

Afghanistan in Transition: A Trip Report¹

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Good morning and thank you for coming.

INTRODUCTION

Visit to Kabul, RC North, RC South, and RC East with four outstanding colleagues -- Ambassador Ronald Neumann, Michelle Flournoy, Steven Biddle, Michael O'Hanlon -- each of which I'm certain will provide their own insights over the coming days or weeks.

- Want to stress the views I present this morning view are mine, not my colleagues. Men and women for whom I have the greatest respect, but independent minds with different perspectives and backgrounds and who differ in their levels of support for the war.
- We had the support of ISAF during our trip, but we were scarcely selected because we have been uncritical in the past and we were given freedom to set our own schedule and meetings, and paid our own airfares. We asked questions freely and were encouraged to provide individual views and criticism throughout the trip.
- We did meet with a wide range of US. Allied, and Afghan officials, officers, and civilians, but I do not feel that it is appropriate to name them in reporting my on views, or to quote what was said to us by individuals under the equivalent of Chatham House rules.
- Particularly at a time when relations are so sensitive and any quote or attribution could have a political impact in Afghanistan.

FOCUS

That said, I want to focus on three main areas of progress and risk, and then take questions:

- The broader political situation and the impact of the election and transition during the coming two years and beyond.
- The changing security situation through 2014 and beyond.
- The economic, aid, and governance situation through 2014 and beyond.

¹ ***Note: These are rough speaking notes, and not a finished analysis. They represent the author's views and not those of the CSIS or those traveling with him to Afghanistan. They can easily be taken out of context, and any quotation should only come with the author's permission. Please contact CSIS External relations if such use is desired.***

- I should also stress that I'll provide a detailed written analysis of these issues with supporting data early next week. These are areas where facts and explicit statements of uncertainty matter, and where the complexity of many issues does lend itself to oral briefings.

THE BROADER POLITICAL SITUATION AND THE IMPACT OF THE ELECTION AND TRANSITION DURING THE COMING TWO YEARS AND BEYOND.

- Time of deep tension if not crisis, because of events during our visit.
- Already clear that campaign is underway for 2014, with questions about the legitimacy of the election and the ability to forge a consensus.
- Questions about the role that Karzai may play in seeking to choose a successor versus efforts to forge coalitions around national unity.
- Still a long way from any lead candidate or clear blocks or movement towards collation.
- Still many debates over issues like voting cards, outside observers, IEC, how to deal with complaints, security, coverage...dates. Loya Jurgas, and whether the election will happen.
- Both the way the election will be held and popular reaction to the result will be a moderate to high risk.
- The higher risk, however, is the tendency to focus on the election per se, and not whether Afghanistan gets a strong and effective leadership, the required level of sustained national unity and broad popular support.
- There is too much focus on the election process and holding the "perfect" election – and it is important – and far too little on getting a good leader, a working nation consensus, and the quality of governance that can deal with Transition and the future.
- Still a culture of dependence – waiting on the US, mixed with power brokering and the reality afghan politics are still something of a blood sport.
- Little understanding of degree support in US and West is waning, need for Afghans to take hold and shape outside opinion and support. Growing conditionality of sustained support.
- Afghans unprepared in general – although some senior Afghans sounded warnings for:
 - Coming security and economic challenges – potential crisis of economy and ANSF.
 - Uncertainty over peace process, and future of Taliban-insurgents. Peace negotiations may prove to be an insurgent effort to wage war by other means).
 - Dealing with Fear and anger at Pakistan,

- Ability to spend and manage military and civil aid money on budget as outside presence shrinks back towards Kabul
- Reduce corruption and power brokering to acceptable and workable levels from Kabul to the village. Impact of Tokyo conference and pledges.
- Legacy of failed constitution and political structure.

Conditionality of future aid and support. Limits to any pledges and strategic agreements.

- Could spend an hour on each of these issues – and we did far more than that during our visit – but the message I came away with is the need to make it clear to Afghans that this is it.
- We will not alter the timing or course, that they have to come to grips with shaping the future of the country and Transition and not just an election,
- Can – and will – walk away if the Afghans do not take Transition in hand deal with real world conditionality:
 - Bilateral Security agreement
 - Military aid and advisory presence
 - Tokyo Conference pledges for anti-corruption and economic reform
- Means sending polite signals with reasonable flexibility, and not rigid demands.
- Prepare Afghans in advance without tying to election or candidate.
- Make the nature of conditionality clear softly but firmly and make it equally clear that our strategic commitment to Afghanistan is of marginal value in today's world. They need us far more than we need them.

THE CHANGING SECURITY SITUATION THROUGH 2014 AND BEYOND

- Saw important changes in strategy, metrics, and ANSF.
- **Clear understanding metrics and reporting has to change**, but US and ISAF face difficult challenge in mixing threat, Afghan capabilities, politics, corruption, and economics, and tying to individual aspects of campaign as aid and advisory presence and coverage shrinks.
- Shift from force generation metrics for ANSF to ratings based on combat performance. Ability to hold and gain popular support in Afghanistan, allied countries, and US.
- **Key shifts lie in strategy and ANSF development.**
 - Remains a high-risk enterprise in each area, as much because of election and Afghan politics. Pakistan, and US and allied willingness to support a continuing effort as because of the insurgent threat.

- Do realize that need to treat weaknesses in GIRoA as nearly as much of a threat as insurgents.
- No expectation Pakistan will end sanctuaries or OISI support. Afghans generally take a much harder line on Pakistan's support of the insurgents and efforts to manipulate the peace process than US or allies.
- No expectation that surge produced decisive or lasting gains, or was fully executed. Gave Afghans opportunity, not security.
- **Goal has shifted to a layered defense mixing ANA, ANP, and ALP to hold population centers, key LOCs and security areas - not defeat of insurgents in next few years.**
 - Sanctuaries in Pakistan, and problems in Afghan governance do present major problems as does uncertainty as to US and ISAF role and outcome of election.
 - Cannot fully secure south or east, or eliminate smaller elements of insurgency in center and north before end 2014 or at any currently predictable time,
 - Will be major campaigns in East, South and Southwest as US and ISAF phase out.
 - Insurgents will keep fighting in 2013. Degree to which plan to wait out ISAF, focus on GIRoA and ANSF targets, high visibility attacks unclear.
- **Feel can deal with remnant of key Al Qaida activities within Transition period, but no guarantees for region.**
- **Much depends on being able to plan for an ANSF after the end of 2014.**
 - Forcing ANSF to take on responsibility, element by element.
 - But, creation of effective MoD/MoI/ MoF; corps level force management; and key aspects of air force, fire support, IS&R, logistics, maintainers, CIED, medevac, ability to present local crisis defeat, all depend on conditions-based phase out of US and allied presence after end-2014.
 - Cannot plan on peace or any major ANSF force cuts until are certain of progress, and see insurgents comply, know what happens to armed young men,
 - Need 352,000 until security clearly changes, plus 30-40,000 ALP. (20,000 APPF?)
 - Cost model is opaque and uncertain, but to the extent it is valid, \$4.1B is not enough. Only funds path down to 228,000 before clear this is feasible in military and security terms.

- Need \$4.8 billion to keep at strength 352,000 plus 30,000 ALP through 2018, and add ALP.
- \$5.1 to \$5.7 billion a year for robust performance including all major procurements, investment in human capital, but cost could depend a great deal on what US and allies leave behind.
- **Much depends on ALP like forces, police reform, and ANA success.**
 - ALP to grow from 21,014 in March 2013. Official goal some 30,000 but ISAF wants to rise to to 45,000 at an annual cost of \$270 million a year.
 - 100-169 Districts. 33 already transferred. (NTM-A says 30,000 is in \$4.1B. would add \$150,000 more a year if ALP rises to 45,000).
 - Taliban sees as No. 1 threat because is in area of influence and former control; gives locals ability to resist. Attrition minimal because is local and pays: 1.1% per month.
 - Many uncertainties: Tribal and local rivalries, ties to District Chiefs of Police (DCOPs), vetting, stability once SOF advisors gone, and role in Afghanistan breaks up into power broker areas.
 - But, ISAF claims ALP does (will?) protects some 17% of population (5 million). Successfully defends positions 88% of time. Supports local governance efforts covering 31% of population or 9.8 million.
 - AUP. ANB, other police elements -- nearly half of 352,000 total -- are also uncertain, not local, and capable of equal abuse.
- **Cannot fully accomplish by end 2014, or at all without aid and advisors through 2018, and with Afghan leadership.**
- Much depends on being able to plan for an adequate US and allied presence after the end of 2014.
 - Talking some 10,000 US troops and contractors, and 2,500 allies to provide full range of advisors and enablers.
 - Germans to play key role in north and Italians in west. Some 2,000-2500 allies.
 - Need strategic bases for US and ISAF outside Kabul in each key area: Heart, Kandahar, etc.
 - These US numbers are critical in reassuring Afghans and deterring outside nations, but are most critical in making the ANSF work.
 - Post 2014 roles include Air support, emergency forces to brigade size, country wide or "four corner" coverage, presence down to corps level in ANA, aid to Allied advisors in areas like MEDEVAC.
- We need an honest internal debate in the US over this level of effort, and over the risks of zero options or inadequate forces. We also need to recognize that we dictate much Afghan and allied behavior.

- Need to accept the fact that “Afghan good enough” means it may well be a quarter century before Afghanistan meets the goals we set in afghan compact.
- Also need to accept the reality that “Afghan good enough” will often be “Afghan bad enough.” Some level of corruption, and an internal struggle over issues like women’s rights, secular reform, and education will have to take place at time of major economic stress and a clash within a civilization over Islam. It will go on long after 2014-2016.
- We need DoD to work with US and ISAF to honestly assess needs, risks, and conditionality in a public form, and focused on the future.
- Need transparency to show that progress is real and success is meaningful, and we are making the right commitment rather than the cheapest or most politically convenient.

THE ECONOMIC, AID, AND GOVERNANCE SITUATION THROUGH 2014 AND BEYOND.

- The final challenge is the economics of Transition and here I came away far less reassured than in assessing the security dimension.
- I have great admiration for the dedication and courage of USAID and other aid personnel in the field, and their efforts **at the project level**. We heard a good conceptual case for aid in developmental terms from the country team, along with highlighted warnings of the risks of failure.
- But, they focus on development, not stability and the interface between economics and security. They think ink in project or long-term goals for “normal “ state.
- I have no respect for the continued lack of professionalism in the top leadership of USAID, State or other capitals, and their lack of honest claims, measures of effectiveness, and economic and security analysis. Relentless indifference to overall economic issues, effectiveness measures, integrity in reporting and analysis, and focus on the reality that this is a deeply troubled, backward nation at war.
- False claims about GDP growth, exaggerated claims about education and medical progress, failure to plans and analyze in national terms, and willingness to ignore how little money actually reaches Afghanistan, problems in Afghan ability to absorb aid, impact of coming spending cuts on the elite that has benefited from aid and military spending, future of a narco-economy, cost of corruption, and flight of capital and capacity are all critical issues affecting Transition and being swept under the rug.
- **I do need to single out the World Bank team as a partial exception.**
- Have steadily improved the scale and quality of their work, and new publication for 2013 on the WB web site is a major advance: Afghanistan in Transition: Looking Beyond 2014.

- Most GDP growth in recent years has come from agriculture and rainfall, and not from aid or outside spending.
- But, aid and military spending have equaled some 90% of market GDP.
- Aid alone, less military spending, has equaled 40% of GDP.
- 75% - 95% of aid that goes through the GIRA budget stays in country versus 10-25% for off budget aid.
- But, only 12% of aid to date went through GIRA versus a future goal where 50% of aid is to be managed and spent by GIRA in spite of critical budget execution, management and corruption problems.
- Moreover, aid and military spending in Afghanistan has been high enough to vastly exceed absorption capacity, produce immense waste, distort the economy, and do much to corrupt than Afghan society and government.
- While only 6-10% of population has been significantly affected by aid and military spending, this percentage is the leading civil and security elite. Cuts will affect the government, market business sector, political leaders and power brokers, and civil service. This is the elite that drives security and stability, and spending cuts are already hurting this elite..
- Serious security problems and spending cuts could drive Afghanistan into recession and produce a serious crisis in stability and security.
- Even the 4-6% growth case that would occur with sufficient aid, security, and good rainfall will fall below the level needed for development and stability, and politics could produce negative growth.
- Unemployment (8%) and underemployment (48%) total 56% of the labor force, and the economic is under constant pressure from additions to the work force coming from a very young and rapidly growing population.
- Spending cuts pose a critical problem for the budget. Government revenues may be able to rise from 11% of GDP to 27% in 2020-2021 with good governance and security, but Afghanistan will need outside need financing equal to 43% of its GDP through 2020-2021.
- Afghanistan would have to spend 17.5% of GDP on security if the cost is limited to \$4.1 billion a year
- A financing gap of 40% of the GDP will exist in 2014-2015. The gaps will still be 25% in 2020-2021 even if mining and other capital investment is high; and security, economic reform, and LOCS come through.

- Key uncertainties exist about the economic status of internally displaced persons, the impact of urban population pressures, and infrastructure issues like road repair.
- The agriculture sector faces major challenges from dependence on rainfall, the impact of the narco-economy, and a lack of cold storage, food processing, market access, and transportation. A Afghan official claims 60% of food rots or is lost on the way to market.
- Outside spending cuts will push the agriculture sector towards opium and cannabis, at cost of benefiting crime lords, and creating problems for farmers in terms of load dependence at a time there is acute population pressure on the land.
- Security, drugs, corruption, GIROA capacity, and capital/capacity flight all critical issues.
- But World Bank too focuses on development and not security or stability oriented and security and stability must dominate period through 2016-2018.
- Need risks assessment independent of USAID and State: SIGAR, CIA, etc. to focus on fact may need stability aid and not transition aid for several years. Cutting aid presence down to one or two facilities is major risk as is over-committing money to development versus stability in short term.

CONCLUSION

- Clear need more honest assessments and far better plans, and public transparency and accountability.
- We may have to leave Afghanistan because of security issues and civil and military aid costs, because of a failed ANSF and Afghan leadership, or because we have higher strategic and spending priorities in other areas.
- But, we may also be able to succeed at reasonable cost. We should not snatch failure from the jaws of uncertainty, particularly before the 2013 campaign season and the Afghan election.
- If we do leave, we should walk out on the basis of an honest assessment of the cost-benefits of staying in Afghanistan. We should not stumble out too slowly once the risks and cost rise above the benefit. Nor should we run for the exits simply because it is currently politically convenient.