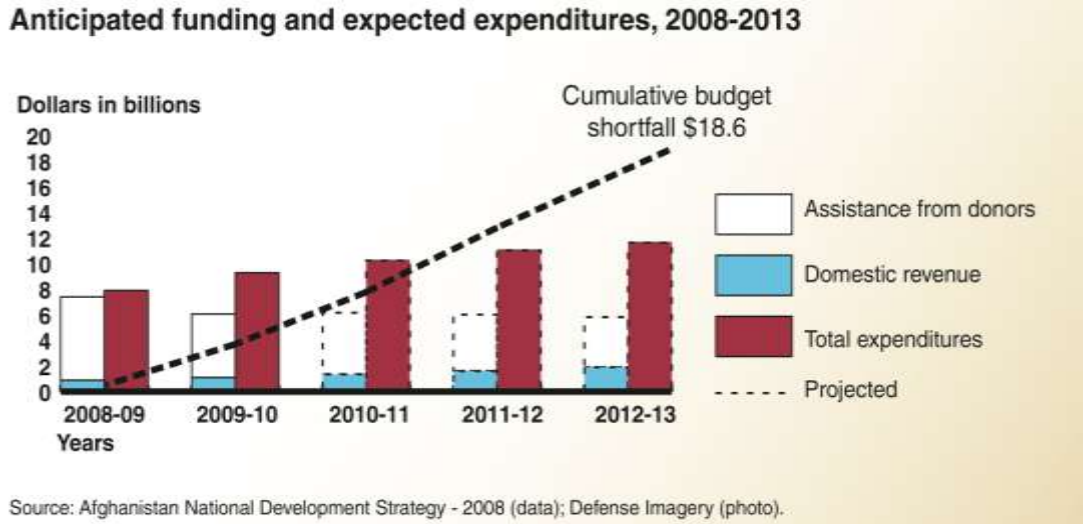
A major cutback in the size of civil aid efforts seems inevitable, but so far, there emphasis seems to be on cuts rather than finding some functional approach to phasing the civil efforts down that offers a reasonable path toward a stable transition. The civil surge is on a path where it will be replaced by a rush to the exits.

### *Abandoning Past Goals Without Setting Credible New Ones*

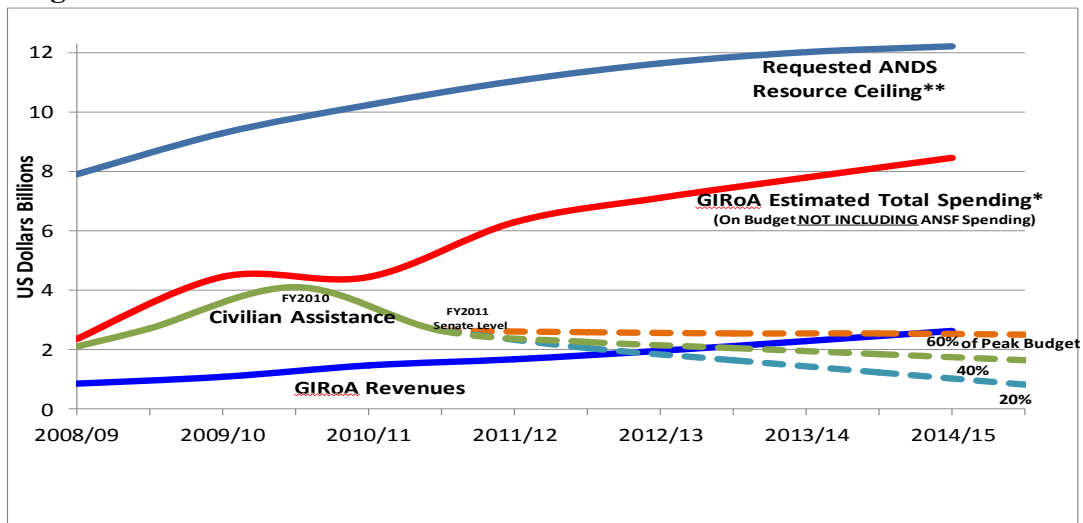
More broadly, **Figure 8** shows that the US effectively abandoned any hope of financing the ambitious aid plans called for in the Afghan Compact and Afghan Development Plan early in 2011 – long before the current budget crisis began to force major changes in US aid plans, accelerating the pace of US military withdrawal. It is a warning of just how decoupled past and ongoing aid and development plans were from reality before the current focus on “transition.”



*Figure 8: The Pre-Transition Crisis in Aid and Development Funding*



**GIRoA Spending Expectations In consistent with Future Budget Restrictions**



***Creating a Major Recession or Depression in 2014: The Year Troops Leave and a Presidential Election is supposed to Be Held***

While such studies have not been published, and remain working-level products, estimates by US officials in Afghanistan, Washington, and USCENTCOM warn that coming cuts in military and outside aid spending may well plunge Afghanistan into a major recession, and possibly depression, just as US troops exit.

Working-level studies indicate that foreign spending will total some 40% to 75% of Afghan GDP in 2011. No one can currently predict just how serious the drop in outside spending will be by 2014, or in the years beyond, but estimates of the cut in current military spending in Afghanistan range from 70% to 90%.

There is equally broad agreement at the working level that most of the growth in the Afghan GDP since 2002 has come from this military spending and donor aid, and not from sustainable growth in the Afghan economy. Some experts believe that cuts in foreign spending could reduce the Afghan GDP by some 15% to 40% during transition – the same year that combat troops will be gone and a Presidential election is schedule to take place.

Even conservative estimates of aid could produce crippling cuts in the Afghan budget, which **Figure 9** shows is extremely dependent on outside funding. As **Figure 10** indicates, outside spending in Afghanistan now totals some 20-30 times the total revenue earning power of the Afghan government in 2011.

It should be stressed that the ability to conduct such analysis suffers from the fact that neither State nor USAID ever created a credible model of the Afghan economy during ten years of war. They never based aid programs on an effective model of the economy, the impact of existing levels of aid, or the impact of outside national and NGO aid.

Similarly, UNAMA failed in its mission of coordinating the overall aid effort, and has never produced a meaningful public analysis of either the economy or aid effort. The World Bank has largely operated from outside the country. While it has attempted to produce a recent analysis of the economy, this analysis is not currently available to outside researchers.

Moreover, the Department of Defense and ISAF do not have reliable estimates of the portion of total military spending that is actually spent in Afghanistan. And, these problems are further compound by the inability to know how much domestic revenue collection actually come directly or indirectly from activity that is only possible because of vast foreign spending. The World Bank also warned in March 2011 that only about 30% of the Afghan budget was actually discretionary, and that some 70% was non-discretionary carry-forward and new expenditure.<sup>11</sup> These rigidities will further limit Afghan ability to respond to outside funding cuts.

In spite of these uncertainties, however, it is all too clear at the working level, however, that the Afghan economy could plunge into recession and depression if US, ISAF, and

donors make sudden, crippling cuts to their military and aid spending. It is also clear that efforts to disguise this fact by focusing on optimistic estimates of the direct impact of spending cuts that ignore the total direct and *indirect* impact of cuts in aid and military spending are misleading to the point of being actively dishonest.

These are issues that no amount of obfuscation, conceptual Powerpoints, and political dodging around the issue can deal with. Any US government, UNAMA, or other document that does not explicitly model the full set of risks involved, and set forth a detailed spending program to minimize their impact goes beyond political spin. It is a fundamental failure in ethical behavior and basic professional competence on the part of anyone involved.

### ***Why Transition Could Be Far Worse for Post Transition Stability***

Gross economic impacts are also only part of the story. Afghanistan would be extremely vulnerable to weather problems during this period. Some 30-45% of its GDP comes from agriculture, and a drought in 2008 reduced overall GDP growth from 10% to 5%. Spending cuts could cripple much of the service sector – especially construction and transportation – which now account for some 50% of the GDP. This would have a major impact on urban areas, where political unrest and security problems are most likely to arise from a recession or lack of growth.

Cuts in spending would also hit the hardest in the least secure areas. ISAF and US Embassy estimates indicate that more than three quarters of US assistance goes to the Southeast and Southwest – the largely Pashtun – provinces. These are also the areas that receive most of the military spending that is actually spent in Afghanistan. The World Bank estimated that external aid to Helmand totals \$350 per person 2010. At the same time, sensitive urban centers also get “disproportionate” spending. The Kabul district got \$480 million of \$850 million in US aid disbursements during the 4<sup>th</sup> quarter of 2010 to the third quarter of 2011.

Much will also depend on how serious the security threat is in 2014 and beyond. Some working estimates indicate that estimates that the total annual budget deficit could easily reach 20-25% by 2014 – and 25-30% by 2021 if Afghanistan funds the ANSF and its security efforts at the necessary level.

Even these estimates are based on uncertain assumptions. They assume that there will *not* be the same kind of donor rush to the exits, and major additional funding cuts after 2014, that have occurred in past cases. They do *not* take account of the fact that many Afghans are likely to take their wealth and leave the country. They tacitly assume that there is no increase in the negative economic impacts of the insurgency and civil violence following US and ISAF withdrawal. They ignore the impact on drug production, and the behavior of criminal networks and large numbers of armed men who will suddenly be unemployed.

### ***The Human Impact on A Sub-Subsistence Economy***

It is equally important to give these numbers a human dimension. Some aid reporting implies Afghanistan has begun to move towards broadly-based, stable development. The UN World Food Program provides a far more realistic picture of the fact that, absent

significant external aid, many Afghans still live below the subsistence level. The WFP reports that:<sup>12</sup>

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.**

The 2007-2008 National Risk and Vulnerability Assessment (NRVA) found that **7.4 million people** – nearly a third of the population – are unable to get enough food to live active, healthy lives. Another **8.5 million people**, or 37 percent, are on the borderline of food insecurity. Around **400,000 people each year** are seriously affected by natural disasters, such as droughts, floods, earthquakes or extreme weather conditions.

... While life expectancy has increased slightly to 44.5 years for men and 44 for women, many of the country's health indicators are alarming. Along with a high infant mortality rate, Afghanistan suffers from one of the highest levels of maternal mortality in the world (1,600 deaths per 100,000 live births). More than half of children under the age of five are malnourished, and micronutrient deficiencies (particularly iodine and iron) are widespread.

The WFP also notes that aid cuts are already having a major human impact: "Starting this month, WFP is cutting school meals, food-for-training activities and food-for-work programs in about half of Afghanistan's 34 provinces. WFP hopes to resume these activities in the near future if funding becomes available. WFP, which is 100 percent voluntarily funded, had originally planned to feed more than 7 million people in Afghanistan in 2011, but a shortage of donor funds means the agency will now only reach about 3.8 million people this year."<sup>13</sup>

These reports are supported by the recent reports of the UN Secretary General and by the CIA World Factbook, which states:

Despite the progress of the past few years, Afghanistan is extremely poor, landlocked, and highly dependent on foreign aid, agriculture, and trade with neighboring countries. Much of the population continues to suffer from shortages of housing, clean water, electricity, medical care, and jobs. Criminality, insecurity, weak governance, and the Afghan Government's inability to extend rule of law to all parts of the country pose challenges to future economic growth. Afghanistan's living standards are among the lowest in the world. While the international community remains committed to Afghanistan's development, pledging over \$67 billion at four donors' conferences since 2002, the Government of Afghanistan will need to overcome a number of challenges, including low revenue collection, anemic job creation, high levels of corruption, weak government capacity, and poor public infrastructure.<sup>14</sup>

The CIA has never revised its estimate that indicates at least a third of the population is unemployed and lives below the poverty line.<sup>15</sup> Moreover, no meaningful estimates now exist of the number of internally displaced persons and the number of Afghans driven into marginal, urban-based lives by security problems, water issues, and population growth.

As for narcotics, after years of optimistic reporting, UNDOC reported on October 11, 2011, that:<sup>16</sup>

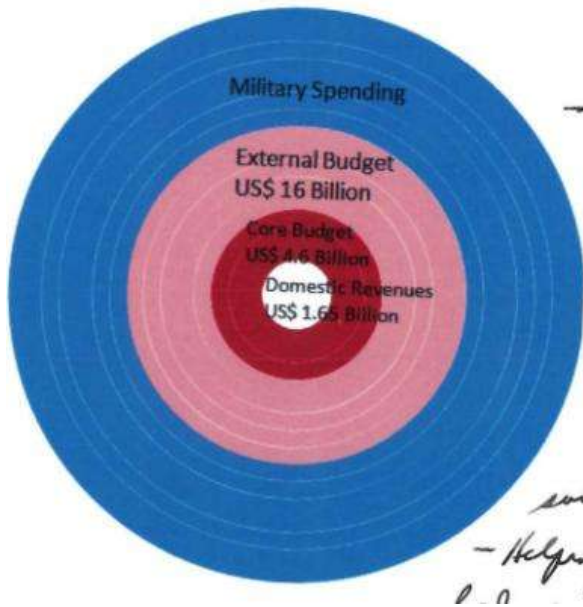
Opium poppy-crop cultivation in Afghanistan reached 131,000 hectares in 2011, 7 per cent higher than in 2010, due to insecurity and high prices, said the *2011 Afghan Opium Survey* released today by the Ministry of Counter Narcotics (MCN) and the United Nations Office on Drugs and Crime (UNODC). "The Afghan Opium Survey 2011 sends a strong message that we cannot afford to be lethargic in the face of this problem. A strong commitment from both national and international partners is needed," said the Executive Director of UNODC, Yury Fedotov.

Farmers responding to the Survey cited economic hardship and lucrative prices as the main reasons for opium cultivation. In 2011, 78 per cent of cultivation was concentrated in Helmand, Kandahar, Uruzgan, Day Kundi and Zabul provinces in the south, and 17 per cent in Farrah, Badghis, Nimroz provinces in the west, which include the most insecure provinces in the country. This confirms the link between insecurity and opium cultivation observed since 2007.

...In 2010, opium yields fell sharply due to a poppy blight, which was a major factor behind the price rise. In 2011, however, yields were back to around 45 kg per hectare, potentially raising opium production to 5,800 tons - up 61 per cent from 3600 tons produced in 2010. Buoyed by higher speculative prices arising from volatile security conditions, the farm-gate income of opium farmers rose markedly. With dry opium costing 43 per cent more today than in 2010, the total farm gate value of opium production is set to increase by 133 per cent: from \$605 million to \$1,407 million in 2011.

It does not take much vision to calculate what will happen to narcotics, criminal networks, and corruption if the Afghan economy is driven towards recession or depression as part of the transition process.

**Figure 9: World Bank Estimate of The Crippling Dependence of Afghanistan on Outside Funding**



- Domestic revenue collection reached US \$1.65 billion in 2010-2011 (doubled since 2007/2008) as a result of a significant effort by the MoF – although much indirectly from outside spending
- The Core Budget (Domestic revenue + budget door aid was US \$4.6 billion)
- While the MoF estimated that donor financed budget expenditures were US \$8 billion, the World Bank indicates they could be as high as \$16 billion)
- Total International military spending is unknown, but could be 100 times greater than domestic revenue. It is spent largely outside Afghanistan, but is so large that even the part spent in Afghanistan is a major source of growth has a critical impact

•Over past 3 years, domestic revenues grew on average 20% per annum on back of significant MoF effort in customs reform and tax administration.

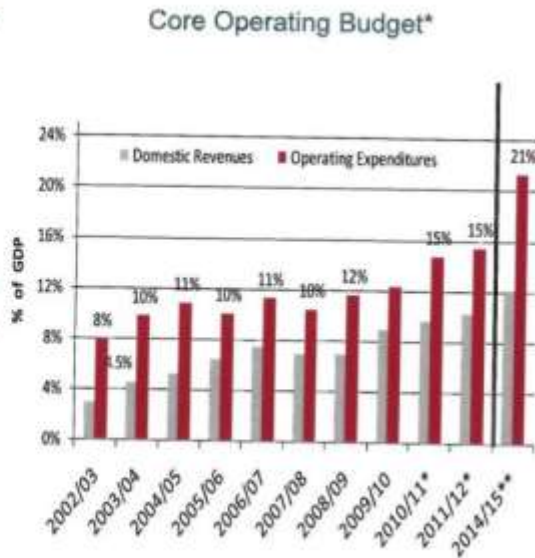
•During same period, operating expenditures grew by 27% per annum as a result of:

- Hiring of teachers
- Security expenditures (Police & ANA, which will require external financing beyond 2015)
- Pay & Grading reform in line ministries

•Fiscal Sustainability in Afghan context would mean domestic revenues in 2014/15 should cover non-security operating expenditures + small portion of security costs. This requires mining revenues coming on line. (Presumption is that balance of extraordinary security costs are an externality and need to be financed by international community beyond 2014.)

•Financing Operations & Maintenance (O&M) a huge challenge:

- O&M already severely underfunded.
- Requires good system of budget transfer from central government to provinces/districts.
- Past and ongoing creation of assets off-budget by donor aid and PRTs poses unknown recurrent liabilities on Government.

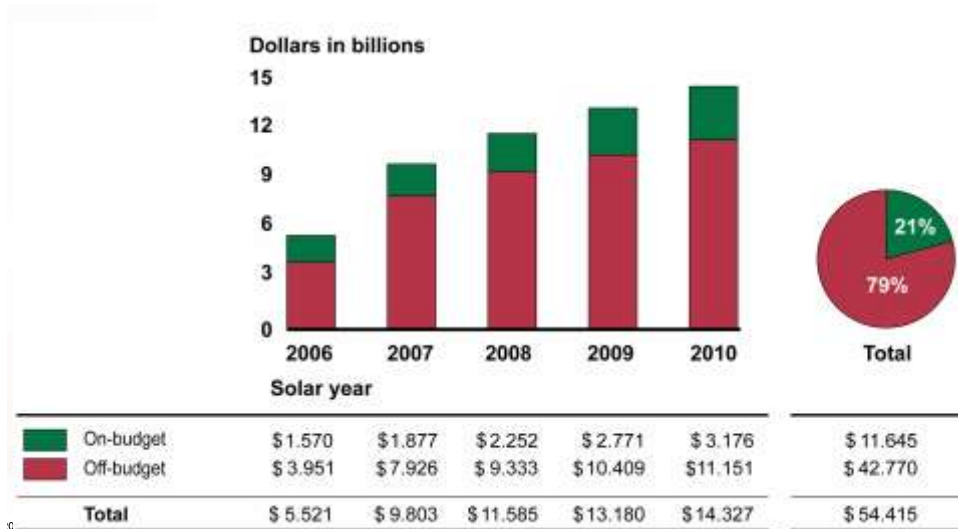


Source: MOF, WB calculations

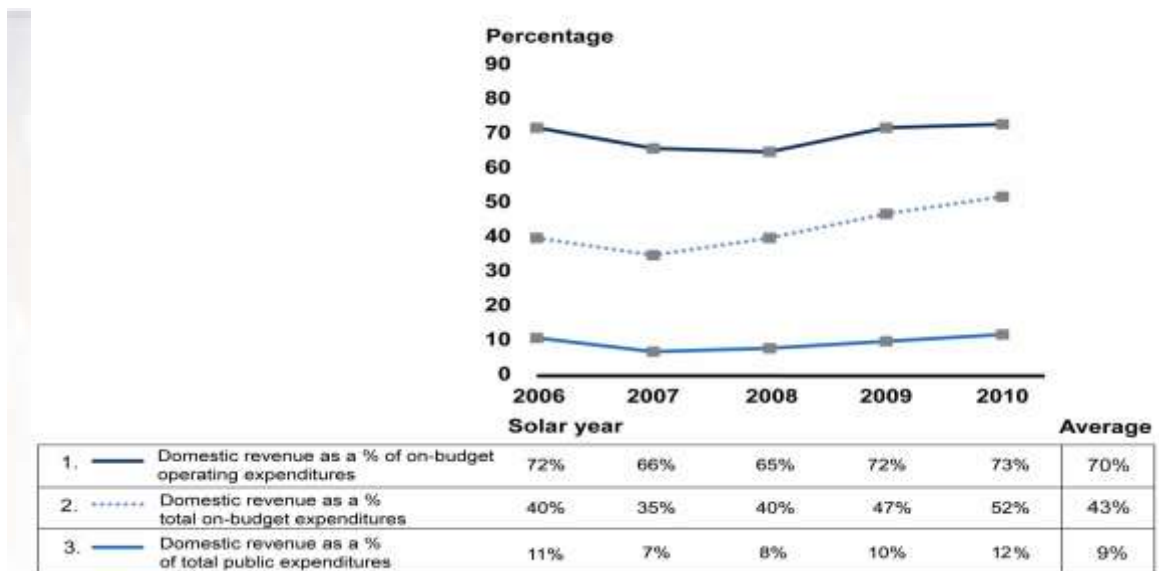
Source: World Bank, March 14, 2011

*Figure 10: GAO Estimate of The Crippling Dependence of Afghanistan on Outside Funding: Part One*

**79% Dependence of Public Expenditures on Off Budget Sources**



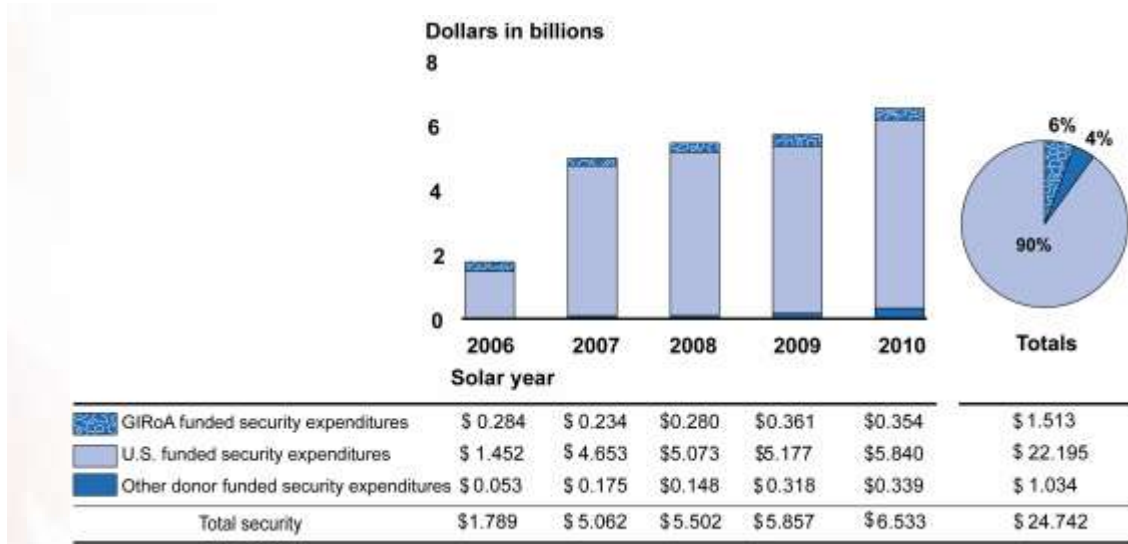
**Afghan Revenue as a Share of Expenditures**



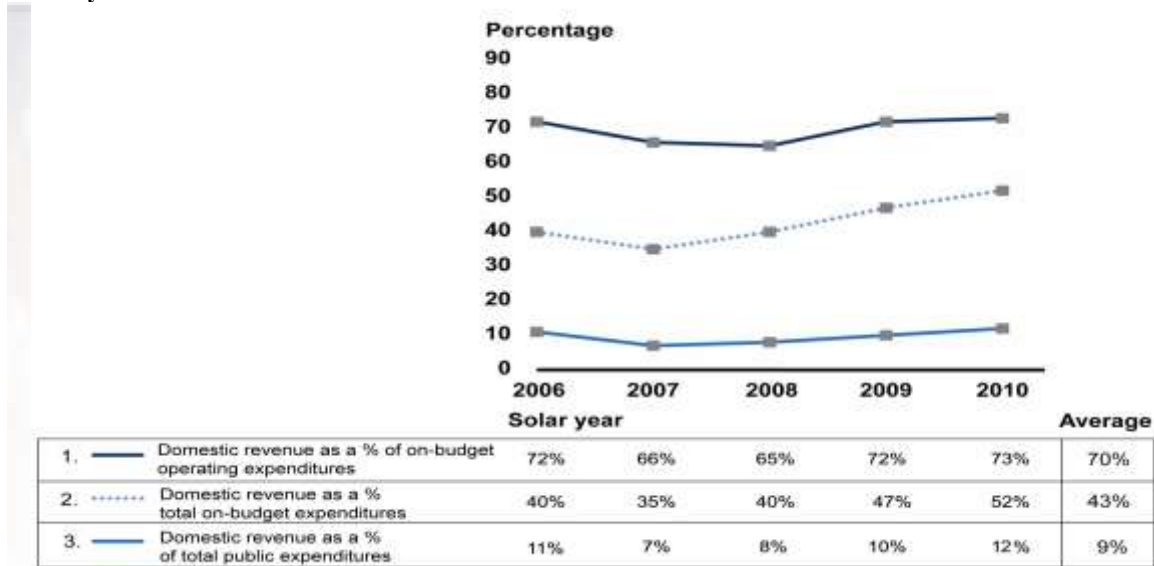
Source: GAO, Afghanistan’s Donor Dependence, September 21, 2011, pp. 5, 8, 9, 18. <sup>17</sup>

*Figure 10: GAO Estimate of The Crippling Dependence of Afghanistan on Outside Funding: Part Two*

**Dependence on US for 90% of Past Security Expenditures: Other donors have funded 4%, GIROA has only funded 6%**



**Dependence on US for 39% of Past Security Expenditures: Other donors have funded 47%, GIROA has only funded 14%**



Source: GAO, Afghanistan’s Donor Dependence, September 21, 2011, pp. 13-14<sup>18</sup>



## **The US, ISAF, and Afghanistan Cannot Rely on Mines and the “New Silk Road”**

It is clear that the US, ISAF, donor countries, and Afghanistan now face the prospect of a massive Afghan recession or depression if careful efforts are not made to find the level of funding necessary to help Afghanistan reduce its dependence on outside military spending and donor aid. Afghanistan is not Iraq. It cannot fund transition, and massive economic problems will occur through at least 2014-2020 if aid is not phased out in ways that allow Afghanistan to ease the impact. These years will be critical since there are literally hundreds of thousands of armed Afghans dependent on outside funding, in addition to the fact that the Afghan government must fund a Presidential election in 2014 – the same year US and ISAF troops are to withdraw.

In practice, virtually the only way to deal with these problems is by providing enough outside civil and security aid. Calling for more regional cooperation is a noble, but unrealistic goal. Afghanistan's politics and lack of government capacity make reducing corruption, making major increases in tax revenues and fees, and improving financial controls and efficiency impractical in the near term. Improving banking can solve today's problems, but is unlikely to have a major impact in replacing outside spending. Channeling more funds through the government budget before adequate capacity and integrity exist may simply waste money. Giving local contractors a larger share of all spending can help, but the limits to their capacity and integrity are again serious issues.

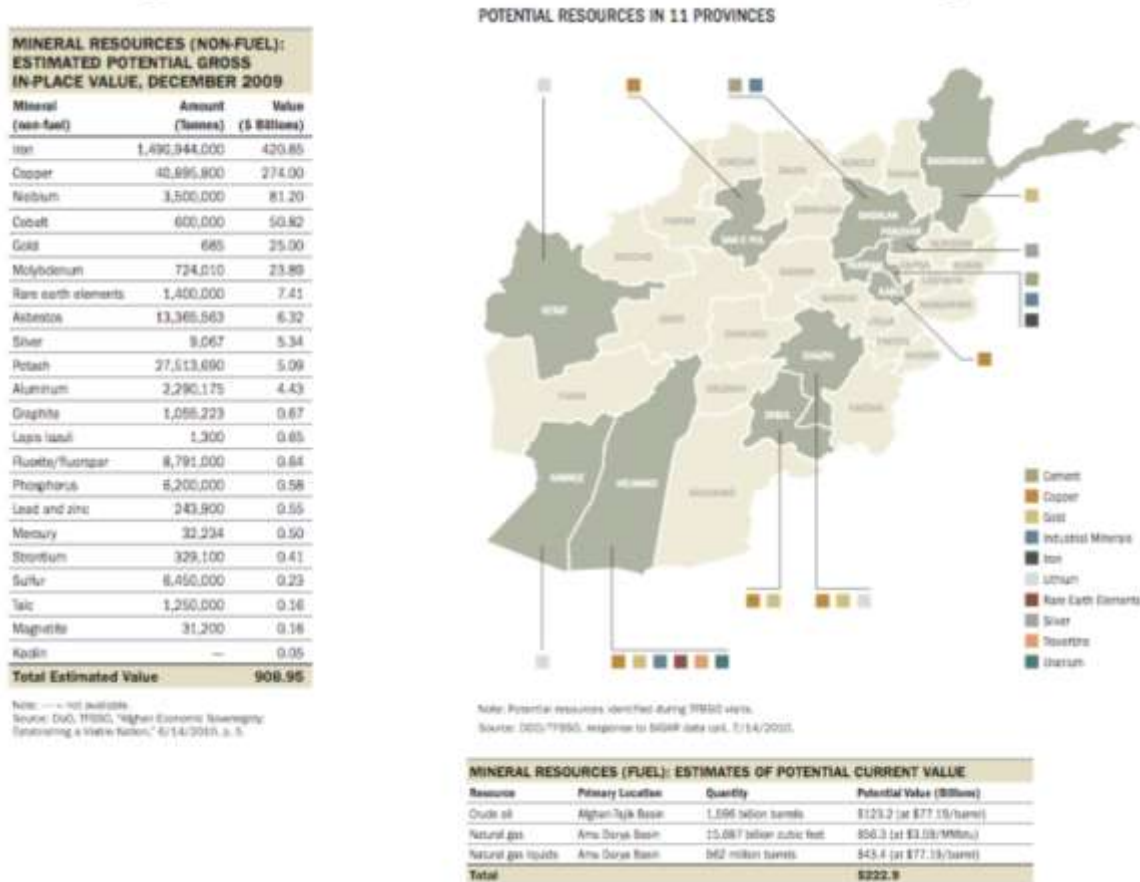
There also are two other sets of frequently-cited proposals, however, that are certain to fail. Transition cannot be successful if it relies on either mining income or a set of projects called the “New Silk Road.”

### ***A Mining Option for the Future, Not Transition***

The mining option is the easiest to refute. A stable, secure Afghanistan with improved lines of communication may be able to generate a major increase in mining revenues over time. The resources shown in **Figure 11** have significant mid to long-term potential – although similar estimates have grossly exaggerated real-world commercial potential in past cases.

The practical problem is that Afghanistan is not stable, is not secure, and does not have the lines of communication required for large-scale rapid investment at the level required. Nor can it physically create major mine output and earnings in the short period of time necessary for transition.

*Figure 11: Hopes for A “Rich” Future are Not a Plan: Mining Potential*



Source: SIGAR, Quarterly Report, July 2010, pp. 102-103

***The “New Silk Road” is a Poor Cover, Even for an Exit Strategy***

Unfortunately, some elements of the State Department have rushed forward to promote a concept called the “New Silk Road” without adequate analysis, and in ways that suggest they are far more interested in finding a political cover for a rapid exit than a credible approach to reducing the problems of transition.

There is nothing wrong with the concept of building up lines of communication and transport to both develop the Afghan economy and create regional development. Preliminary studies, however, provide a clear warning that even extremely favorable assumptions indicate the “New Silk Road” has no practical prospect of dealing with the near and perhaps mid-term problems of transition.

A study entitled “Afghanistan & Regional Economic Cooperation, Economic Impact Assessment (Phase I, June 7, 2011) illustrates the challenges involved in making such analyses:

- It assumes a state of peace, effective and relatively honest governance, and the ability to implement projects without criminal or political interference. None of these assumptions seem credible until well after 2014, if then. (See p. vii, 56, 64-65) the study summarizes other critical limitations on p, 11
- The study examines 15 tangible projects and five sets of improvements and reforms in government (p. ii). Many of the 15 projects have no plan or cost benefit analysis as yet. The five projects involving governments require major improvements in governance, legal reforms, reductions in corruption, and levels of security and stability that are highly unlikely to exist. (pp. 50-55.).
- The study does note the need for future critical path analysis (p vii), but uses timescales (p. 8) that sometimes are extraordinarily optimistic, particularly given the fact that five of the 15 tangible projects are not yet scoped to the point where meaningful scheduling and cost benefit analysis is possible,
- It is not [possible from the study to clearly determine benefits for Afghan and Afghanistan versus benefits for outside workers, investors, and countries (p. vi, 2-4).
- The study recognizes that the success of a number of projects is dependent on cooperation from neighboring governments and their development policies but does not analyze whether this is the case in critical countries like Pakistan – where it does not seem to be Pakistani policy. (e.g. p. 5, 63)
- Estimates of job creation are uncertain, and generally involve large multipliers of indirect impacts based on examples drawn from other countries, most of which seem to have been more developed, stable, and peaceful (pp. 7, 10) The benefits are reported in terms of jobs create within five years and after five year, although there are now at most three years to transition. If one looks at the details, only 148, 988 new jobs would be created even with these assumptions within three year, and the maximum of 824,709 jobs shown for “5+ years” could take 10-15 years to create. (p. vi and see individual project analyses.)
- These issues are critical, because the study notes that (p. 7) investments need to add 100,000-200,000 new jobs to the economy each year if the unemployment rate is to reduce well below the 35% mark where it is currently stuck. However, CIA World Factbook reports 392,116 males and 370,295 females reached job age in 2010. The US census bureau estimates a population increase from 32.6 million in 2015 to 36.6 million in 2020 – which means an increase of roughly 4 million during the five years in the study estimate versus creation of 824,709 under best case assumptions.
- The study claims significant increases in national per capita income without supporting analysis of the entire Afghan economy, demographics, or economic trends other than the activity in the New Silk Road (pp. vi, 10, 58, Annex 2.)
- The Economic Internal Rate of Return (12%) only finds “for of the projects would be viable under market based financial conditions, and this assessment seems to

ignore corruption, problems in government capacity, and security risks in assessing rates of return., (pp. v, 56. 59-60))

A CENTCOM summary of some of the key data involved is shown in **Figure 12**. USCENTCOM recognizes the need for extensive additional analysis to determine the cost-benefit of such concepts, and the new timeline and funding conditions created by transition. It sets forth the following needs for planning and analysis:

- Human terrain analysis of PIPs.
- Assist the Afghan government to complete an Afghan rail plan.
- Expand map and gap analysis.
- Economic consequences of the provincial transition.
- Assess the economic impact of the drawdown on the Afghan economy.

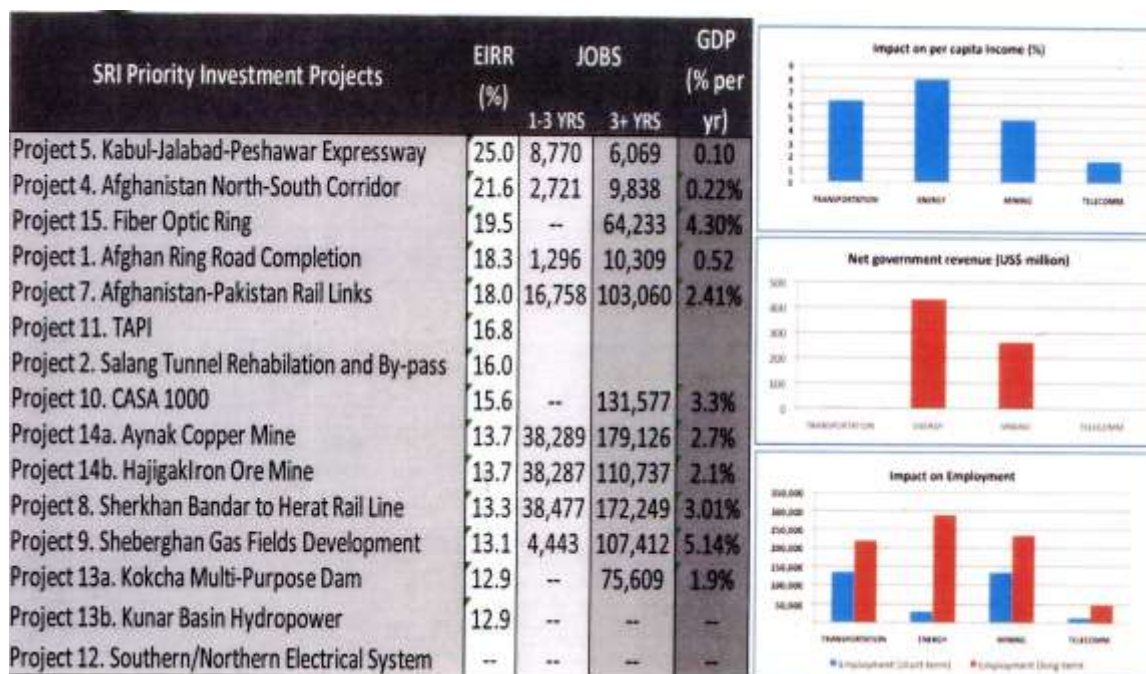
*Figure 12: USCENTCOM Summary Data on the New Silk Road*

### Costs

- **NSR is not new, it is already underway.**
- **The NSR is composed of 81 projects costing \$47.2 billion.**
- **\$10.0 billion has been spent or committed.**
- **\$28.3 billion in rail, gas pipeline, and mining projects lend themselves to private sector investment.**
- **Two of the remaining unfunded projects, large hydroelectric projects, valued at \$5.8 billion, won't be started until late in this decade.**
- **The unfunded balance \$4.3 billion.**

**The Solution: Reliance on private sector investors, encouraging U.S. allies to invest more heavily and focusing on projects that only support trans-regional trade.**

### Key Projects



Source: USCENTCOM, August 2011

### ANSF Development as a Key Element of Build and Transition

ISAF and its training mission, NTM-A, have made major progress in developing the Afghan forces since 2009, and this progress has accelerated over time. As the *Department of Defense Report on Progress Towards Security and Stability in Afghanistan* for October 30, 2011 makes clear, however, there are still many limitations to the ANSF and force development effort:

- Even with this progress, the growth and development of the ANSF continue to face challenges, including attrition above target levels in the ANA and some elements of the ANP, leadership deficits, and capability limitations in the areas of staff planning, management, logistics, and procurement. The ANSF continues to require enabling support, including air (both transport and close air support), logistics, ISR, and medical, from coalition resources to perform at the level necessary to produce the security effects required for Transition. The influence of criminal patronage networks on the ANSF also continues to pose a threat to stability and the Transition process. Further, the drawdown of U.S. and international forces increases the risk of a shortfall of operational partnering resources, which could reduce the ANSF-ISAF operational partnership and may impede ANSF development. (p. 12)
- As of September 2011, the MoD is assessed as requiring some coalition assistance to accomplish its mission (a rating of CM-2B), a status it achieved in October 2010. Overall, NTM-A/CSTC-A anticipates the MoD moving to CM-1B by early 2013, with full Transition of most offices and functions to CM-1A by mid-2014 (p. 16)
- Although progress is being observed and assessed in a number of areas across the MoI, challenges remain that must be addressed. Civil Service Reform, both in personnel management and pay, is a recurring deficiency, both in the MoI and the MoD. The September 3, 2011 Ministerial Development Board recommended that Public Affairs be held in the CM-1B testing phase until civilian pay reform is achieved. The MoI Civil

- Service Department remains behind schedule largely because it lacks a permanent director and empowerment to effect change, as well as adequate office space, logistical support, office equipment and internet connectivity needed to accomplish its basic functions. The Civil Service Department also requires support from the MoI senior leadership to implement the Afghan Government Public Administration Reform Law and to include conversion to the reformed pay scale. A strong partnership with provincial governors is required to improve hiring at the provincial level. The challenges surrounding civil service reform have already impeded Public Affairs' advancement and could obstruct overall MoI capacity, progress, and sustainment. (p. 18)
- Shortfalls in the institutional trainer requirements set forth in the CJSOR still exist and continue to impede the growth and development of the ANSF. 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. As of September 2011, the MoD is assessed as requiring some coalition assistance to accomplish its mission (a rating of CM-2B), a status it achieved in October 2010. Overall, NTM-A/CSTC-A anticipates the MoD moving to CM-1B by early 2013, with full Transition of most offices and functions to CM-1A by mid-2014. (p. 18-19)
  - In order to maintain the accuracy of personnel figures, NTM-A/CSTC-A continues to review and revise the end-strength reporting process. During the reporting period, this constant review process highlighted a failure to report training attrition, which has resulted in a large discrepancy between actual and reported ANA end-strength numbers. After agreeing upon an accurate end strength for September, NTM-A and ANA leadership implemented new policies and procedures to ensure training base attrition is accurately reported in the future. Strong leadership within the ANA Recruiting Command (ANAREC) and effective and mature processing within National Army Volunteer Centers, which induct recruits into the ANA, has enabled adjustments to current recruiting plans in order to prevent delays in achieving the objective end-strength levels. NTMA/CSTC-A continues to work closely with and support the ANA in rectifying manning issues to ensure growth to the JCMB-endorsed ANA end-strength goal of 195,000 personnel by the end of October 2012. (p 22)
  - Although recruiting and retention are continuing at a strong pace, if the high levels of attrition seen during this reporting period continue, there is a risk that the ANA will not be able to sustain the recruitment and training costs currently incurred to achieve the October 2012 growth goal. Historic trends show that attrition is seasonal, rising in the fall and winter and declining in the spring. The main causes of attrition in the ANA are poor leadership and accountability, separation from family, denial of leave or poor leave management, high operational tempo, and ineffective deterrence against soldiers going absent without leave (AWOL). (p. 22)... Nevertheless, President Karzai issued a decree in April 2011 renewing the policy of amnesty for AWOL officers, NCOs, and soldiers who return to their units voluntarily until March 2012. This extension has the potential to impede the ANA's ability to decrease attrition.
  - The ANA is projected to still have only 57,600 NCOS to meet a requirement of 71,900 in November 2012.
  - The AAF's long-term development strategy includes the creation of an air force that can support the needs of the ANSF and the Afghan Government by 2016. This force will be capable of Presidential airlift, air mobility, rotary and fixed-wing close air support, casualty evacuation, and aerial reconnaissance. The AAF also plans to be able to sustain its capacity through indigenous training institutions, including a complete education and training infrastructure. The air fleet will consist of a mix of Russian and Western airframes.

Afghan airmen will operate in accordance with NATO procedures, and will be able to support the Afghan Government effectively by employing all of the instruments of COIN airpower. This plan, however, is ambitious, and is indicative of the tension between Afghan Government aspirations, necessity, and affordability (pp. 31-32)

- Despite indicating positive developments in ANP force generation, NTM-A recently determined that 3,940 officers and 6,733 patrolmen were filling NCO billets; large numbers of officers and patrolmen placed against vacant NCO positions overstates the development of the NCO ranks. Removing officers and patrolmen from NCO-designated positions would result in an actual officer strength at 102 percent, patrolmen strength at 113 percent, and NCO-assigned strength at 66.7 percent against authorized positions. NTM-A and IJC, along with ANP leadership, will focus on growing the NCO corps by 12,700 in order to close this gap. (p. 34)
- Untrained patrolmen remain the biggest challenge for the AUP, and NTM-A/CSTC-A and the MoI continue to push the recruiting base in order to ensure all available training seats are used. As of September 2011, the AUP had a total of 11,919 untrained patrolmen and NCOs. AUP attrition remains the lowest of all police pillars at 1.3 percent, and has consistently remained below the monthly attrition objective of 1.4 percent for the last 11 months (November 2010 -September 2011). P 36)
- As of September 2011, the Afghan Border Police (ABP) end strength was 20,852 personnel. The ABP remains on schedule to meet all growth objectives for officers and patrolmen, but remains short of NCOs, with only 3,800 of an assigned total of 5,600. This shortfall, as well as the shortfall of untrained patrolmen, remains the primary focus for training efforts.
- Although overall attrition in the ANP has remained near target levels for the past year, high attrition continues to challenge the ANCOP in particular, which has experienced an annual attrition rate of 33.8 percent; although this has decreased significantly from 120 percent annual rate in November of 2009, it remains above the accepted rate for long-term sustainment of the force... As a national police force rotating from outside areas, it has avoided the corruption that once seen in other police pillars. Although ANCOP units' effectiveness initially suffered from runaway attrition that stemmed largely from extended deployments and high operations tempo, the adoption of a 12-week recovery and retraining period between deployments has improved this situation.
- Building a capable and sustainable ANP depends on acquiring the equipment necessary to support the three basic police functions: shoot, move, and communicate. Accordingly,
- significant equipment uplift for the ANP began during the reporting period, which is expected to increase the ANP's on-hand equipment to approximately 80 percent by the spring of 2012. Despite progress, however, the ANP remains underequipped as a result of fielding challenges. Due to these shortages, the MoI has developed fielding priorities based on operational requirements. To address the delay in processing supply/equipment requests, the MoI Material Management Center established a Customer Care Center in April 2011. This single point-of-entry clearing house for supply/equipment requests has been a success, significantly reducing response times. (pp. 37-38)
- The ANP's logistics system remains particularly limited, both in facility development and in assigned and trained logistics personnel. The biggest challenge in developing logistics support to the ANP is the hiring and training of civilian personnel, as civilians make up 50 percent of the logistics workforce. Civilian hiring will continue to be a challenge until the MoI institutes civil service reforms. (p. 39)
- Successful Transition of the lead for security responsibilities to the ANSF is heavily dependent on a healthy, sustained partnering and advising relationship. These security assistance relationships create the conditions by which ANA and ANP forces can develop and become effective in defeating the insurgency, providing security for the local population, and fostering legitimacy for the Afghan Government. These relationships provide the ANSF with the ability to operate in a complex, counterinsurgency environment while also providing operational space and timing to

man, equip, and absorb critical training. As the ANSF continues to grow and the U.S. and coalition forces begin to draw down, the gap between the requirements for partnering and available resources will grow. This gap threatens to undermine force development and may pose a risk to the Transition process. As a result, IJC is currently reviewing all partnering relationships to align with projected force levels and ensure resources are used to the greatest effect in the areas where they are most needed. 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. (p. 40)

- In August 2011, the total number of reporting ANA units in the field increased to 204, and the number of units achieving an operational effectiveness rating of “Effective with Assistance” or higher was sustained at 147; alternatively, 37 units (18 percent) of fielded ANA units are in the lowest assessment categories, “Developing” or “Established,” due to an inability to perform their mission or the immaturity of a newly-fielded unit. Even the ANA’s highest-rated *kandak*, 2<sup>nd</sup> *kandak*, 2nd Brigade, 205th Corps, which achieved the rating of “Independent,” remains dependent on ISAF for combat support and combat enablers. In locations without a large ISAF footprint, the ANA has exhibited little improvement and there is little reporting on their operational strengths and weaknesses. These units are typically located in the west and far northeast regions. (p. 43)
- The ANP has demonstrated improvement in its ability to conduct limited, independent policing operations and to coordinate operations with other ANSF elements. These improvements are largely attributable to a number of exogenous factors, including low insurgent threat levels in the given operating environment and ISAF enablers. ISAF mentor reporting shows that the majority of ANP units still rely heavily on coalition assistance, especially in contested areas. As with the ANA, the operational performance of ANP units is also suffering from U.S. and coalition force reductions. Each of the three ANP pillars saw an increase in the number of units that were not assessed due to recently-fielded units that are not reporting or not partnered due to lack of available coalition forces. Within the ABP, 11 of the 12 units were not assessed due to long standing partnering shortages. Additionally, four ANCOP *kandaks* located throughout theater were not assessed. Finally, within the AUP in key terrain districts, 17 of the 22 units not assessed were in RC-C. (p. 44)
- Currently, the MoI Force Readiness Report is the Afghan system for reporting ANP data. Unfortunately, at this time, the report only focuses on the statistics for personnel and equipment: shoot, move and communicate. There are no ratings associated with the data and no commander’s assessment or narrative comments to describe issues and challenges. The positive aspect of the report is that the MoI collects, aggregates, and builds its own reporting products with minimal coalition oversight (p. 46)

And – as the analysis of tactics has stated – the entire police development effort is limited by the lack of progress in governance, creating the other elements of a rule of law, and the permeating climate of corruption, interference by power broker, and impact of criminal networks. Moreover, political pressure is already growing that can divide the ANSF by ethnicity and may be a prelude to post withdrawal power struggles.

It should be stressed that the same DoD report also provides a long list of areas of progress, and that all the critical problems in the ANSF may well be solvable with time and funds. **Figure 13** shows, however, that past funding levels and plans are grossly unsustainable in today’s political and budget climate, while the race to withdraw US and allied forces is already underway.

NTM-A and ISAF have already taken steps to adapt to the new timescale and funding levels they face. They have cut the future level of resource, but they have not yet openly



changed force goals that are highly ambitious, may be unfundable after 2014, and stress the entire system. SIGAR notes that the force strength of the ANSF, as of August 2011, was 305,198 (169,076 in the ANA; 136,122 in the ANP). In June 2011, the Joint Coordination and Monitoring Board (JCMB) approved an increase of the ANSF strength to 352,000 —195,000 in the ANA and 157,000 in the ANP.<sup>19</sup>

This leaves three options:

- Fund and support the ANSF plan in something approaching its current character for as long as it takes to defeat the insurgents, if -- as now seems almost totally unlikely -- this proves possible.
- Act immediately to reshape the ANSF plan to create more realistic goals and costs without false optimism, and seek Congressional and Allied support for a smaller, cheaper, and still effective force.
- Go on to force NTM-A and ISAF to downsize resources while keeping the current force goals, and create a hollow force that will be unsustainable after transition – repeating the mistake made in Vietnam on a very different level.

On the one hand, it would be tragedy not to build on the progress made by NTM-A and ISAF. On the other, it should be stressed that the worst option is to gradually create a façade of an exit strategy by cutting funds, time, and people even further. As is the case with every element of Transition, there is no point in succeeding in one part of transition if a plan cannot be funded and executed that deals with all of the problems of strategic failure listed at the start of this analysis.

*Figure 13: ANSF Funding Levels: Past and Projected*

**Past and Current**



Note: Numbers affected by rounding.  
Sources: DoD, response to SIGAR data call, 10/17/2011; P.L. 112-10, 4/15/2011.



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Sources: DoD, response to SIGAR data call, 10/17/2011; P.L. 112-10, 4/15/2011.

### Pre-Transition Plans for 2013-2024

PROJECTED ANSF EXPENDITURES, 2008/09–2023/24				
	2008/09 <sup>a</sup>	2013/14	2018/19	2023/24
<b>Expenditures by Security Force (\$ BILLIONS)</b>				
ANA <sup>b</sup>	\$3.2	\$3.8	\$5.0	\$6.5
ANP <sup>c</sup>	\$1.5	\$1.7	\$2.1	\$2.7
<b>Total</b>	<b>\$4.7</b>	<b>\$5.5</b>	<b>\$7.1</b>	<b>\$9.2</b>
<b>Expenditures Relative to Revenues (PERCENT)</b>				
ANSF Expenditures as a Share of Projected GIRoA Domestic Revenues	44%	27%	19%	15%

Notes: Numbers affected by rounding. Includes operating and investment expenditures.  
 a. Estimated actual.  
 b. World Bank Manpower Level Assumptions: ANA strength increases to 240,000 by 2012/13; ANP strength increases to 180,000 by 2013/14. These differ from the troop levels agreed to at the January 2010 London Conference, which were 171,600 for the ANA and 134,000 for the ANP by October 2011.  
 c. Macroeconomic assumptions: Afghanistan's long-term GDP growth rate averages 6% annually; inflation decreases to 3% in 2012/13 and beyond; GIRoA domestic revenue rises to 13% of GDP by 2028/29.  
 Sources: World Bank/DfID, "Afghanistan Public Expenditure Review 2010: Security Sector" pp. 23–24; DoD, "Report on Progress Toward Security and Stability in Afghanistan," 4/2010, pp. 104, 115.

Source: SIGAR, Quarterly Report, July 2010, pp. 92-93, and Quarterly Report, October 2011, p. 48

## Conclusions

While any such judgments are subjective, the odds of meaningful strategic success in the Afghanistan/Pakistan War have dropped from roughly even in 2009 to 4:1 to 6:1 against at the end of 2011. It is all very well for senior US officials to discuss “fight, talk, and build,” and for creating a successful transition before the US and ISAF allies withdraw virtually all of their combat troops and make massive cuts in the flow of outside money to Afghanistan. The US, however, has yet to present a credible and detailed plan for transition that shows the US and its allies can achieve some form of stable, strategic outcome in Afghanistan that even approaches the outcome of the Iraq War.

Far too many US actions have begun to look like a cover for an exit strategy from Afghanistan, and the US has never provided a credible set of goals – indeed any goals at all – for the strategic outcome it wants in Pakistan. Unless the US does far more to show it can execute a transition that has lasting strategic benefits in Afghanistan and Pakistan well after 2014, it is all too likely to repeat the tragedy of its withdrawal from Vietnam.

Such a US strategic failure may not mean outright defeat, although this again is possible. It is far from clear that the Taliban and other insurgents will win control of the country, that Afghanistan will plunge into another round of civil war, or that Afghanistan and Pakistan will see the rebirth of Al Qaida or any other major Islamist extremist or terrorist threat.

However, the human and financial costs have far outstripped the probable grand strategic benefits of the war. Given the likely rush to a US and ISAF exit, cuts in donor funding and in-country expenditures, and unwillingness to provide adequate funding after 2014, Afghanistan is likely to have less success than Iraq in building a functioning democracy with control over governance, economic development, and security. Worse, Pakistan is far more strategically important and is drifting towards growing internal violence and many of the aspects of a failed state.

Even if Afghanistan gets enough outside funding to avoid an economic crisis and civil war after US and allied withdrawal, it will remain a weak and divided state dependent on continuing US and outside aid through 2024 and beyond, confining any strategic role to one of open-ended dependence. As for a nuclear-armed Pakistan, it is far more likely to be a disruptive force in Afghanistan than a constructive one, and there is little sign it will become any form of real ally or effectively manage its growing internal problems.

Regardless of which outcome occurs, the result will still be strategic failure in terms of cost-benefits to the US and its allies. The Afghan War has cost the US and its allies over 2,700 dead and well over 18,000 wounded. There are no reliable estimates of total Afghan casualties since 2001, but some estimates put direct deaths at around 18,000 and indirect deaths at another 3,200-20,000. And the war is far from over.

The Congressional Research Service estimates that the dollar cost of the war to the US alone is over \$527 billion through FY2012, and SIGAR estimates that the US and its allies will have spent some \$73 billion on aid – much of it again with little lasting benefit. Similar cost estimates are lacking for Pakistan, but they have also taken significant casualties and received substantial amounts of US aid.

The key question now is whether the US can minimize the scale of its strategic failure. Can the US move from concepts and rhetoric to working with its allies, Afghanistan, and Pakistan to create a credible transition plan that can secure Congressional and popular support and funding? Can they actually implement such a transition plan with the effectiveness that has been lacking in its efforts in Iraq and Afghanistan to date?

Some form of success (or limited failure) may still be possible, but the analysis in this paper warns that nothing the US government has said to date raises a high probability that this will be the case, and that much of the progress it has reported may be misleading. There are four critical areas wherein any lasting level of success is now unlikely:

- *Strategic failure?* The US has not shown that it can bring about enough of the elements required to create Afghan security and stability in a way that creates more than a marginal possibility that Afghanistan will have a successful transition by 2014, or at any time in the near future. It has never announced any plan that would make this possible. It has no strategic plans or clearly defined goals for Pakistan, although it has far more strategic importance than Afghanistan.
- *Talk Without Hope:* It is far from clear that any major insurgent faction feels it is either losing, or cannot simply outwait, US and allied withdrawal. Nor is it clear that Pakistan will ever seriously attempt to eliminate insurgent sanctuaries within its borders. If insurgents do choose to negotiate it may well be because they feel the US, allied, and GIROA position is becoming so weak they can use diplomacy as a form of war by other means and speed their victory through deception and by obtaining US, allied, and GIROA concessions. They have already used similar tactics in Helmand and Pakistan, and Nepal and Cambodia are warnings that “talk” may do little more than cover an exit.
- *Tactical Success?* The very real gains the US and ISAF have made in the south may not be possible to hold if the US move forces east, and the US and ISAF are cutting forces so quickly that it is doubtful they can achieve the goals that ISAF set for 2012. ANSF development is being rushed forward as future resources are being cut, and it is far from clear that the insurgents cannot outwait the US and ISAF and win a war of political attrition without having to win tactical battles in the field. The ISAF focus on significant acts of violence is a questionable approach to assessing both tactical and strategic progress, and ANSF transition has been little more than political symbolism.
- *Spend Not Build?* The latest Department of Defense and SIGAR reports do little to indicate that US and allied efforts to improve the quality of government, the rule of law, representative democracy, and economic development are making anything like the needed level of progress. They are a warning that Afghanistan and the Afghan government may face a massive recession as funding is cut, and the dreams of options like mining income and a “new Silk road” are little more than a triumph of hope over credible expectations. Once again, the very real progress being made in the development of the ANSF is being rushed as future funding is being cut, and it is unclear that current gains will be sustained or that the US has sufficient time left in which to find credible answers to these questions, build Congressional, domestic, and allied support, and then to begin

implementing them. It is now entering the 11<sup>th</sup> year of a war for which it seems to have no clear plans and no clear strategic goals. The new strategy that President Obama outlined in 2009 is now in tatters.

There are no obvious prospects for stable relations with Pakistan or for getting more Pakistani support. The Karzai government barely functions, and new elections must come in 2014 – the year combat forces are supposed to leave. US and allied troop levels are dropping to critical levels. No one knows what presence – if any – would stay after 2014. Progress is taking place in creating an Afghan army, but without a functioning state to defend, the ANSF could fragment. Far less progress is taking place in creating the police and justice system. Massive aid to Afghanistan has produced far too few tangible results, and the Afghan economy is likely to go into a depression in 2014 in the face of massive aid and spending cuts that will cripple both the economy and Afghan forces.

It is time the Obama Administration faced these issues credibly and in depth. The US and its allies need a transition plan for Afghanistan that either provides a credible way to stay – with credible costs and prospects for victory – or an exit plan that reflects at least some regard for nearly 30 million Afghans and our future role in the region. It needs to consider what will happen once the US leaves Afghanistan and what longer term approaches it should take to a steadily more divided and unstable Pakistan.

In the case of the US, this also means a detailed transition plan that spells out exactly how the US plans to phase down its civil and military efforts, what steps it will take to ensure that transition is stable through 2014, and a clear estimate of the probable cost. The US needs a meaningful action plan that Congress, the media, area experts, and the American people can debate and commit themselves to supporting. If President Obama cannot provide such a plan within months, and win the support necessary to implement it, any hope of salvaging lasting success in the war will vanish.

Even if the US does act on such a plan and provide the necessary resources, it may not succeed, and Pakistan may become progressively more unstable regardless of US aid and actions in Afghanistan. Any de facto “exit strategy” will make this future almost inevitable.

The most likely post-2014 outcome in Afghanistan, at this point in time, is not the successful transition to a democratic Afghan government with control of the entire country. Nor is it likely that the Taliban will regain control of large parts of the country. Rather, the most likely outcome is some sort of middle ground where the insurgents control and operate in some areas, while others are controlled by the Pashtun. Some form of the Northern Alliance is likely to appear, and the role of the central government in Kabul would be limited or caught up in civil conflict.

This would not be what some US policymakers call “Afghan good enough,” it would be “Afghan muddle through.” What, exactly such an “Afghan muddle” would look like, and how divided and violent it would be, is impossible to predict. But it is the most likely outcome and the US needs to start now to examine the different options it has for dealing with a post-2014 Afghanistan that is far less stable and self-sufficient than current plans predict, and make real plans for a Pakistan whose government and military cannot move the country forward and contain its rising internal violence. As is the case in Iraq,

strategic failure in the Afghanistan/Pakistan War cannot end in a total US exit. The US must be ready to deal with near and long term consequences.

<sup>1</sup> Department of Defense, *Report on Progress Towards Security and Stability in Afghanistan*, October 30, 2011, p. 6.

<sup>2</sup> Department of Defense, *Report on Progress Towards Security and Stability in Afghanistan*, October 30, 2011, p. 2 .

<sup>3</sup> Department of Defense, *Report on Progress Towards Security and Stability in Afghanistan*, October 30, 2011, p.1, 68-69.

<sup>4</sup> Department of Defense, *Report on Progress Towards Security and Stability in Afghanistan*, October 30, 2011, p. 6.

<sup>5</sup> Report of the Secretary General, The situation in Afghanistan and its implications for international peace and security UN A/66/369-S/2011/590, September 21, 2011, pp. 1-2, 5-6.

<sup>6</sup> UNDOC, Corruption in Afghanistan, Bribery as Reported by the Victims, UN, January 2010, pp. 9-10.

<sup>7</sup> [http://www.transparency.org/policy\\_research/surveys\\_indices/cpi/2010/results](http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results).

<sup>8</sup> [http://www.transparency.org/news\\_room/latest\\_news/press\\_releases\\_nc/2011/2011\\_05\\_18\\_afghanistan\\_in\\_transition](http://www.transparency.org/news_room/latest_news/press_releases_nc/2011/2011_05_18_afghanistan_in_transition)

<sup>9</sup> Department of Defense, *Report on Progress Towards Security and Stability in Afghanistan*, October 30, 2011, p. 56 .

<sup>10</sup> SIGAR, Quarterly Report to US Congress, October 30, 2011, pp. 87-88

<sup>11</sup> World Bank, March 14, 2011.

<sup>12</sup> UN World Food Program, [ww.wfp.org/countries/Afghanistan/Overview](http://www.wfp.org/countries/Afghanistan/Overview)

<sup>13</sup> <http://www.wfp.org/news/news-release/wfp-support-hungry-afghans-hit-funding-shortfalls>

<sup>14</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/af.html>

<sup>15</sup> <https://www.cia.gov/library/publications/the-world-factbook/geos/af.html>

<sup>16</sup> <http://www.unodc.org/afghanistan/en/october/2011/opium-production-in-afghanistan-shows-increase.html>. The full details can be found in UNDOC, *Afghanistan Survey 2011, Summary Findings*, October 2011

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- **Total Public Expenditures** – funds spent to provide public services to the Afghan population; the sum of on-budget and off-budget public expenditures. We based our analysis on reported expenditures, not on budget estimates.

- **On-Budget (Core) Expenditures** – public expenditures that are in GIRoA's budget funded by domestic revenue and donor contributions, such as donor contributions for wages and salaries of government employees.

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<sup>19</sup> SIGAR, *Quarterly Report to the US Congress*, July 30, 2011