

1800 K Street, NW
Suite 400
Washington, DC 20006

Phone: 1.202.775.3270

Fax: 1.202.775.3199

Email:

acordesman@gmail.com

Web:

www.csis.org/burke/reports



Afghanistan Win or Lose: Transition and the Coming Resource Crisis

Anthony H. Cordesman,
Arleigh A. Burke Chair in Strategy

CSIS

CENTER FOR STRATEGIC &
INTERNATIONAL STUDIES

Burke Chair
in Strategy

August 23, 2011

www.csis.org |

“Transition” Must Seek to Address ~~Seven~~ **Eight** Centers of Gravity

- Defeat the insurgency not only in tactical terms, but by ~~eliminating~~ **limiting** its control and influence over the population.
 - **Sustain as large as possible a** ~~Creating an effective and well-resourced~~ NATO/ISAF and US response to defeating the insurgency and securing the population.
 - Build up a ~~much larger~~ and more effective (**and enduring base for transition**) mix of Afghan National Security Forces (**ANSF**).
 - Give the Afghan government **more** ~~the necessary capacity and legitimacy (and lasting stability)~~ at the national, regional/provincial, district, and local levels.
 - Create more **unified** ~~effective, integrated, and truly operational civil and civil-military~~. NATO/ISAF, UN, member country, and NGO and international community efforts ~~tailored to real world resources and effectiveness~~.
 - **Deal with Pakistan both in the NWFP** and as a potential failed state. Finding stable relations in India, Iran, “Stans,” Russia, and China
 - Making effective trade-offs with other US domestic and security interests
 - **EXECUTE AN AFFORDABLE, POLITICALLY SUSTAINABLE TRANSITION BETWEEN 2011 AND 2014 (AND BEYOND?)**
-

We Will Lose the War if We Do Not Focus on the Transition Crisis in 2012-2017

- **Pulling troops out and cutting costs is not a strategic objective.**
 - *The are no “end states” in history. Success is determined by what happens in the years after 2014 – 2014 to 2024 will determine its value and grand strategic success.*
- **Resources have now become the driving factor that must shape all plans and policy.**
 - *Premature US and ISAF force and aid worker cuts mean cannot secure east and retain the south.*
 - *Phony/premature political transfers of responsibility are just that.*
 - *Underresourcing of the ANSF makes the war pointless.*
 - *So will sudden, drastic cuts in military and aid spending in country. The US Treasury warns the best case funding cut would equal 12% of the Afghan GDP (the same drop in the US Great Depression). The worst case is 41%.*
- **No time to solve the political/governance problems fully: New Presidential election in 2014.**
- **Critical lead times: FY20123 US budget determines options for transition; 12-18 month lead time for effective execution.**

We Now Lack the Critical Policy Decisions And Plans Necessary to Avoid Losing the war

- Clear plans to deal with challenge of 2014 elections and post-Karzai transition.
- Honest plans, mechanisms, and funding for negotiations with insurgents and for reintegration vs. cover for exit without a strategy.
- Near and mid-term force development and funding plan for Afghan National Security Forces.
 - *Real world understanding of what may be transition from NTM-A to de facto USF-A*
 - *Clear link between size, quality and resources.*
 - *Realistic picture of relations between ANP, ALP, and justice system.*
- Near and mid-term analysis of impacts and requirement creating by coming funding cuts in military and aid expenditures. (USCENTCOM working on such a plan)
 - *An honest “Silk Road” plan for economic and and development that is not based on vague regional hopes, but concrete plans and funding for specific projects and aid efforts by US. Plans, and tied to UN, World Bank, Asian Development Bank, with no illusions about real world level of sallied/donor efforts.*
- Clear plan for US civil and aid presence and funding through 2017 (or 2024), and for going from 14 PRTs to five embassy entities – linked to clear sallied commitments to a given level of continuing effort and resources.

“Transition” Will Still Be a High Risk Effort

- **Weakness, divisions, lack of capacity and corruption of Afghan central government present a major risk.**
- **Tensions with Pakistan could deprive transition of strategic rationale.**
- **Uncertain can scale up victory enough to create a stable climate for politics, governance, and development: May not come close to 81 + 40 districts.**
- **Little evidence that “build and transition” can fully match “clear and hold.”**
- **Uncertain ability to sustain national unity after 2014, prevent Taliban and other from recovering and winning battle of political attrition and accommodation.**
- **Uncertain US and allied willingness to sustain funding, force, and civil aid at required levels before and after 2014. Already risk of aid cuts triggering “recession” (crisis) in 2014.**
- **US budget debate could have even more drastic impact, as could unrealistic Afghan demands for strategic partnership.**
- **Serious issues remain in Afghan Army, police, local police, and justice capabilities.**

May be No “Good” Answers Within Time and Resource Constraints

- **Perceived legitimacy not driven by “democracy” or “human rights,” but quality of government presence in security and meeting most urgent perceived needs.**
 - **Too late for broad reform of structure of government, and to deal with overcentralization?**
 - **Cannot solve legitimacy and popular support issues given lack of capacity, corruption, power brokers, and criminal networks?**
 - **Growing risk of ethnic and sectarian splits by region.**
 - **“Karzai” and broad GIRoA legitimacy crisis through at least 2014.**
- **Any economic crisis as aid and spending draw down will cripple governance and economic aid efforts, popular support.**
- **Improvements at Provincial and District level may be unsustainable and lack proper scale if US draws down from 14 PRTs to five centers, cuts efforts, and allies follow.**
- **Political accommodation can cripple effective governance – as in Iraq – as well as threaten state.**
- **Uncertainties over police, local police, and justice system.**

But May Well Be Answers for “Afghan Right”

- Honest recognition of risks and problems, and efforts to address them are key to solution.
- Make what exists work; no more new concepts and strategies.
- Scale and reshape ongoing and future efforts to clear, **politically accepted**, annual levels of future resources.
- Stop making any promises cannot keep, or where do not have at least 70% probability can sustain the needed resources.
- Do it their way and shift responsibility as soon as possible.
- Focus on government services and presence in dealing with highest priority needs and worst grievances and not “democracy,” formal justice, human rights, and mid and long-term development.
- Do not try to fix anything that is not clearly broken or dysfunctional.
- Phase aid and spending down in concert with Afghans; fund nothing beyond existing absorption capabilities.
- **Fix ourselves first**: 95% focus on our problems in waste and lack of fiscal controls, 5% focus on “corruption.”

Implications for Credibly-Resourced Transition

- Down size goals, districts, levels of resources by 2014 and beyond.
- Only attempt what majority of Afghans will sustain and support.
- **Force real integrated plans on USG efforts tying together governance, economic, ANSF, or other security efforts TIED TO CLEAR FUNDING LEVELS.**
- Accept limits to central government capacity, integrity, and management. Do not focus on making Kabulistan effective.
- Size provincial, district, and local efforts to real world resources and capacity.
- Focus on meeting most urgent needs.
- Deal with economic recession/crisis issue.
- Accept fact steadily lose influence and control from now on; new regime in 2015 onwards.
- Plan for risk of crises take place.
- Seek (**fear?**) political accommodation with Taliban/Haqqani

- **Do not rely on building up capacity and integrity of central government.**
 - *Do not court Karzai (and power brokers), or condemn him (them) excessively.*
 - *Do not tie aid to central government vs. provincial and local.*
 - *Strengthen **key** provincial and district governments.*
- **Regional, ethnics, sectarian, and tribal divisions can provide essential checks and balances.**
- **Do not confuse political settlement and “declaring victory/cut and run.”**
- **Do not overcommit resources to southern Pashtuns, peripheral Eastern areas. Consolidate more stable, friendly areas in north and west.**
- **Never confuse politicized/symbolic transition with real Afghan capability.**
- **Priority is stability after 2014, not capacity or human rights.**
- **Focus on transparency, collective decision making, fiscal controls, not anti-corruption or narcotics.**

Reshape Plans, Metrics, and Narratives

- **No one follows where no one leads.**
- **Need clear transition plans with specific funding and manning levels, time scales and delivery points, and measures of effectiveness. No more politically correct, totally dishonest, and vacuous conceptual plans.**
- **Make public and tailor all transition activity to what it is clear Administration and Congress will support.**
- **Bring in Afghans, allies, UN and international organizations as soon as US has clear and decisive resource framework. Share as much of transition burden as possible.**
- **Choose the needed metrics and narratives now; no more bullshit about developing new or better systems.**
- **Force NTM-A and aid plans to conform to probable resources; be honest with Afghans about need to move towards self funding.**
- **No fantasies about minerals, petroleum, pipelines, private sector.**
- **100% transparency with Afghans, allies, Congress, and media wherever possible: Scale and reshape ongoing and future efforts to clear picture of future resources.**

Make the Needed Critical Policy Decisions And Plans Necessary to Avoid Losing the War

- Clear plans to deal with challenge of 2014 elections and post-Karzai transition.
- Honest plans, mechanisms, and funding for negotiations with insurgents and for reintegration vs. cover for exit without a strategy.
- Near and mid-term force development and funding plan for Afghan National Security Forces.
 - *Real world understanding of what may be transition from NTM-A to de facto USF-A*
 - *Clear link between size, quality and resources.*
 - *Realistic picture of relations between ANP, ALP, and justice system.*
- Near and mid-term analysis of impacts and requirement creating by coming funding cuts in military and aid expenditures. (USCENTCOM working on such a plan)
- Clear plan for US civil and aid presence and funding through 2017 (or 2024), and for going from 14 PRTs to five embassy entities – linked to clear allied commitments to a given level of continuing effort and resources.
 - *An honest definition of the “Silk Road” that is not based on vague regional hopes, but concrete plans and funding for specific projects and aid efforts by US. Plans tied to UN, world Bank, Asian Development Bank, with no illusions about real world level of allied/donor efforts.*

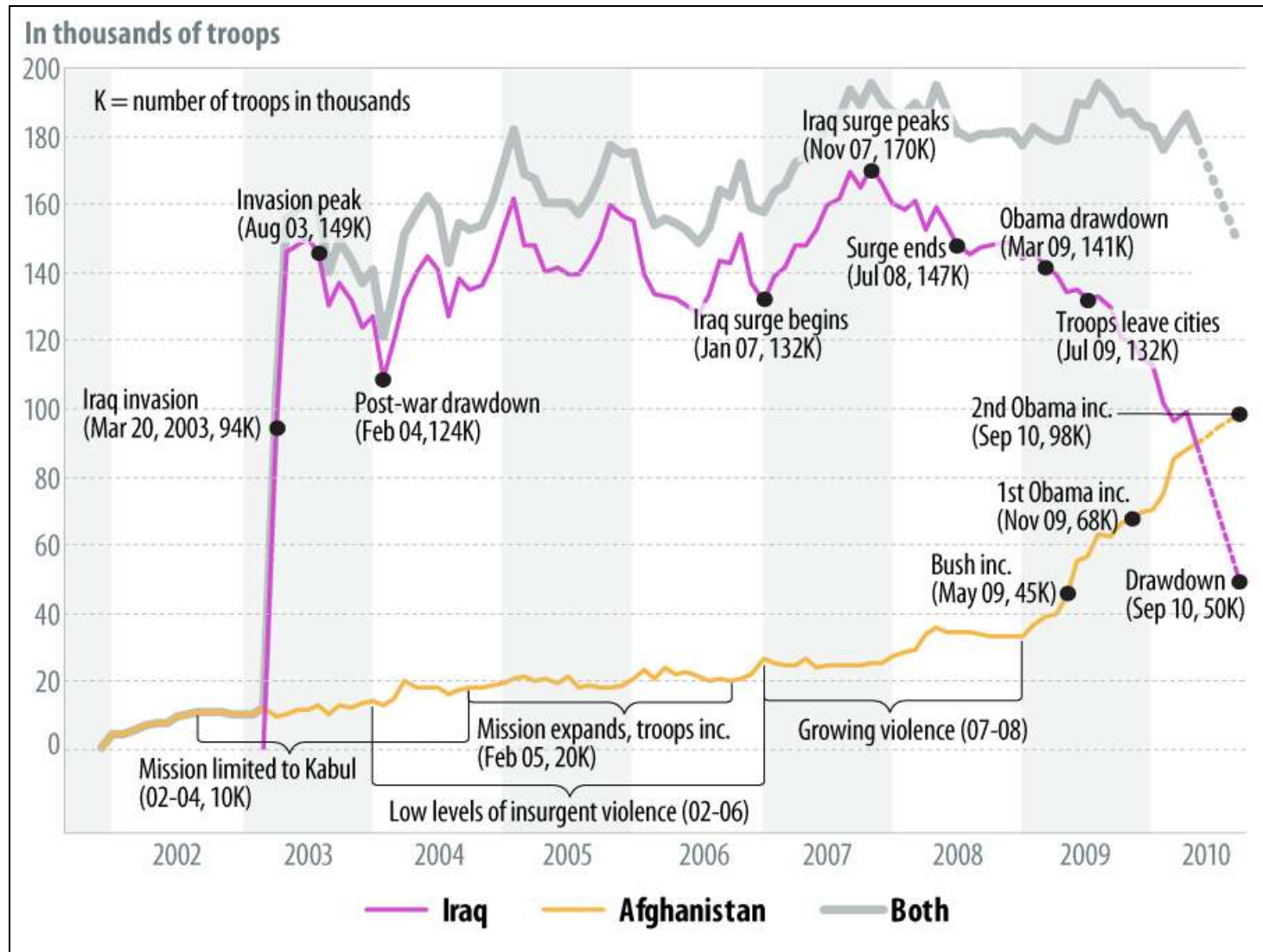
Broader Implications for Policy

- Tie all policy and programs to clear picture of Presidential and Congressional willingness to provide needed annual resources to 2014 and beyond
- Accept fact will steadily lose influence and control from now on; new regime in 2015 onwards.
- Deal with reality of at least 50% probability of mission failure after 2014 , or before if US funding, Karzai, political accommodation, or Pakistan crisis takes place.
- See political accommodation with Taliban/Haqqani as cover/exit strategy that is more likely to make thing worse than better.
- Reassess US role in Afghanistan, Pakistan, and Central Asia to see if best strategy is to leave the “new great game” to other players.

Will the Resources be Available to Implement the New Strategy and Achieve "Transition" ?

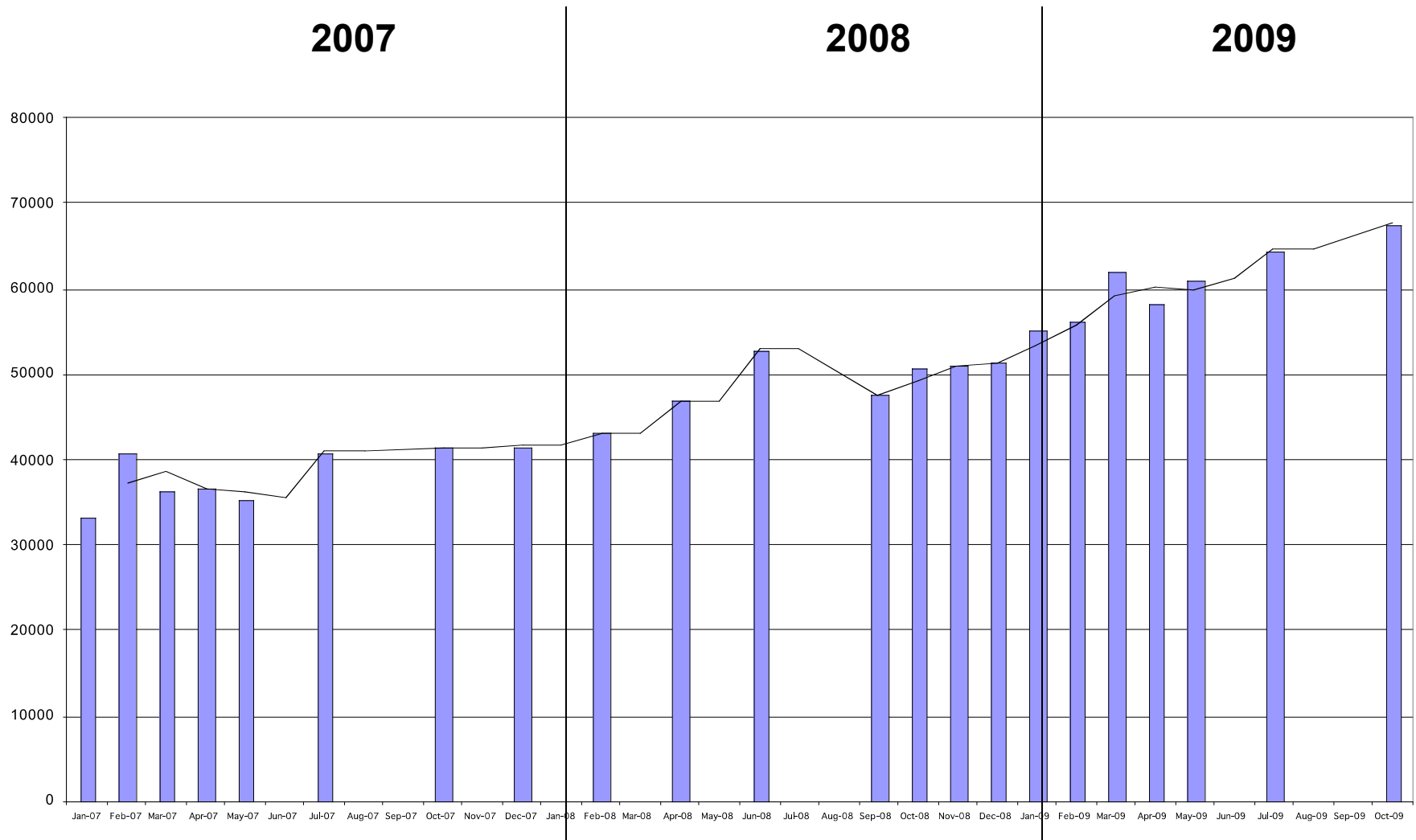
*Finding the Right Priorities within
Credible Time and Resource Levels*

Down the Chute? US Forces in Iraq and Afghanistan: 2001-2011

















































Sustaining ISAF Troop Levels?

History of Under-Reacting and Losing



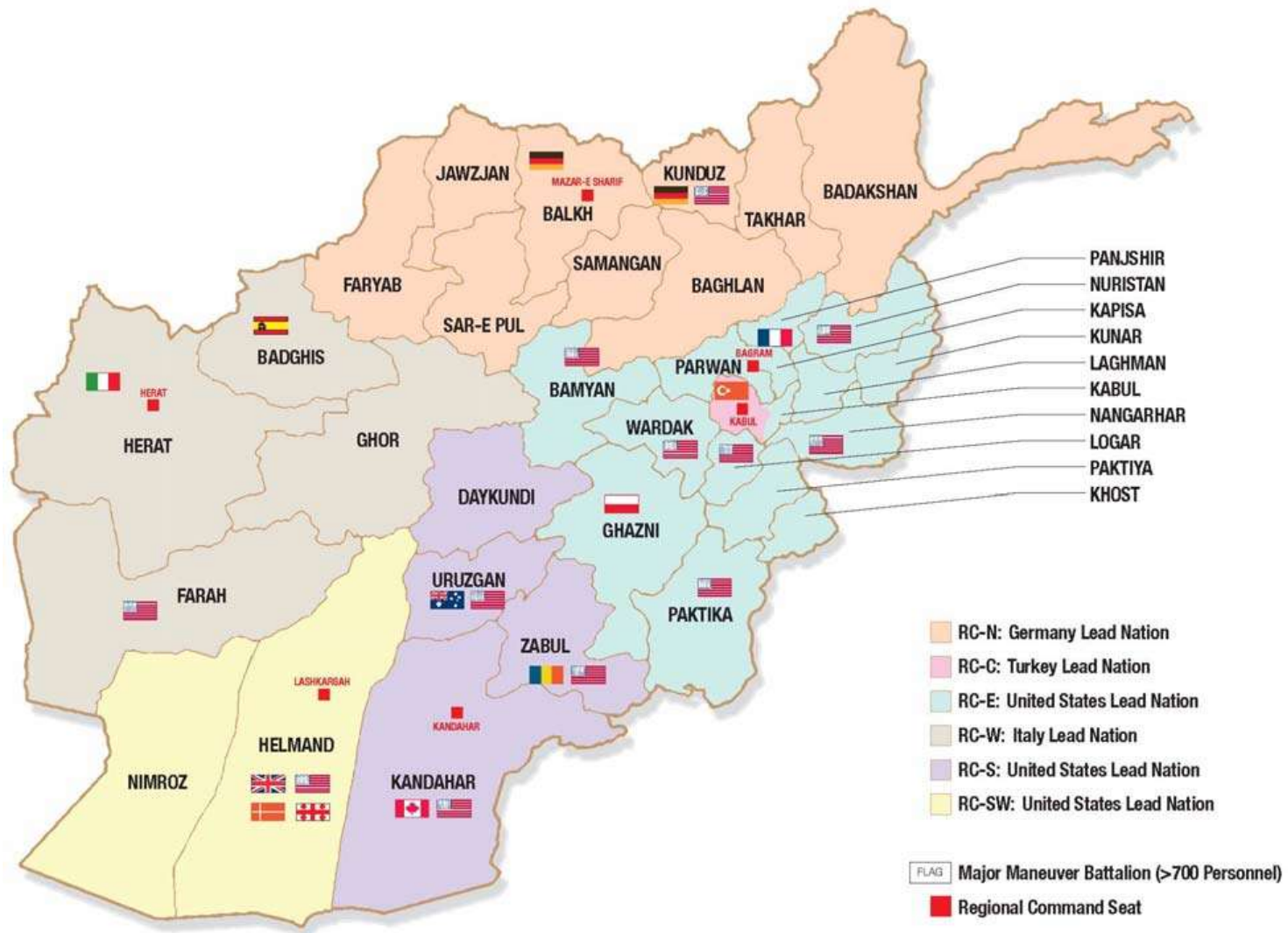
How Many Can We Keep for How Long With What Caveats?

ISAF Forces in June 2011

	Albania	260		Greece	162		Portugal	133
	Armenia	40		Hungary	383		Romania	1938
	Australia	1550		Iceland	4		Singapore	21
	Austria	3		Ireland	7		Slovakia	308
	Azerbaijan	94		Italy	3880		Slovenia	80
	Belgium	507		Jordan	0		Spain	1552
	Bosnia & Herzegovina	55		Republic of Korea	350		Sweden	500
	Bulgaria	602		Latvia	139		The Former Yugoslav Republic of Macedonia*	163
	Canada	2922		Lithuania	237		Tonga	55
	Croatia	320		Luxembourg	11		Turkey	1786
	Czech Republic	519		Malaysia	31		Ukraine	22
	Denmark	750		Mongolia	74		United Arab Emirates	35
	Estonia	163		Montenegro	36		United Kingdom	9500
	Finland	156		Netherlands	192		United States	90000
	France	3935		New Zealand	191			
	Georgia	937		Norway	406			
	Germany	4812		Poland	2560		Total	132,381

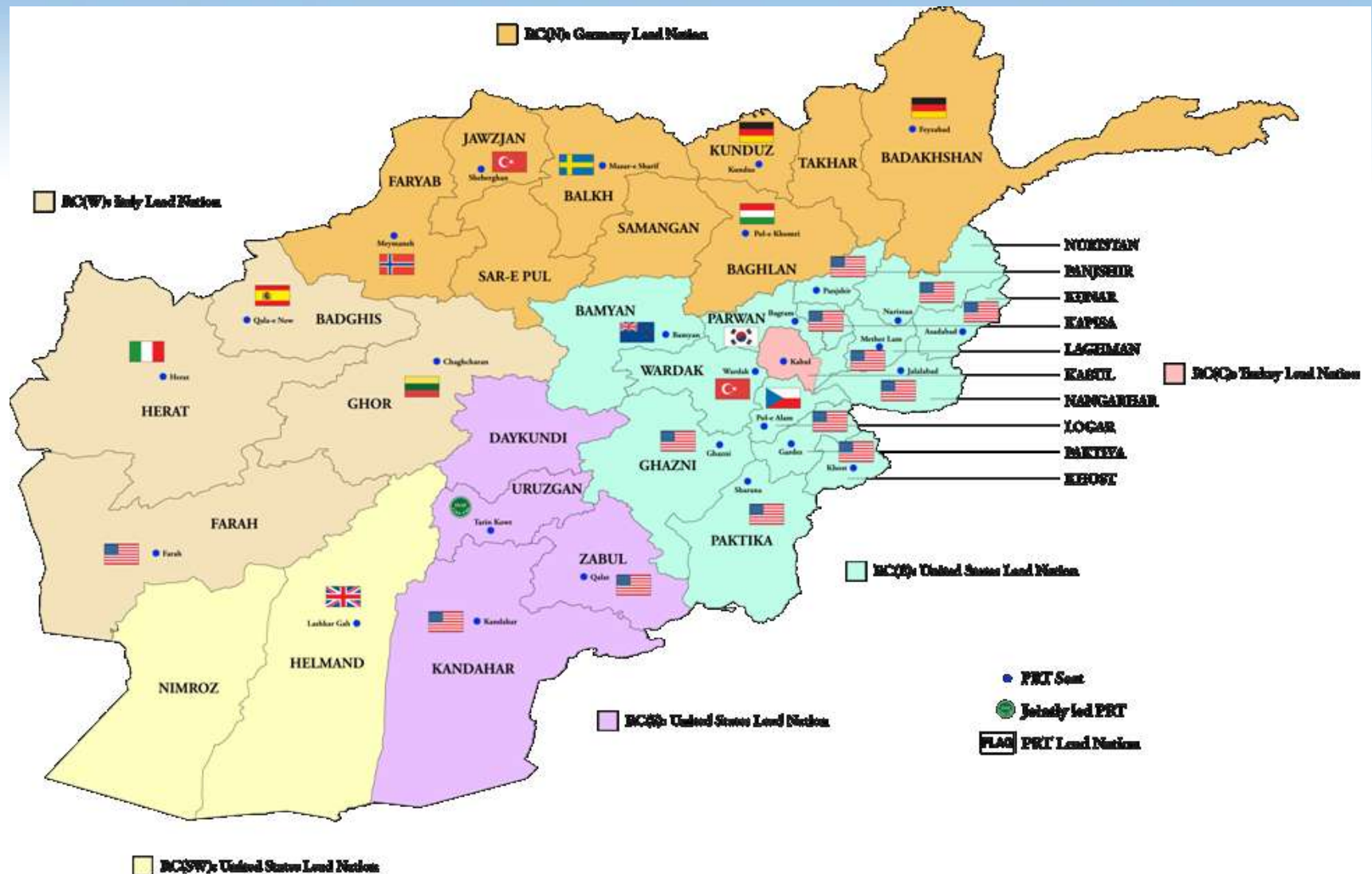
ISAF to USF-A in 2014 or 2015?

(ISAF Regional Operations by Country in August 2011)



in 2014. Allied PRTs out in 2015?

Provincial Reconstruction Teams



Source: DoD, "Report on Progress Towards Security and Stability in Afghanistan; US Plan for Sustaining the Afghan National Security Forces, Section 1203 Report, April 2011, p. 57, and <http://www.isaf.nato.int/troop-numbers-and-contributions/index.php>, 15 August, 201, and <http://www.isaf.nato.int/troop-numbers-and-contributions/index.php>, August 15, 2011

81 + 41 = 122 Too Many Districts for 2014?

Strategic Main Effort:
Grow the ANSF

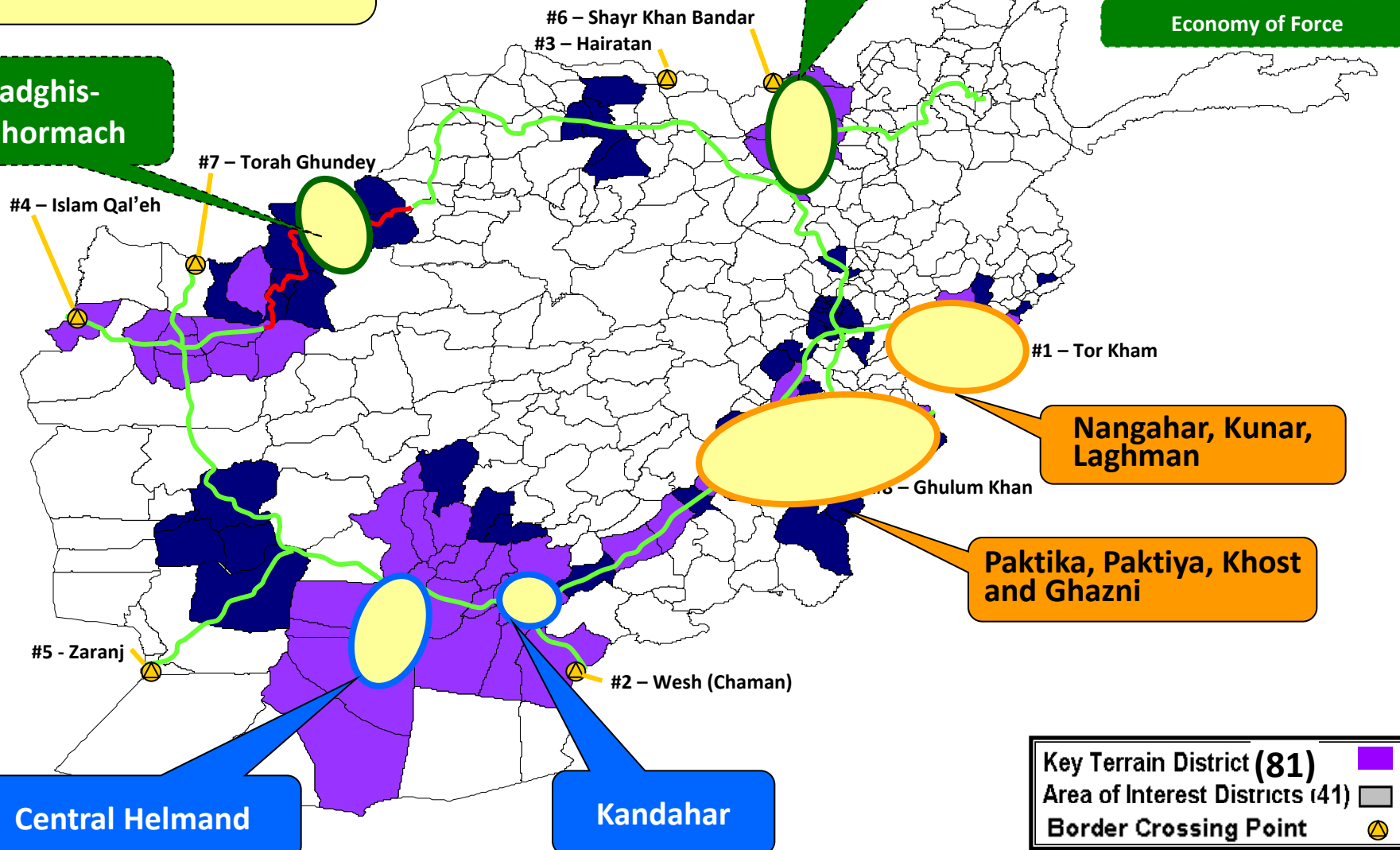
**Badghis-
Ghormach**

Kunduz-Baghlan

Operational Main Effort

Shaping/Supporting Effort

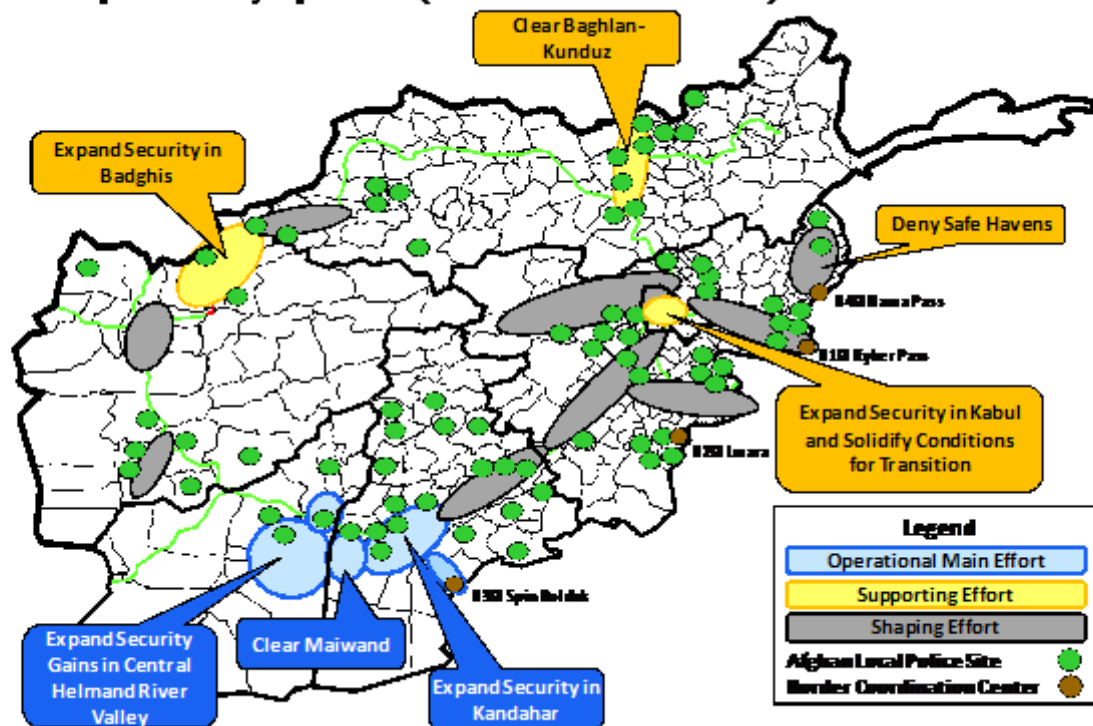
Economy of Force



Hold in the /South and Win in the East?

ISAF Concept of Operations: May 2011

Figure 21: Concept of Military Operations (October 2010 – March 2011)



During ISAF's Winter Campaign, operational efforts focused on consolidating the gains made against the insurgency in the fall of 2010 in the following critical areas:

- 1) the Central Helmand River Valley in RC-SW, where comprehensive civil-military efforts were aimed at expanding Afghan Government security bubbles while bringing improved governance, development, and security to the more than 500,000 Afghans in the region
- 2) Kandahar City and its environs, where the Taliban-led insurgency originated;

afghanistan's eastern border with Pakistan, where the insurgency continues to benefit from harboring sanctuaries; (Khyber Pakhtunkhwa vs. F.P.)

Baghlan and Kunduz, where ISAF is clearing urgent areas of operation; and

Badghis, where ISAF continued expansion of the security bubble.

2010-2011 Winter Campaign was executed within the existing key terrain and area of interest strategic framework. To prioritize coalition efforts, 80 terrain districts (KTDs) and 41 area of interest (AOIs) districts were initially identified with Afghan Government agreement.

In that quarter, the number of KTDs and AOIs was increased upward to 94 and 44, respectively, for a total of 138.

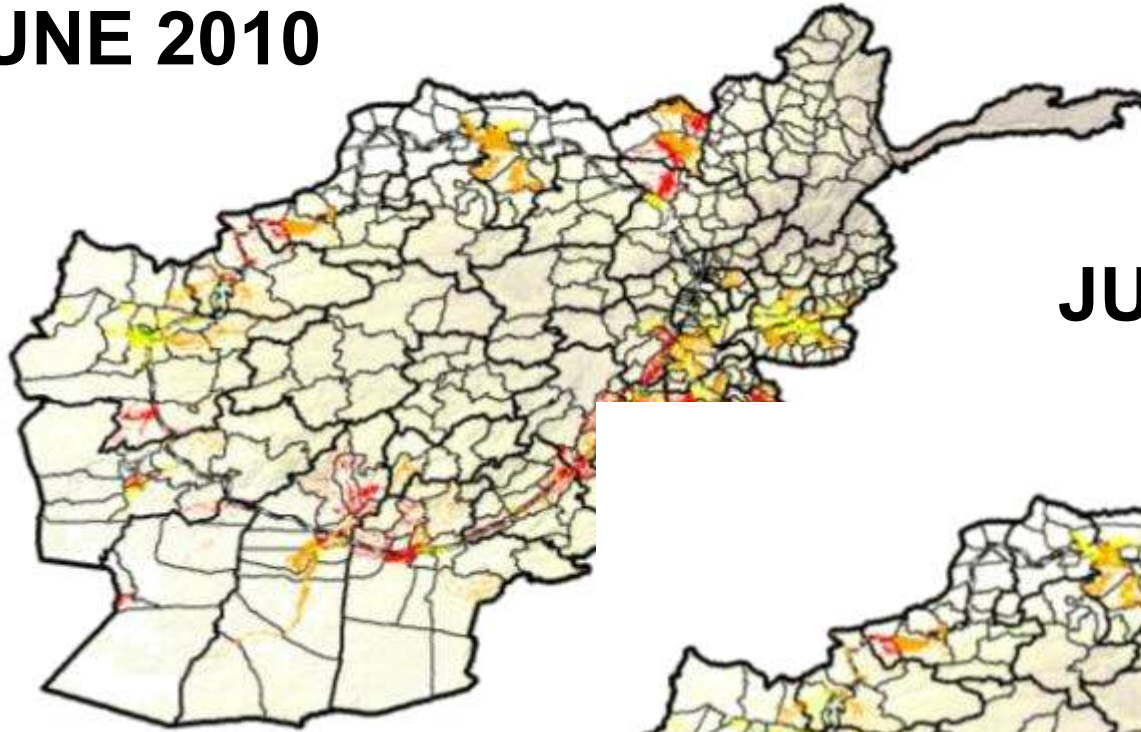
Key terrain is defined as areas the control of which provides a marked advantage to either the Government of Afghanistan or the insurgents. AOIs are defined similarly, but are of secondary importance to KTDs.

They are areas in which ISAF and the ANSF operate in order to positively impact KTDs and meet operational objectives.

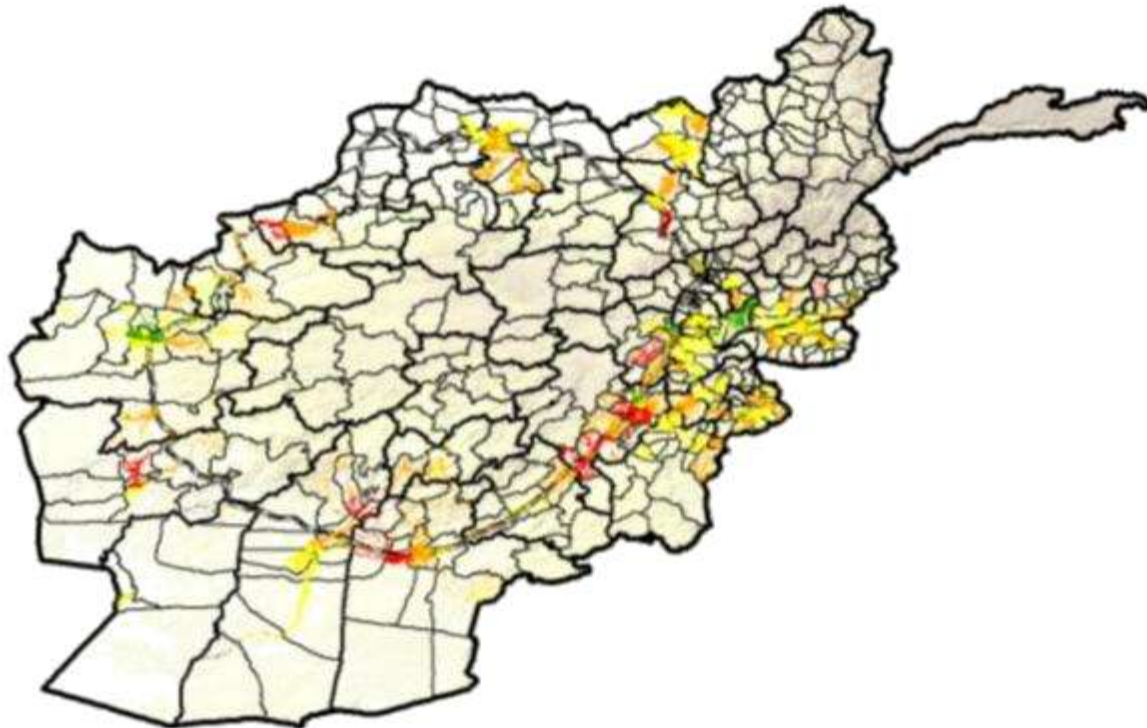
The purpose of KTDs and AOIs is to ensure that limited resources are applied to areas where they will realize the greatest advantage..

Limited Improvements in GIROA Control: June 2010 vs. June 2011

JUNE 2010

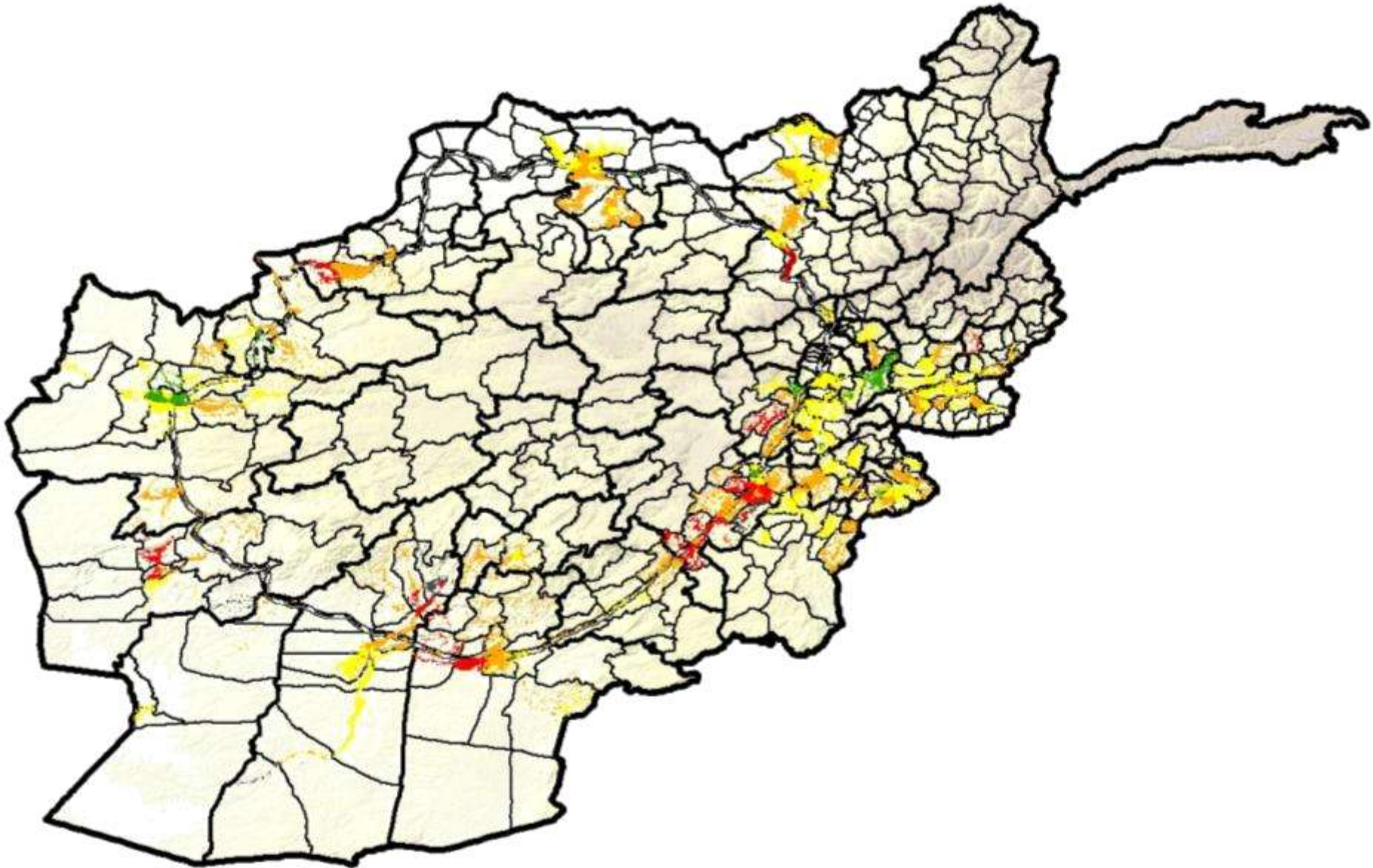


JUNE 2011



Source: IJC July 2011. This slide demonstrates clear improvements in overall GIROA control in Central Helmand River Valley in RC South West, P2K region of RC East and the Baghlan Kunduz Corridor in RC North.

What is Credible by 2014?



Source: IJC July 2011

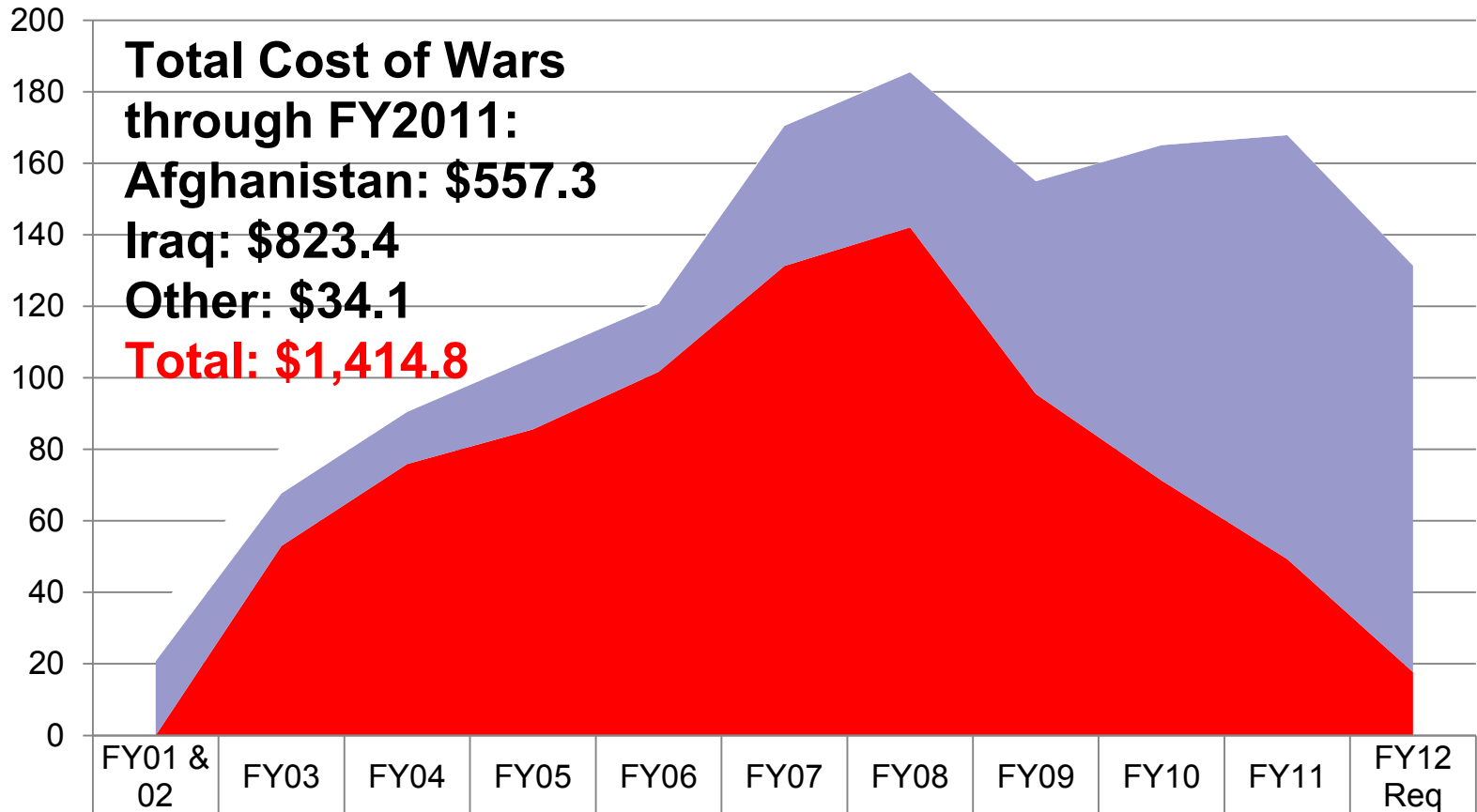
Mission Impossible: ISAF Goals for Stable Areas by March 2012 Before President's July Reduction Announcement



Will the US Really Fund Transition to 2014 and Far Beyond?

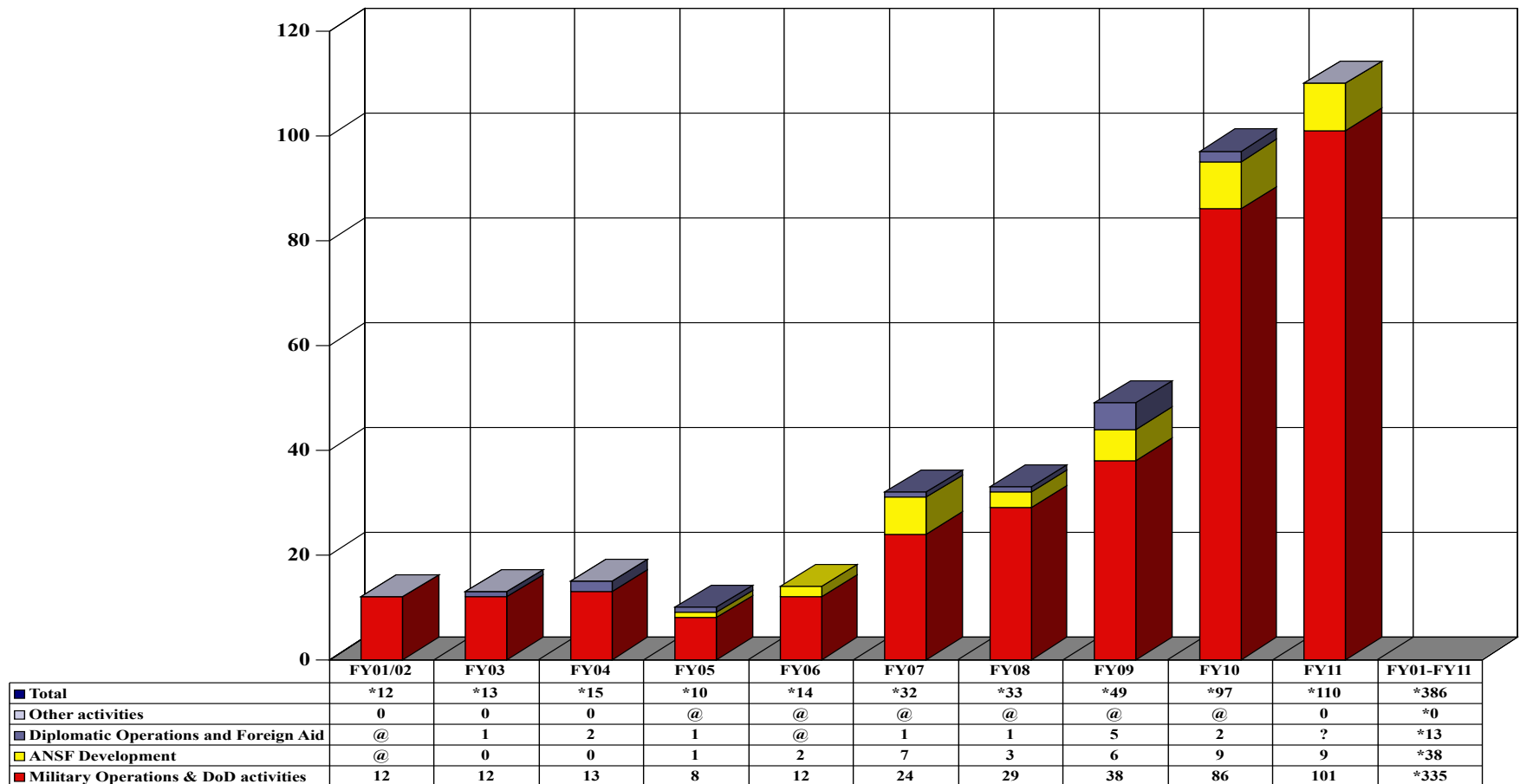
Unaffordable Burden?

US Cost of Wars (2001-2012): CRS



Source: Congressional Research Service

A US Focus on “National Building” is Largely a Myth. The Low Ratio of US Civil Aid to Military Effort: FY2001-FY2011 (In Current \$US Billions)



Source: CBO, The Budget and Economic Outlook, Fiscal Years 2011-2021, January 2011, p. 77.

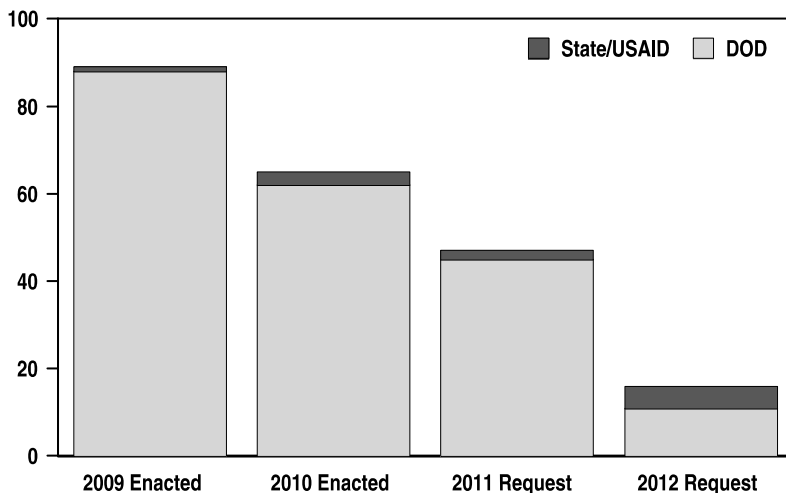
The Critical Need for Funds for Transition

OMB Estimates for FY2009-FY2012:

Military Operations vs. Aid

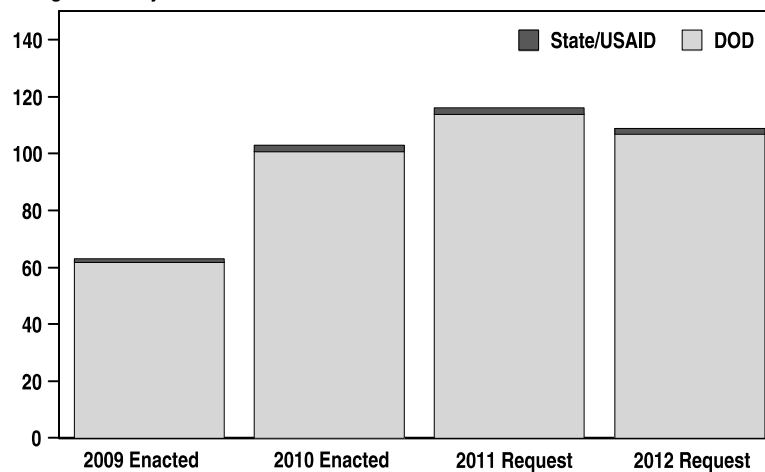
DOD and State/USAID Budget Authority for Iraq

Budget authority in billions of dollars



DOD and State/USAID Budget Authority for Afghanistan

Budget authority in billions of dollars



This year's Budget request includes key efforts to transition from military to civilian-led missions including:

- A drawdown of all U.S. troops in Iraq by December 31, 2011, in accordance with the U.S.-Iraq Security Agreement, and transfer or closure of over 500 bases to the Government of Iraq.
- Establishing two additional regional consulates and two Embassy Branch Offices and having the State Department take responsibility for over 400 essential activities that DOD currently performs.
- Establishing police and criminal justice hub facilities and security cooperation sites to continue enhancing security forces and ministry capabilities; carrying on efforts started by DOD.
- Beginning the responsible drawdown of U.S. forces in Afghanistan by July 2011.

Guns Over Butter and Aid Funding will Peak in FY2012

(CRS estimates in billions of dollars of budget authority)

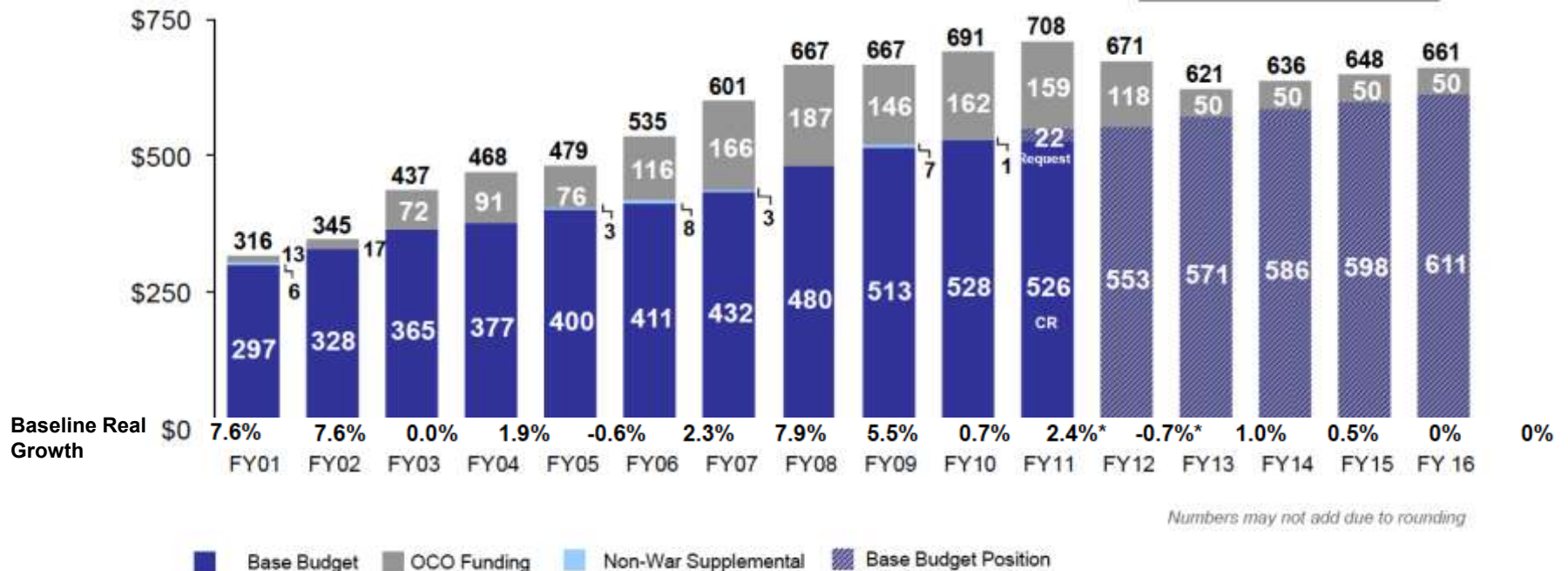
Operation and Funding Source	FY01 & FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY2011 CRA P.L. 112-6	FY2012 Request	Cum. Enacted FY2001-FY2011	Cum. Total w/ FY2011 CRA & FY2012 Request
IRAQ													
DOD	0	50.0	56.4	83.4	98.1	127.2	138.5	92.0	66.5	45.7	10.6	757.8	768.8
State/USAID	0	3.0	19.5	2.0	3.2	3.2	2.7	2.2	3.3	2.3	6.2	41.4	47.6
VA Medical	0	0	0	0.2	0.4	0.9	0.9	1.2	1.5	1.3	0.9	6.3	7.2
Total: Iraq	0	53.0	75.9	85.6	101.7	131.3	142.1	95.5	71.3	49.3	17.7	805.5	823.2
AFGHANISTAN													
DOD	20.0	14.0	12.4	17.2	17.9	37.2	40.6	56.1	87.7	113.3	107.3	416.2	523.5
State/USAID	0.8	0.7	2.2	2.8	1.1	1.9	2.7	3.1	5.7	4.1	4.3	25.1	29.4
VA Medical	0	0	0	0	0	0.1	0.1	0.2	0.5	1.1	2.1	2.1	4.2
Total: Afghanistan	20.8	14.7	14.6	20.0	19.0	39.2	43.4	59.5	93.8	118.6	113.7	443.5	557.1
ENHANCED SECURITY													
DOD	13.0	8.0	3.7	2.1	.8	0.5	0.1	0.1	0.1	0.1	0.1	28.6	28.7
Total: Enhanced Security	13.0	8.0	3.7	2.1	.8	0.5	0.1	0.1	0.1	0.1	0.1	28.6	28.7
UNALLOCATED													
Unallocated DOD	0	5.5	0	0	0	0	0	0	0	0	0	5.5	5.5
ALL MISSIONS													
DOD	33.0	77.4	72.4	102.6	116.8	164.9	179.2	148.3	154.3	159.1	118.0	1,208.1	1,326.3
State/USAID	0.8	3.7	21.7	4.8	4.3	5.0	5.4	5.4	9.1	6.5	10.6	66.7	77.4
VA Medical	0	0	0	0.2	0.4	1.0	1.0	1.5	1.9	2.4	3.0	8.4	11.4
Total: All Missions	33.8	81.1	94.1	107.6	121.5	170.9	185.6	155.1	165.3	168.1	131.6	1,283.3	1,414.8

Far Too Little Money for the Future in the FYDP. DoD

Topline Budget Request : FY2001-FY2016

Real Growth	FY11-12	FY11-16 Average
CR	+3.6%	+1.0%
Request	-0.7%	+0.2%

FY 2010 – FY 2016 Base Growth	
Nominal Growth	2.5%
Real Growth	0.5%



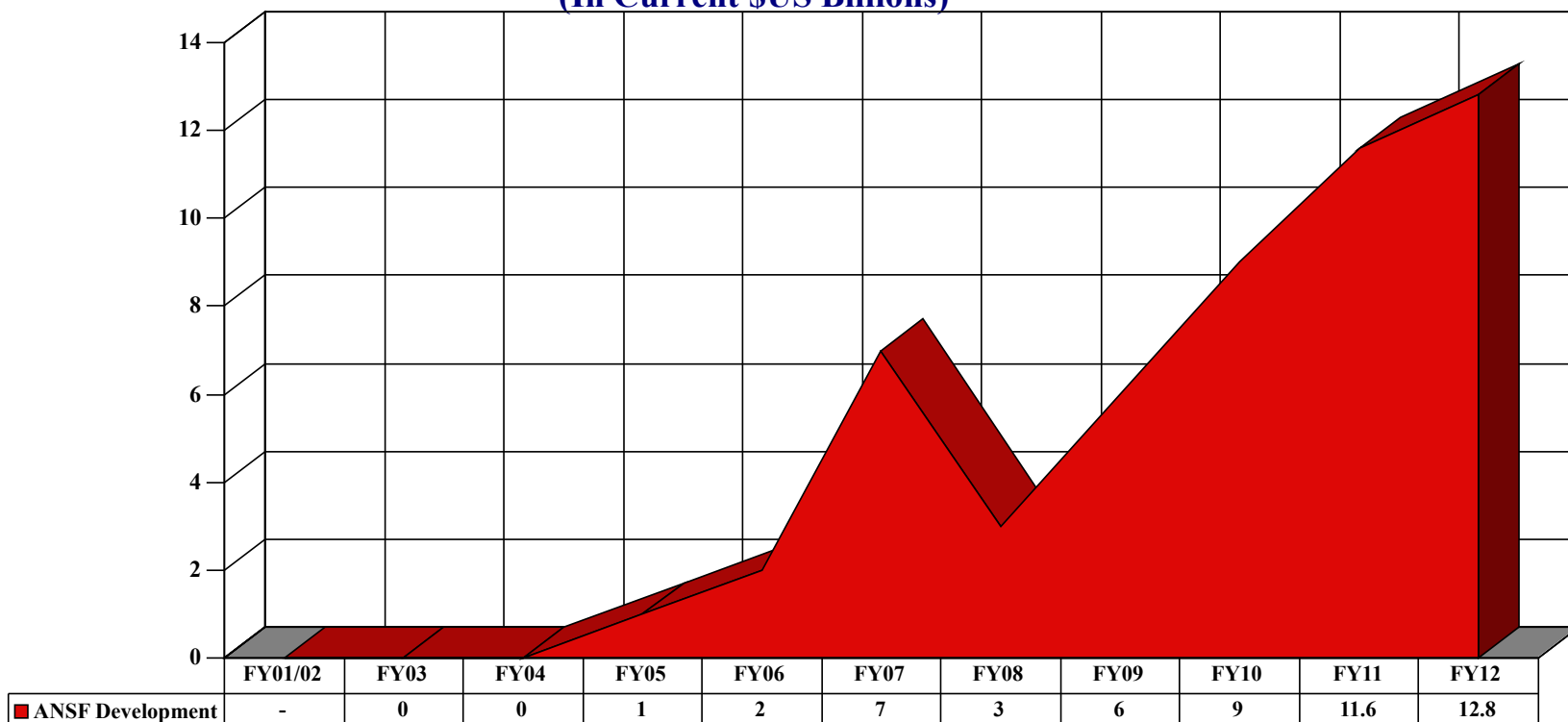
- FY 2012 –FY 2016 reflects levels included in the President's FY 2012 Budget Request; FY 2009 Non-War Supplemental was appropriated through the American Recovery and Reinvestment Act of 2009
- FY 2011 reflects the addition of the annualized 2011 Continuing Resolution and an adjustment to the Presidents FY2012 Budget Request

Source: Department of Defense Appropriation Acts FY 2001 –FY 2010, FY2011 Continuing Resolution, FY 2011-FY2012 President's Budget documents, and B02-11-101 v 2.2FY 2012 Budget, p. 22

**No Civil Effort Can Succeed
Unless Reshape ANSF Plans
to Match Credible Funding
and Trainer/Partner Levels
Beyond 2014**

Unaffordable Forces? The Rising Cost of ANSF Development

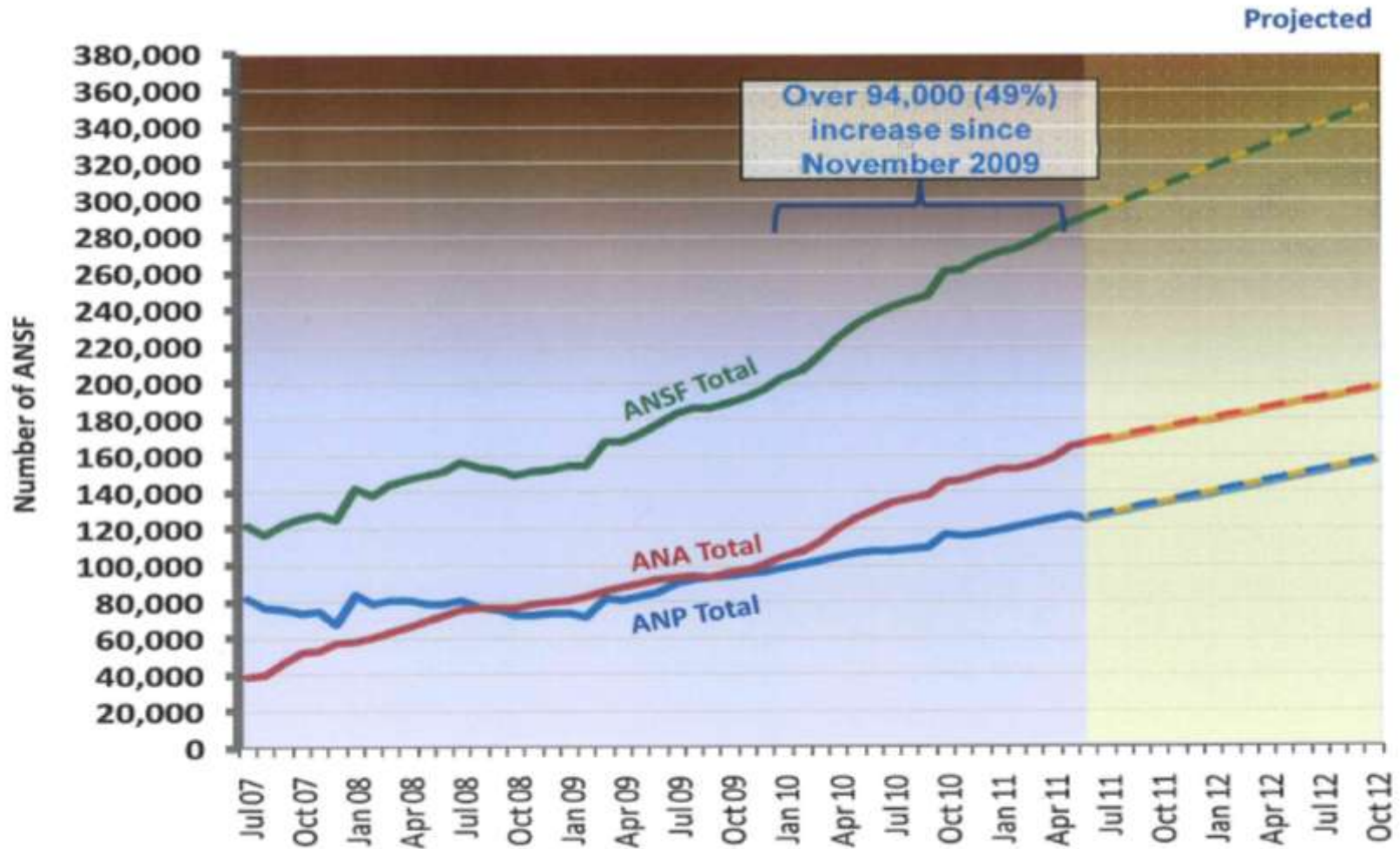
(In Current \$US Billions)



The Afghanistan Security Forces Fund (ASFF) directly supports funding to grow, train, equip, and sustain the ANSF. For FY 2010, Congress appropriated \$9.2B for the ASFF, which is available through the end of FY2011. As of March 31, 2011, CSTC-A had obligated 85 percent of this amount. In addition, NATO contributions into the ASFF totaled \$100M. In February 2011, President Obama requested \$12.8B in the FY2012 budget to continue to equip and sustain the ANSF. These funds are essential to the building, training, equipping, and fielding of the security forces. ASFF funds are allocated for the ANA, ANP, and related activities, and then are further broken down into infrastructure, equipment, training, and sustainment. As the ANSF grow, NTM-A/CSTC-A will focus its attention on investment accounts (infrastructure and equipment). Going forward, though, operation accounts (training and sustainment) will become increasingly more important. As part of the transparency effort associated with these funds, the Government Accountability Office, DoD Inspector General, and the SIGAR currently have 20 audits ongoing that are in various states of completion.

□ Source: CBO, The Budget and Economic Outlook, Fiscal Years 2011-2021, January 2011, p. 77, and Department of Defense FY2011 and FY2012 defense budget summaries; .
 □ Source: DoD, "Report on Progress Towards Security and Stability in Afghanistan; US Plan for Sustaining the Afghan National Security Forces,
 □ Section 1203 Report, April 2011, p. 41.

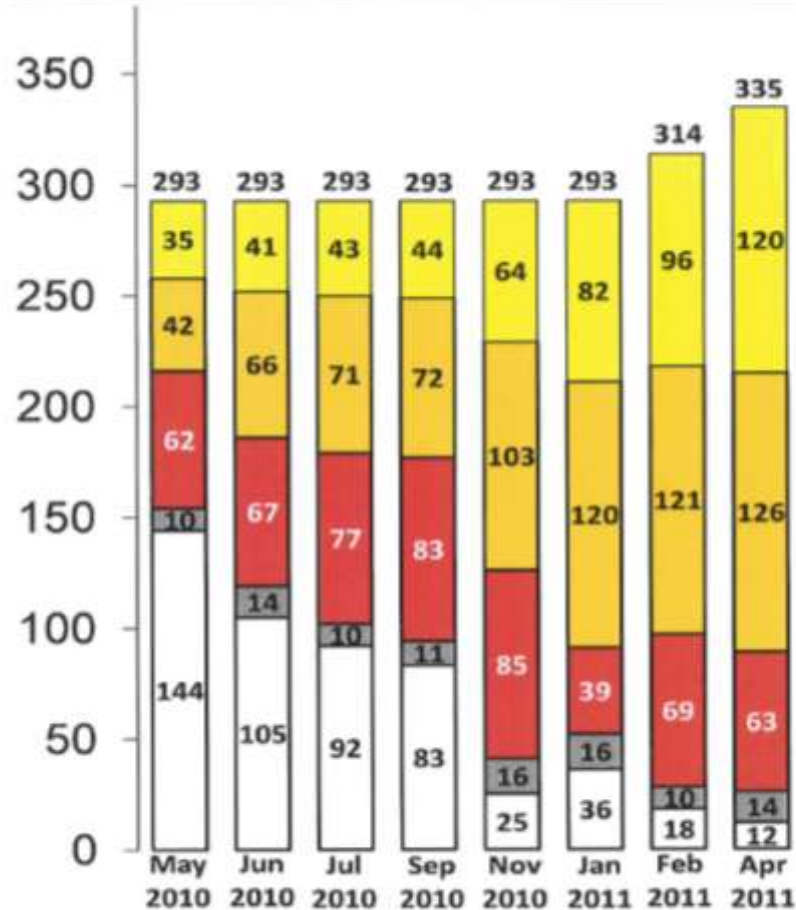
ANSF Growth



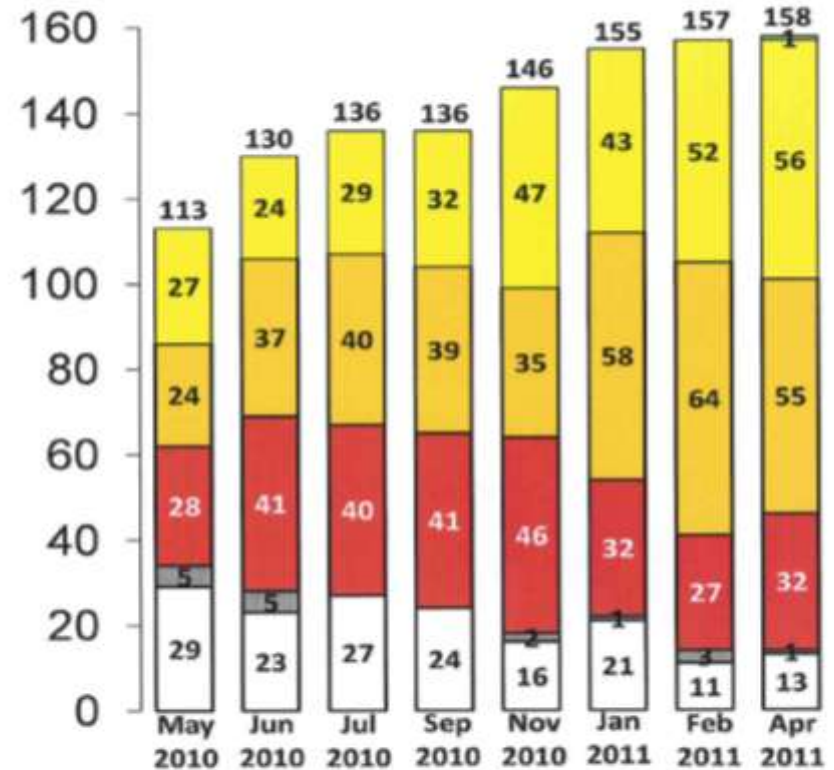
As of 7 May 2011

ANA Capability in the Field as of 4/2011

Afghan Uniformed Police: Districts and Precincts



Army Kandaks Assessment



Commander's Unit Assessment Tool Ratings



As of 14 Apr 11

Next ANSF assessment available on 2 June 2011

UNCLASSIFIED

32

Affordable or Unaffordable ANSF? The US is Already Cutting Back to Below \$4 Billion a Year

PROJECTED ANSF EXPENDITURES, 2008/09–2023/24				
	2008/09 ^a	2013/14	2018/19	2023/24
Expenditures by Security Force (\$ BILLIONS)				
ANA ^b	\$3.2	\$3.8	\$5.0	\$6.5
ANP ^c	\$1.5	\$1.7	\$2.1	\$2.7
Total	\$4.7	\$5.5	\$7.1	\$9.2
Expenditures Relative to Revenues (PERCENT)				
ANSF Expenditures as a Share of Projected GIRoA Domestic Revenues	449%	270%	195%	154%

Notes: Numbers affected by rounding. Includes operating and investment expenditures.

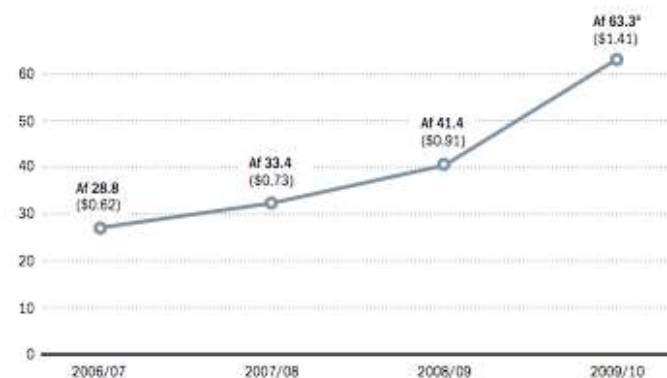
a. Estimated actual.

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 Towards Security and Stability in Afghanistan," 4/2010, pp. 104, 115.

ESTIMATED DOMESTIC REVENUE COLLECTION, 2006/07–2009/10 (Af BILLIONS, \$ BILLIONS)

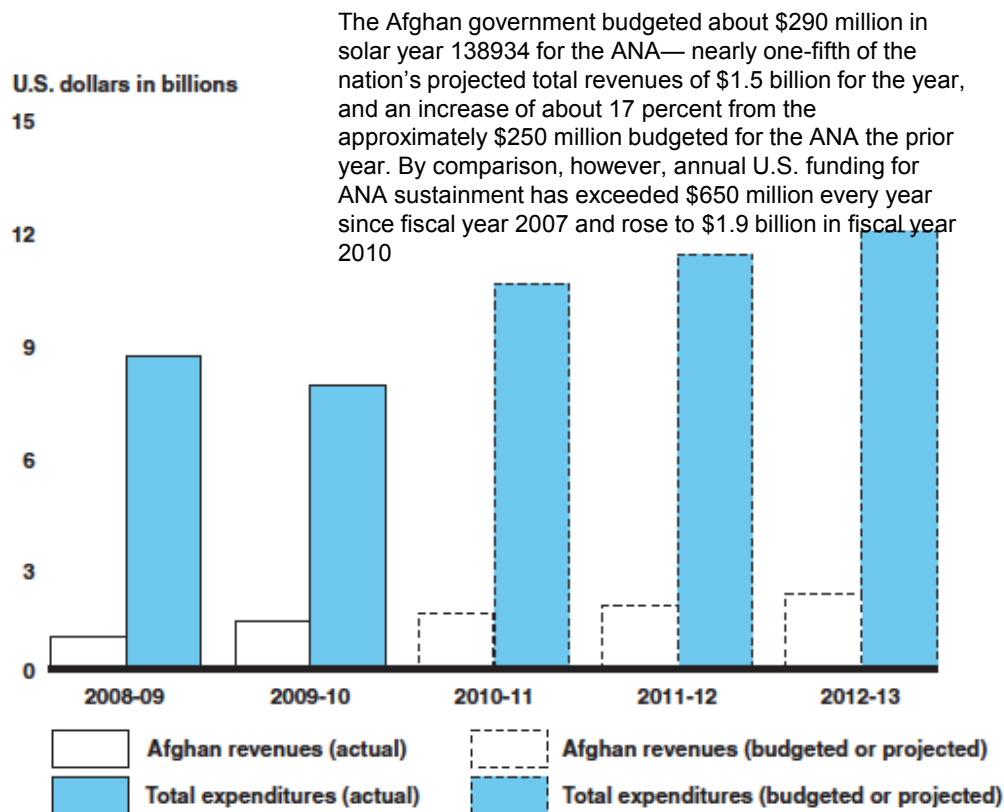


Notes: Figures are preliminary estimates. Af \$5 = \$1.

a. Projected figure, as of 4/10/2010.

Sources: Ministry of Finance; De Afghanistan Bank.

Afghan Inability to Fund the ANSF and Other Costs



Sources: GAO analysis of Afghan Ministry of Finance and Afghan National Development Strategy data.

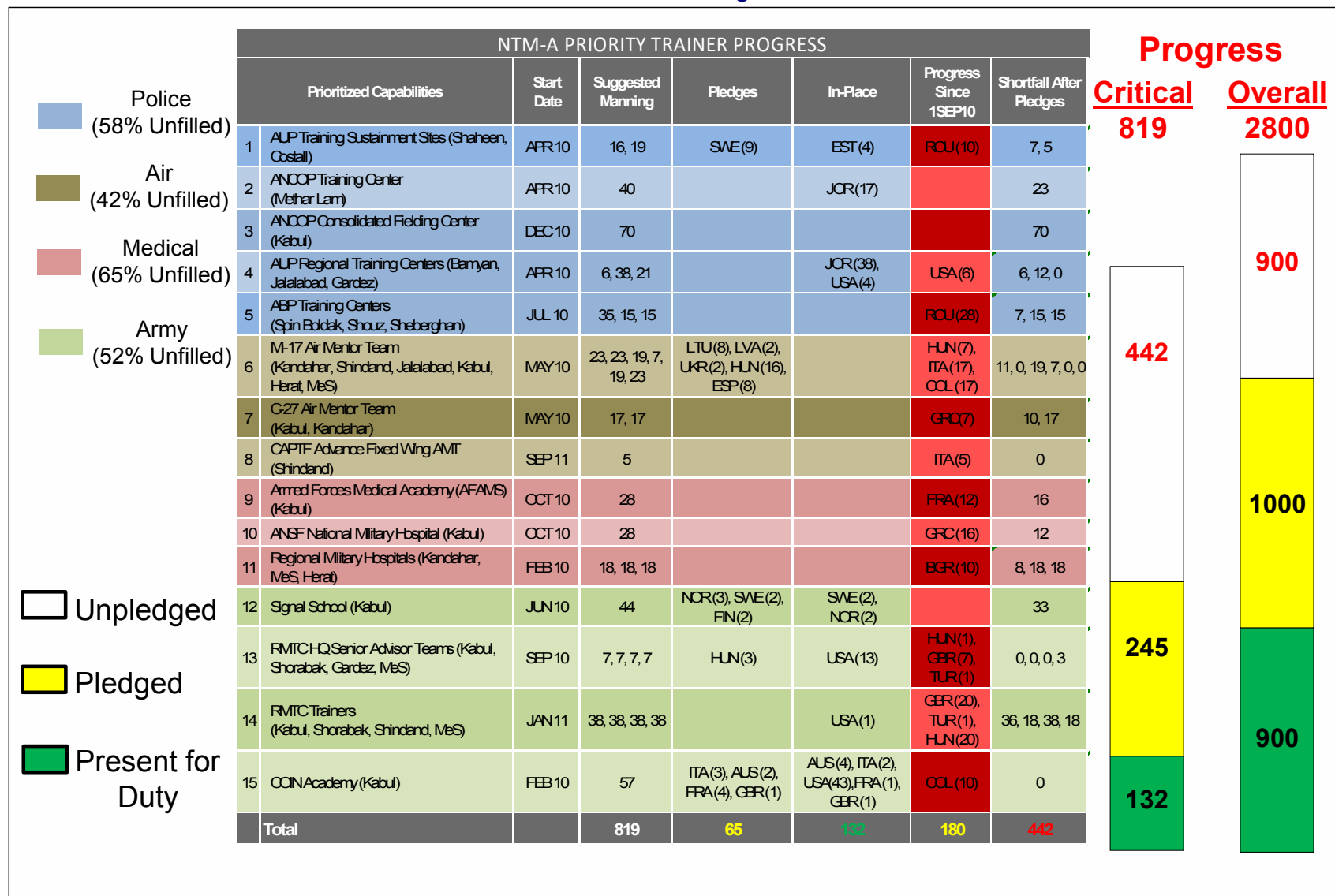
Note: Revenues and expenditures shown for 2008-09 and 2009-10 are actual figures. Data shown for 2010-11 are budget figures, and data shown for 2011-12 and 2012-13 are projections.

DOD officials stated that they had not reviewed NTM-A/CSTC-A's analysis and did not consider the resulting estimates to be official DOD figures on future sustainment costs. However, these officials said that they were unaware of any analysis DOD had conducted of how much ANA sustainment will cost. Similarly, while NATO documentation states that the amount of funding needed to sustain 171,600 ANA personnel is under analysis, an official at the U.S. Mission to NATO confirmed that no such analysis had been completed as of August 2010. To date, the United States has been the major contributor of sustainment funds for the ANA, with more than \$5 billion allocated since 2005. Officials at NTM-A/CSTC-A asserted that regardless of how much ANA sustainment costs, the total each year will be considerably less than the cost of maintaining a large U.S. and coalition troop presence in Afghanistan.

DOD budget documentation indicates that, beyond the \$7.5 billion requested in fiscal year 2011, no additional funding is needed to support the ANA's growth to 171,600.

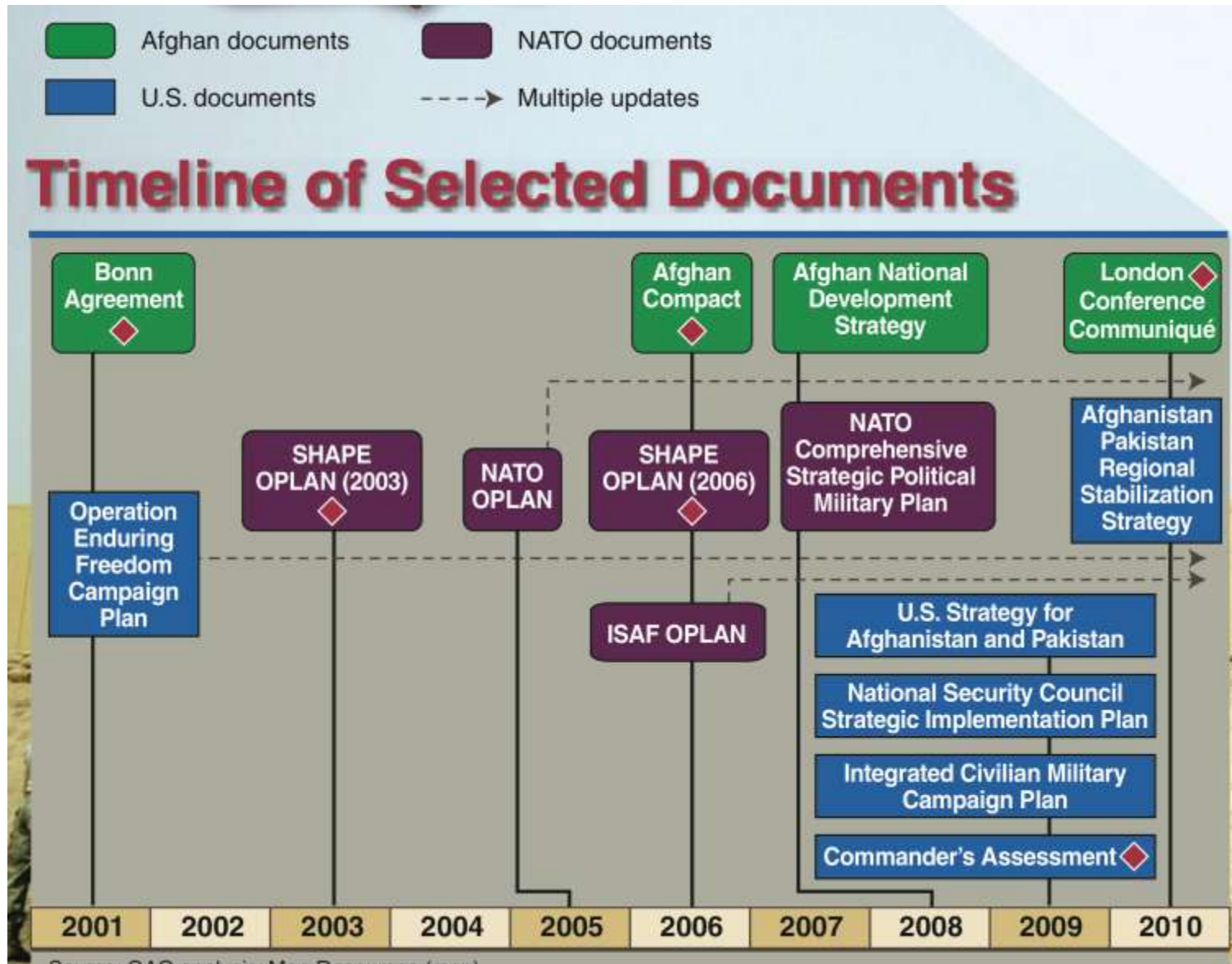
According to NTM-A/CSTC-A, once the ANA reaches its current end goal, which has an October 2011 target date, the focus of funding efforts will turn to sustainment activities, such as salary payments and equipment replacement. However, as of August 2010, neither DOD nor NATO had completed an analysis of how much future funding will be needed to sustain the ANA. Prior GAO work has also found that DOD has not adequately analyzed future funding needed to sustain the ANSF.³¹ Furthermore, although DOD has produced a series of congressionally mandated reports since 2008 on the U.S. plan for sustaining the ANSF, these documents have not included estimates of the ANA's future sustainment costs. While NTM-A/CSTC-A provided us with estimates indicating that sustainment of 171,600 ANA forces would cost between \$4.2 billion and \$4.5 billion annually from fiscal years 2012 through 2014.

Critical Current Shortfalls in Key Trainers



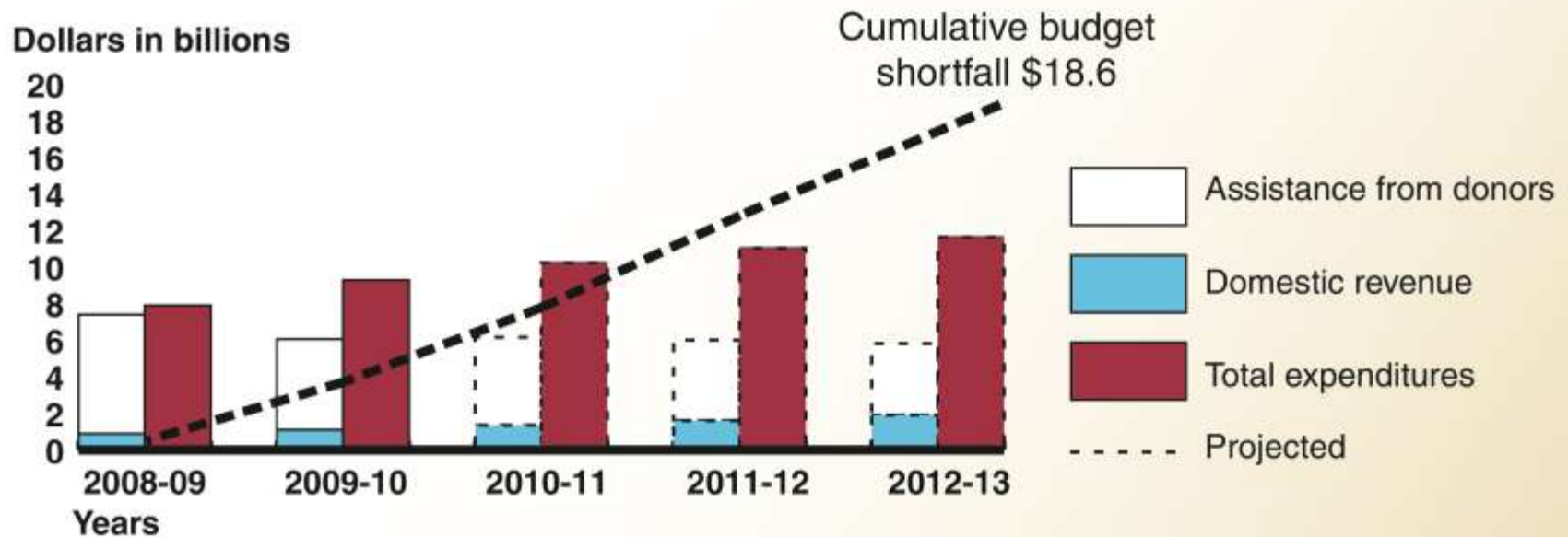
The Need to Put an End to Empty Dreams

Shaping Impossible Dreams



GAO Warns Are Trying to Cope With Impossible Funding Goals

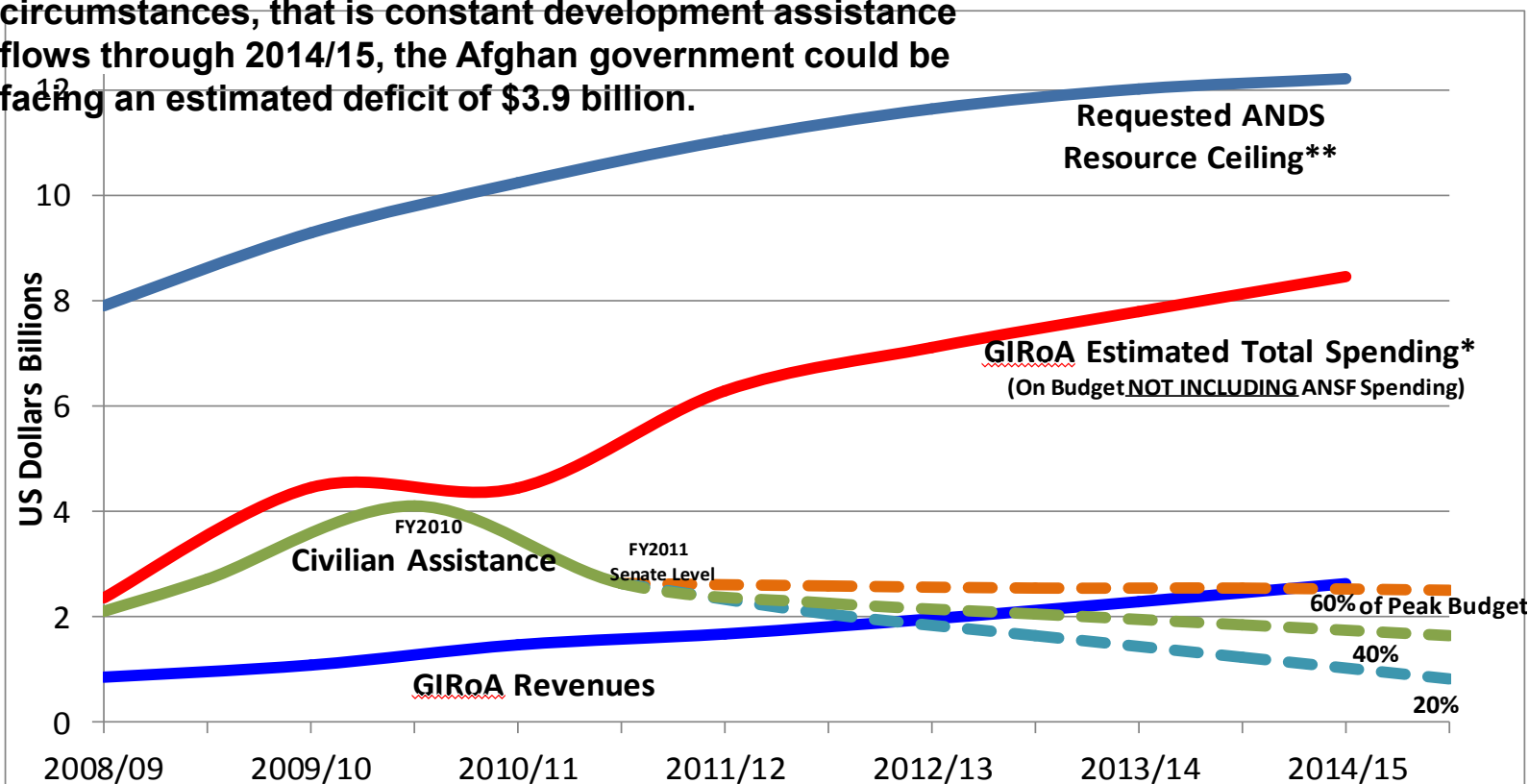
Anticipated funding and expected expenditures, 2008-2013



Source: Afghanistan National Development Strategy - 2008 (data); Defense Imagery (photo).

USAID Warns Must Transition Out of Mission Impossible to “Afghan Right”

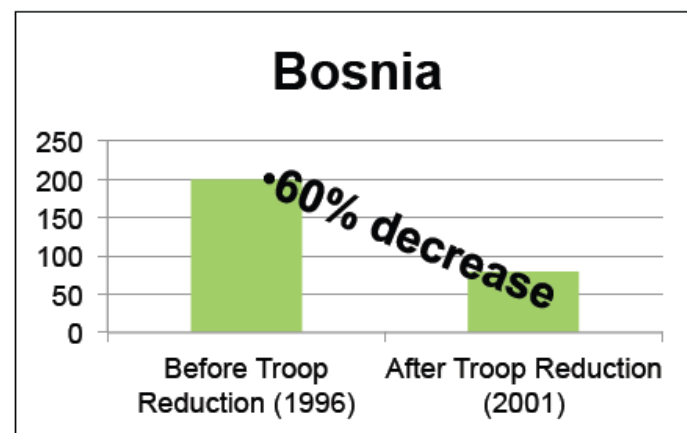
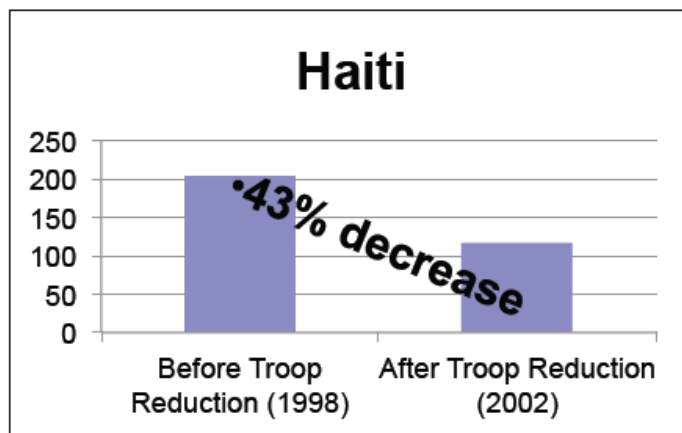
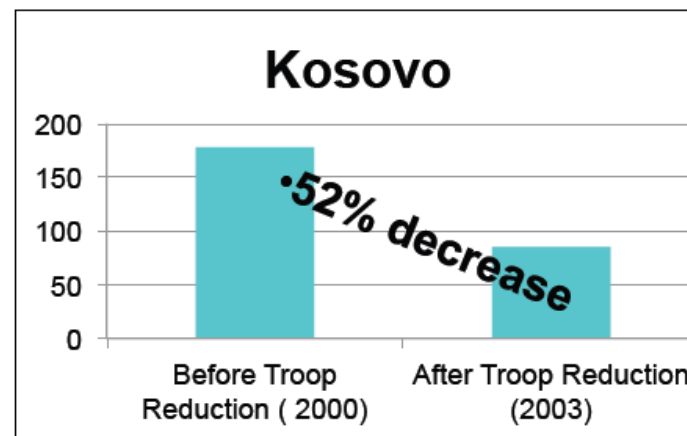
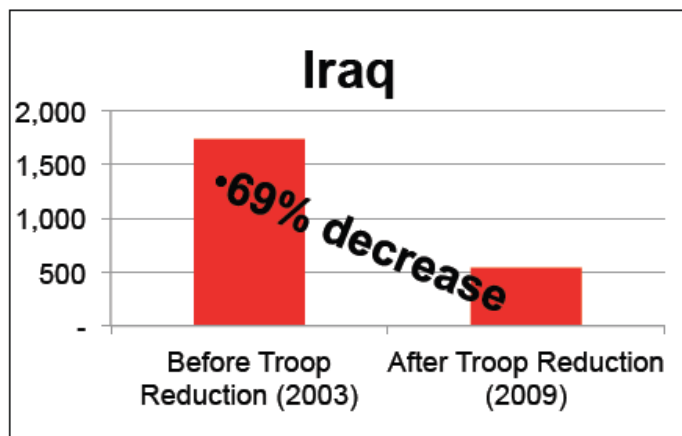
GIRoA Spending Expectations Inconsistent with Future Budget Restrictions: even under the best of circumstances, that is constant development assistance flows through 2014/15, the Afghan government could be facing an estimated deficit of \$3.9 billion.



*Source GIRoA 1389 Budget, (Total Pending = Operational Budget + Development Budget)

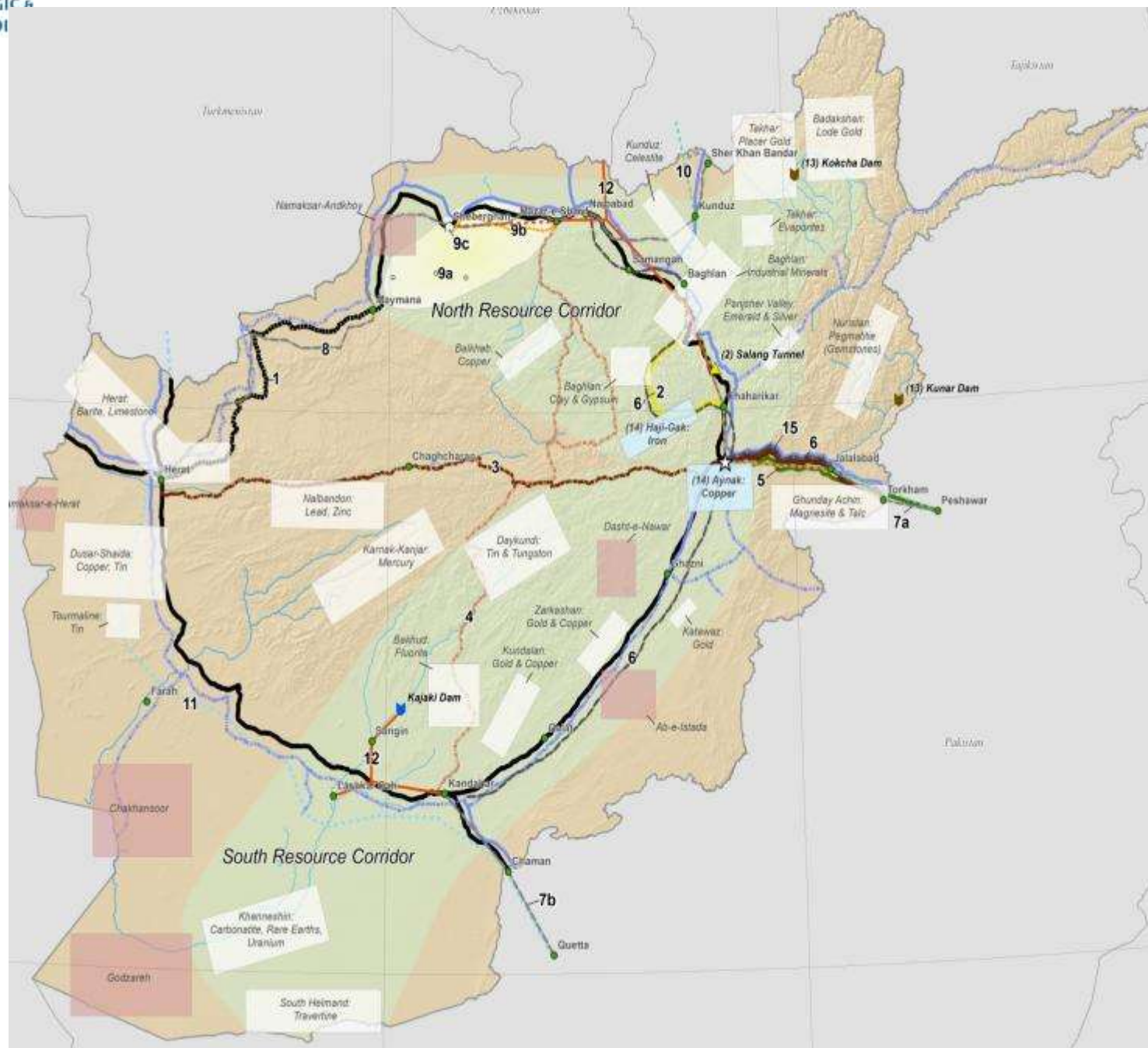
** Source: Afghan National Development Strategy 2008-2013, (Budgeted Core + External Expenditure)

USAID on Past Exit Funding



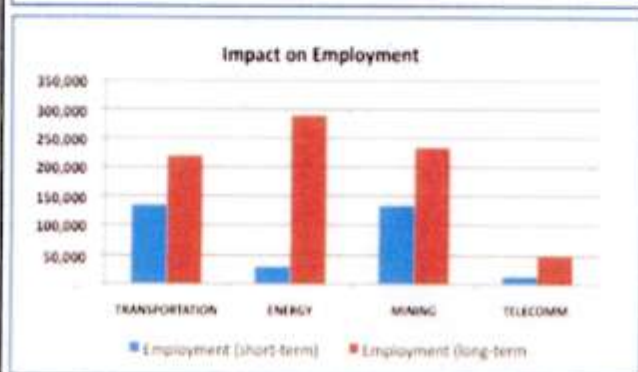
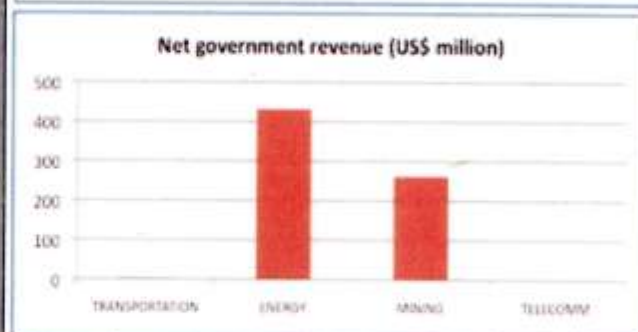
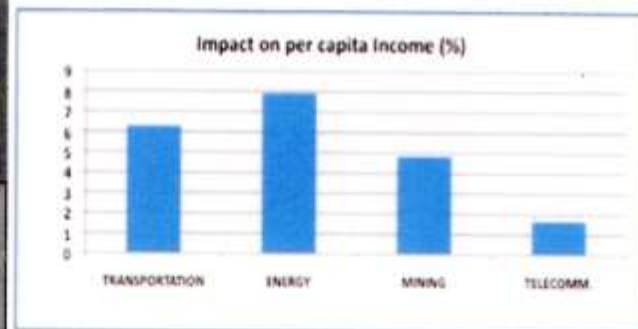
Following the withdrawal or significant reduction in troop levels, Iraq, Kosovo, Haiti, and Bosnia saw significant decreases in development assistance levels.

“New Silk Road” Projects



The “New Silk Road” Offers Some Hope, But Impact Is Limited and Will Come Years After Transition

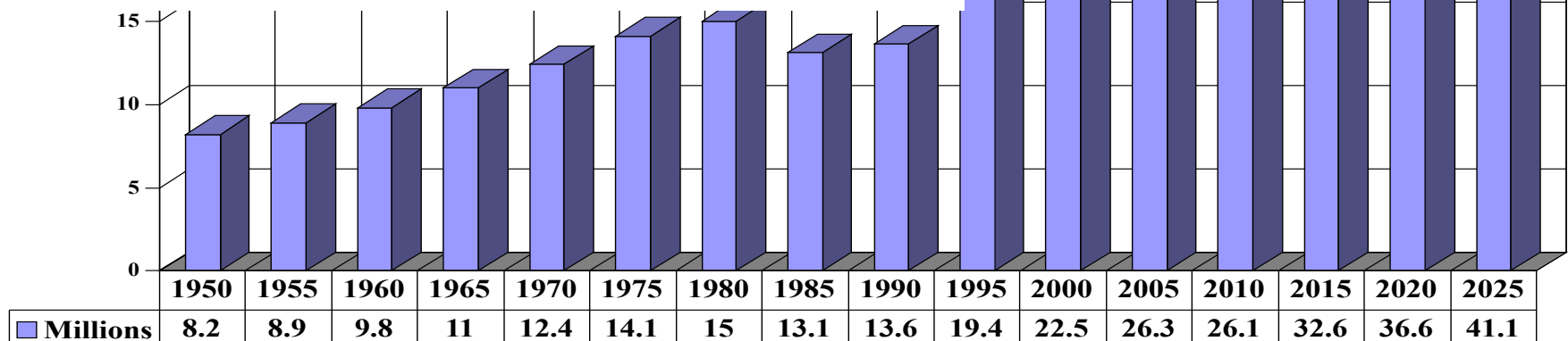
SRI Priority Investment Projects	EIRR (%)	JOBS		GDP (% per yr)
		1-3 YRS	3+ YRS	
Project 5. Kabul-Jalabad-Peshawar Expressway	25.0	8,770	6,069	0.10
Project 4. Afghanistan North-South Corridor	21.6	2,721	9,838	0.22%
Project 15. Fiber Optic Ring	19.5	--	64,233	4.30%
Project 1. Afghan Ring Road Completion	18.3	1,296	10,309	0.52
Project 7. Afghanistan-Pakistan Rail Links	18.0	16,758	103,060	2.41%
Project 11. TAPI	16.8			
Project 2. Salang Tunnel Rehabilitation and By-pass	16.0			
Project 10. CASA 1000	15.6	--	131,577	3.3%
Project 14a. Aynak Copper Mine	13.7	38,289	179,126	2.7%
Project 14b. Hajigak Iron Ore Mine	13.7	38,287	110,737	2.1%
Project 8. Sher Khan Bandar to Herat Rail Line	13.3	38,477	172,249	3.01%
Project 9. Sheberghan Gas Fields Development	13.1	4,443	107,412	5.14%
Project 13a. Kokcha Multi-Purpose Dam	12.9	--	75,609	1.9%
Project 13b. Kunar Basin Hydropower	12.9	--	--	--
Project 12. Southern/Northern Electrical System	--	--	--	--



Source: USCENCOM, August 2011

Annual Population Growth Will Outpace Impact of Job Creation by NSR

- Best case for NSR is 150,000 jobs over next three years.
- CIA estimates **annual increases in labor force may outpace best case impact of NSR over three years.** 2010 Estimate is growth of
 - + male: 392,116
 - + female: 370,295
- GDP per capita is one of worst in world (ranks 215th)
- Unemployment is now 35-40%



Source: US Census Bureau, <http://www.census.gov/population/international/data/idb/country.php>, 22.8.11; CIA World Factbook, 22.8.11.

Financing A Useful, Real World Form of the “New Silk Road” May Be Possible

- **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.**
 - **Need from U.S. is not money but political will, similar to that exerted in reaching agreement on the Afghanistan-Pakistan Transit Trade Agreement, to resolve constraints that have slowed progress on moving forward on the 20 PIPs.**
 - **Should rely on private sector investors, encouraging U.S. allies to invest more heavily and focusing on projects that only support trans-regional trade.**

But, NSR Remains Serious Risk and Realistic Assessment of Impact of Transition and Effect Can't Come Before June 2012

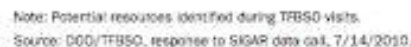
Key Analytic and Planning Needs

- ❖ Human terrain analysis of PIPs
- ❖ Assist the Afghan Government to Complete an Afghan Rail Plan
- ❖ Expanded Map and Gap Analysis
- ❖ Economic consequences of the provincial transition
- ❖ Assess the economic impact of the drawdown on the Afghan economy



**MINERAL RESOURCES (NON-FUEL):
ESTIMATED POTENTIAL GROSS
IN-PLACE VALUE, DECEMBER 2009**

Note: — = not available.
Source: DoD, TFBSC, "Afghan Economic Sovereignty: Establishing a Viable Nation," 6/14/2010, p. 5.

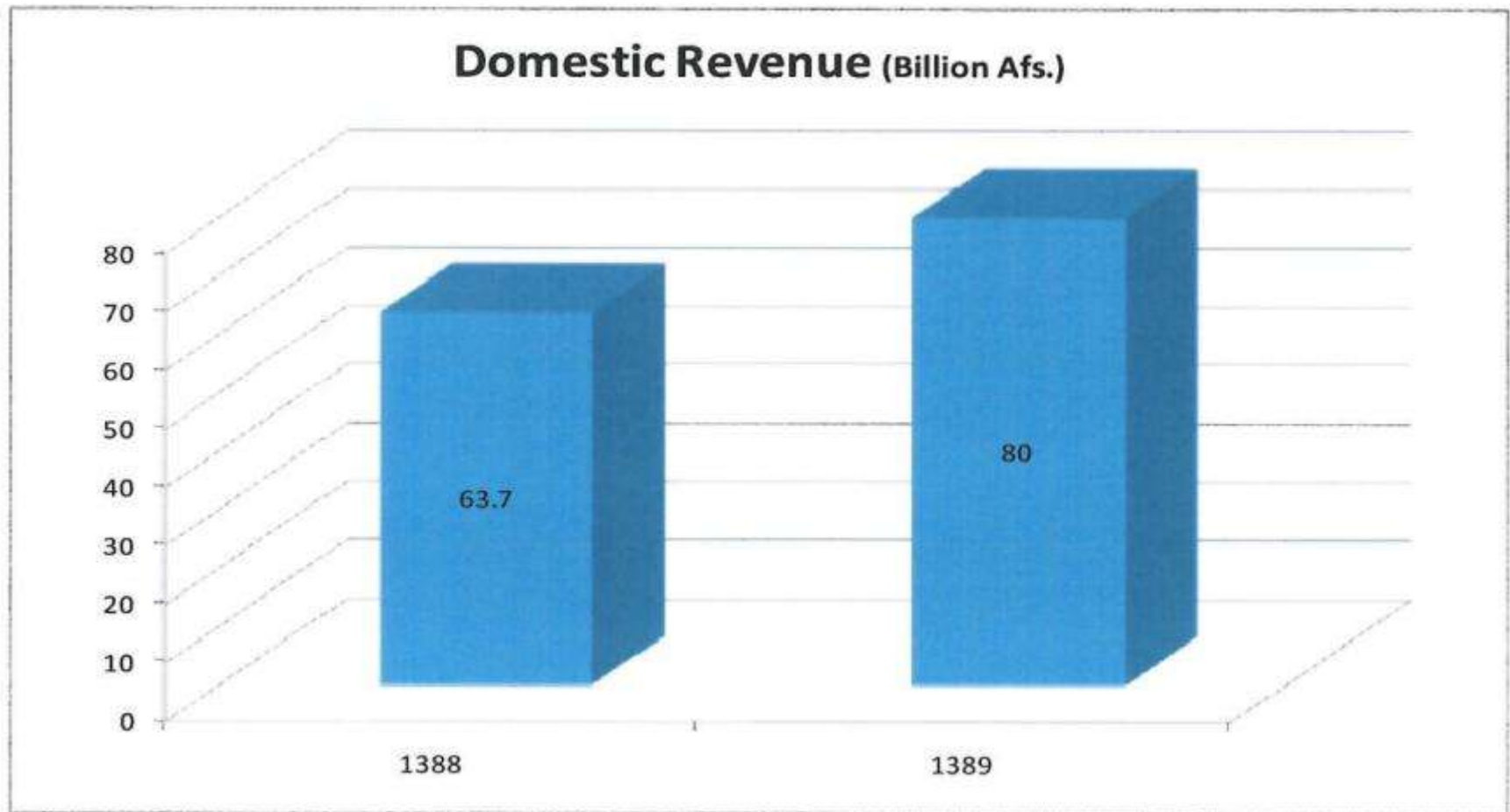


Resource	Primary Location	Quantity	Potential Value (Billions)
Crude oil	Afghan-Tajik Basin	1,596 billion barrels	\$123.2 (at \$77.19/barrel)
Natural gas	Amu Darya Basin	15,687 billion cubic feet	\$56.3 (at \$3.59/MMBtu)
Natural gas liquids	Amu Darya Basin	562 million barrels	\$43.4 (at \$77.19/barrel)
Total			\$222.9

**GIRoA Can't Fund or
Spend, Much Less Develop
Capacity to Successfully
Execute**

Afghan Revenues are Rising but So What?

Domestic budget revenue increased by 26% in 1389, compared to 1388



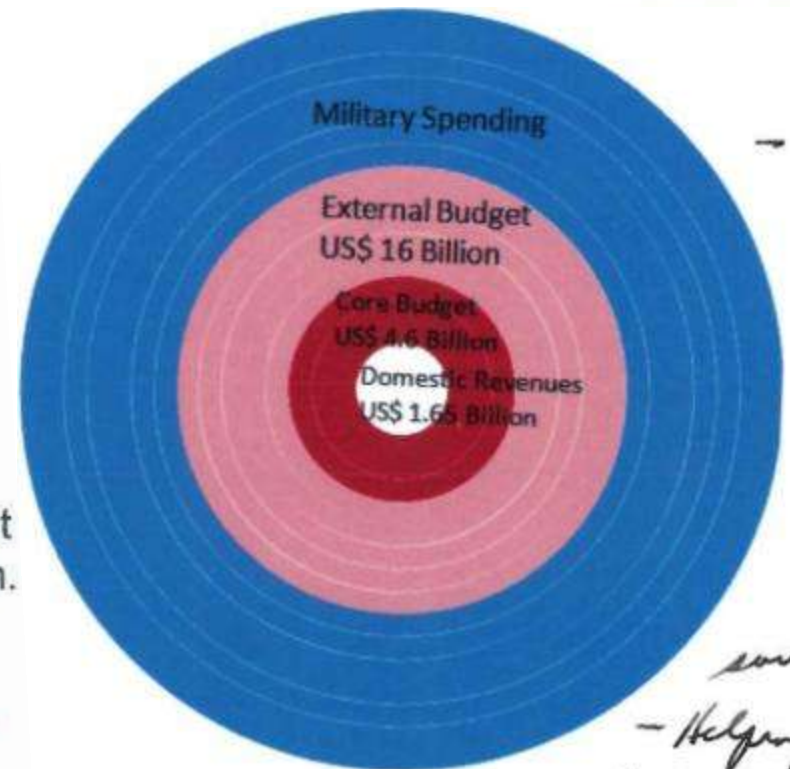
Source: MoF Afghanistan 17 Mar 2011 .

(1389 data is MoF estimate. Actual data will be obtained after new year's report released)

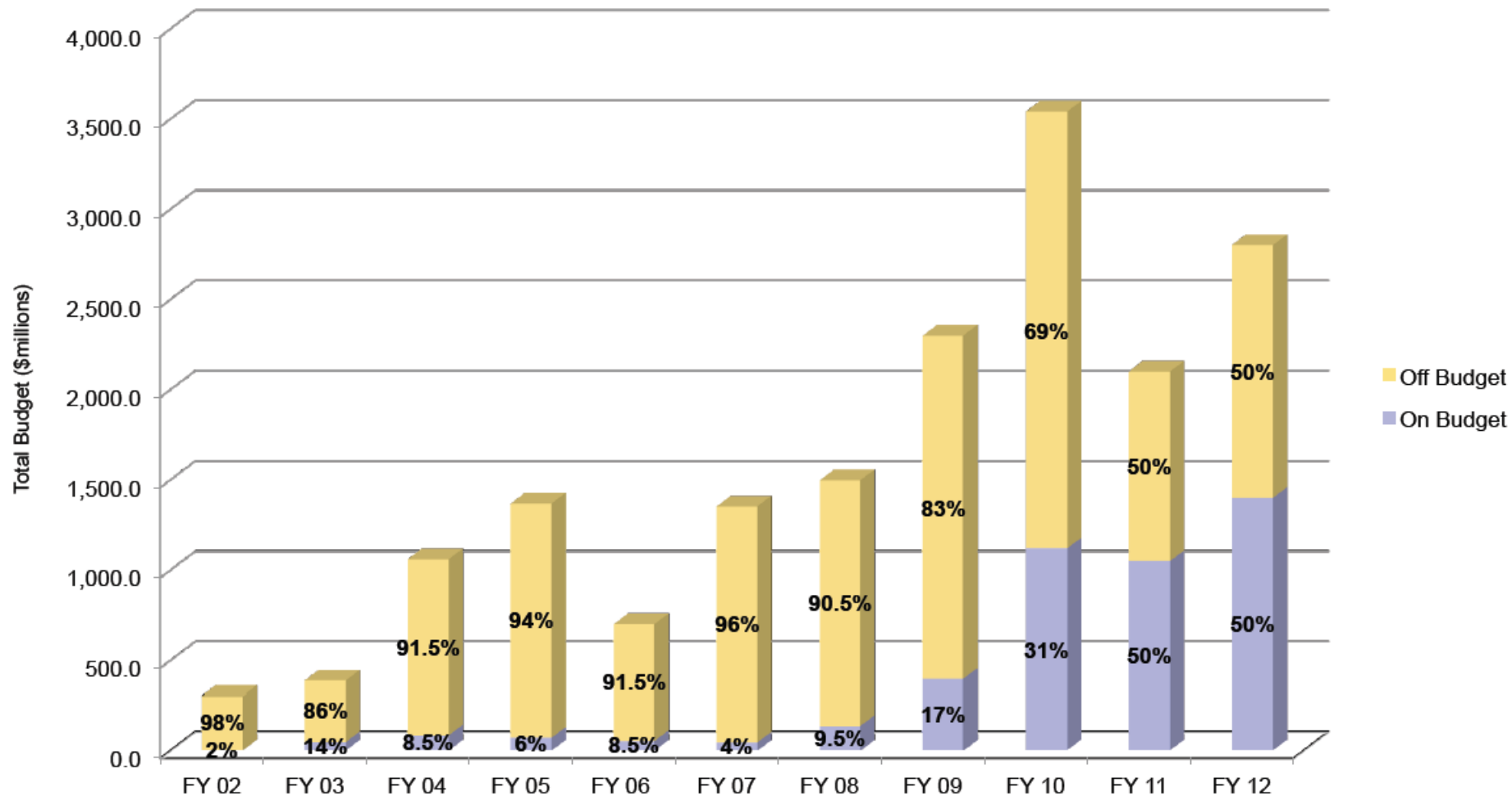
Revenues Are Still Tiny Part of Total Outside Expenditures

External and Core Budget Inflows 2010/11

- **Domestic Revenue collection reached** US\$ 1.65 bn in 2010/11 (doubled since 2007/08) as a result of significant effort by MoF.
- **Core Budget** (domestic revenue + on-budget donor aid) US\$4.6 bn
- **External Budget** (Donor-financed off-budget expenditures) MoF reports \$6 bn but actual amount may be as high as US\$16 bn.
- **International military spending** (*Total unknown, but could be ~ 100 times greater than domestic revenue*) is spent mostly outside of Afghanistan, but since so large, even very small slice becomes major source of growth.

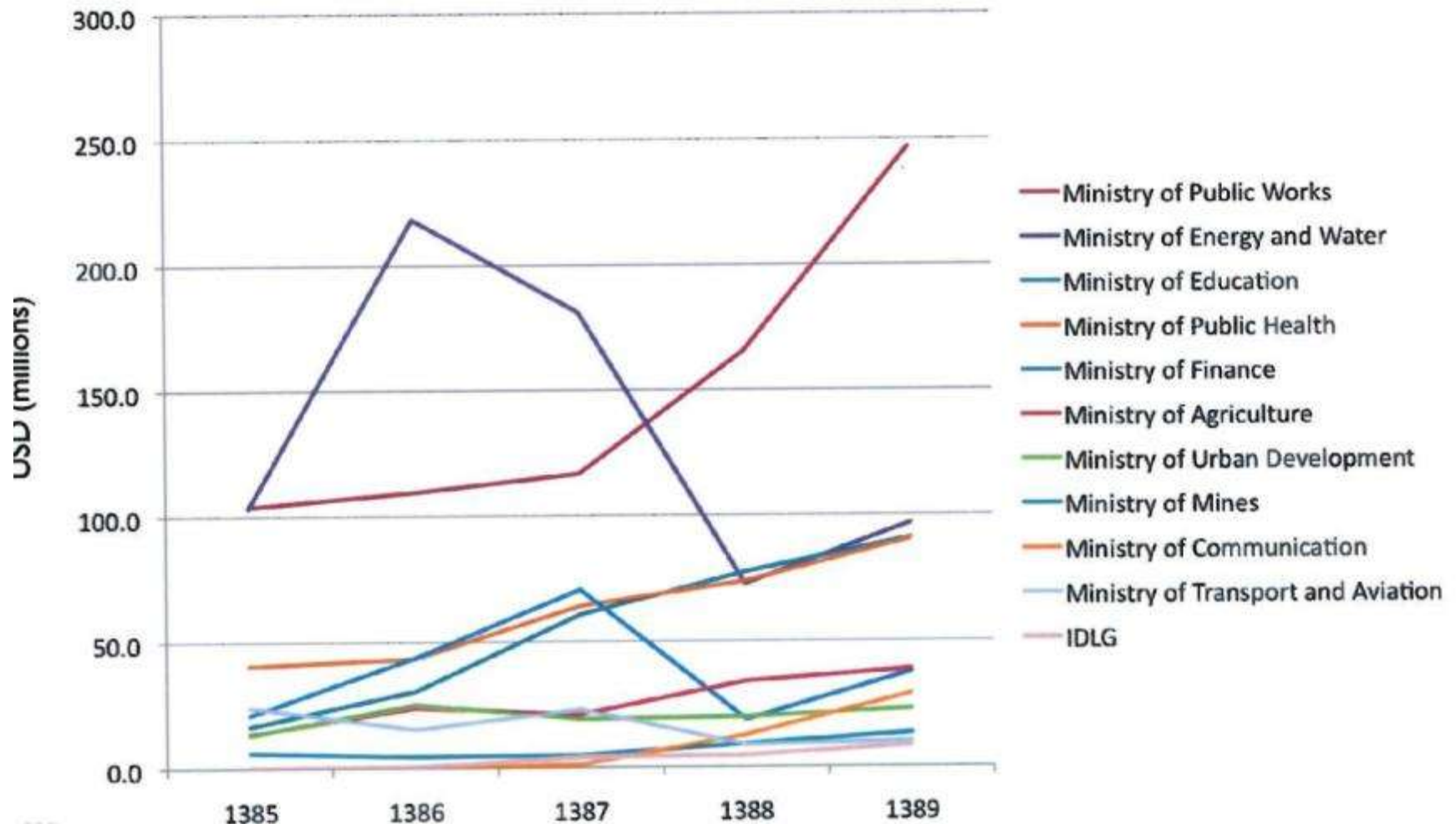


Challenges in Cutting Off-Budget Spending

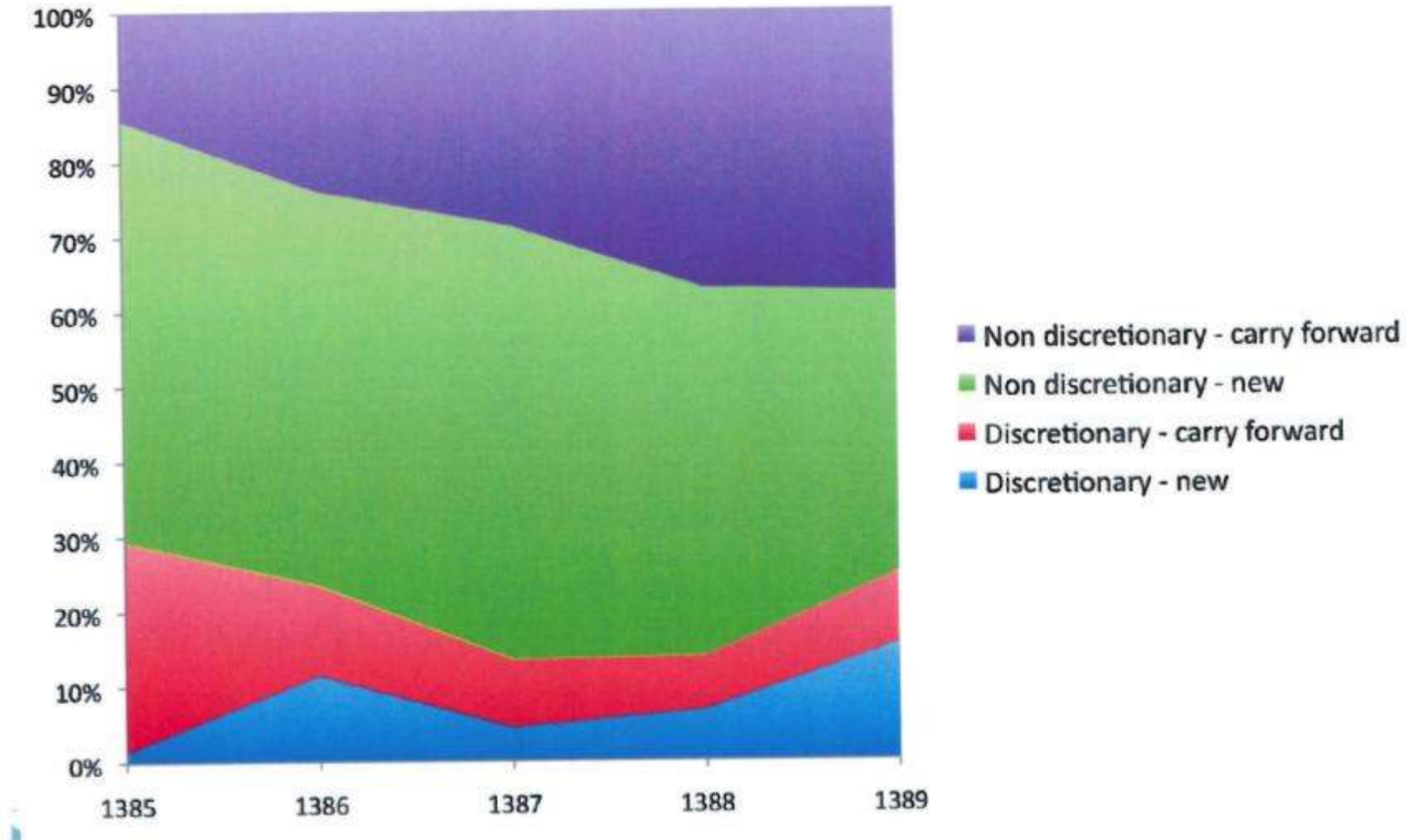


** FY 11 Levels are based on a CR at FY 10 levels; FY 12 levels are based on OMB passback levels.*

Big Budget Ministries are Able to Spend More, But This Says Nothing About Integrity or Effectiveness



Non-Discretionary Carry Forward Funds Limit Flexibility in Using Budget



And, Government Expenditures Are Rising Faster than Revenues

•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:

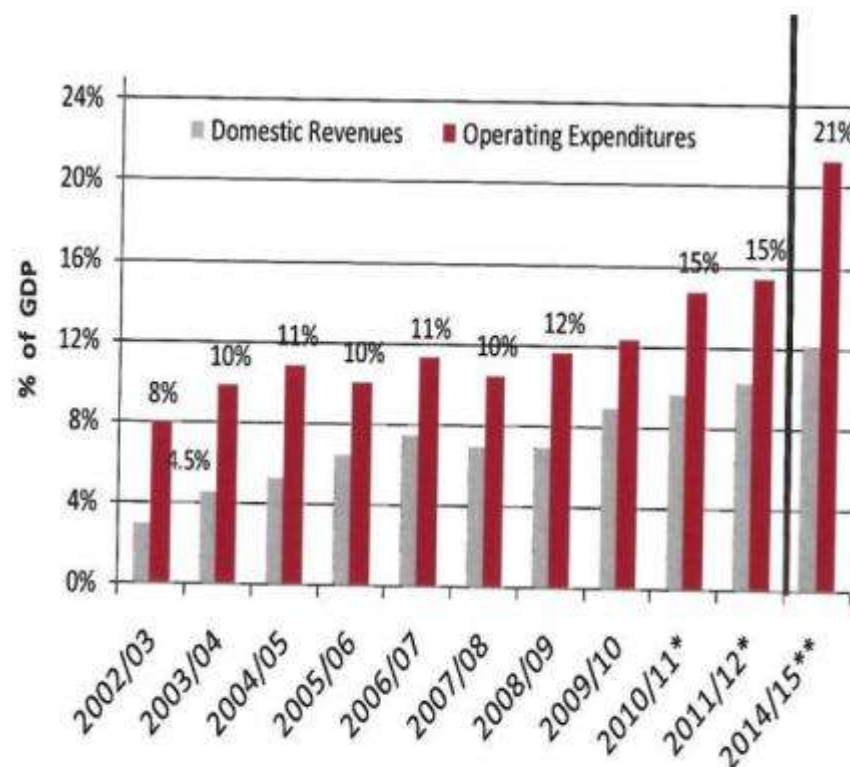
- Hiring of teachers
- Security expenditures (Police & ANA, which will require external financing beyond 2015)
- Pay & Grading reform in line ministries

•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.

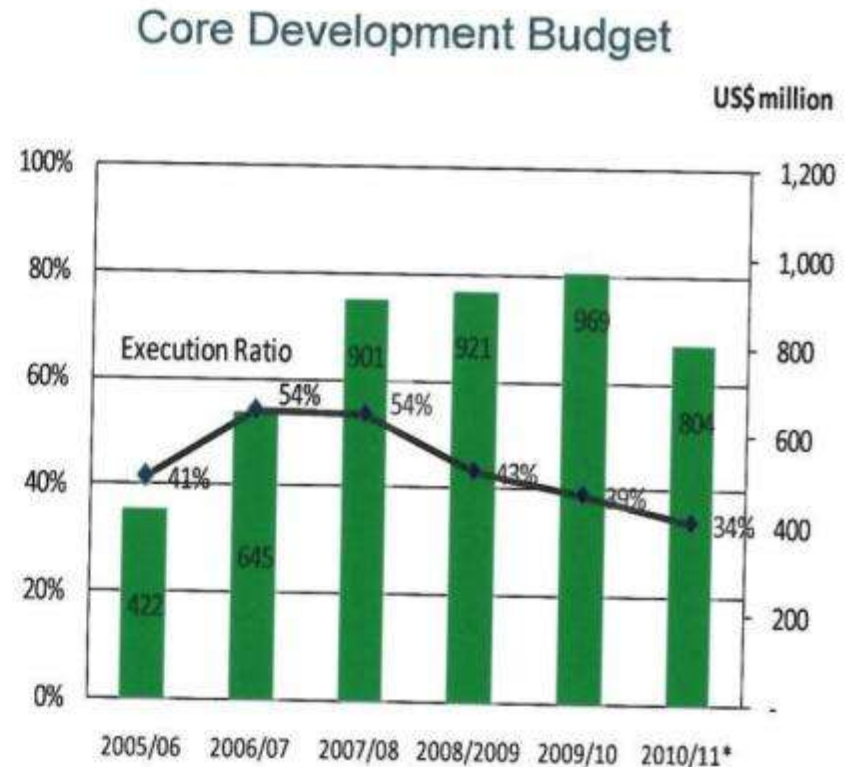
Core Operating Budget*



Source: MOF, WB calculations

Development Budget Execution Faces Major Structural & Capacity Constraints and Spending Ratios to Funds is Dropping

- **Budget execution increased in absolute terms**, but flattened out over last three years.
- **Drop in 2010/11 result of expected closing of NSP II and gearing up of new NSP III disbursements** (NSP accounts for 17% of core on- budget expenditures).
- **Execution ratio is misleading** because of accounting practice of carrying over unused "budget" from all previous years (i.e. inflating the denominator) even when this is based on notional donor pledges. (Bank working with MoF to change this budgeting practice for upcoming fiscal year.)
- **Real constraints on budget execution related to:**
 - Unrealistic budget formulation in Line Ministries
 - Lack of predictability in donor financing and delays that make planning difficult (dependence on annual parliamentary & congressional allocations)
 - GoA Capacity Constraints: Lack of financial management, procurement and technical expertise in line ministries to deliver development programs.
 - Problems with efficiently allocating funds from center to provinces/districts and extreme weakness of government at sub-national levels.
- **Government has little discretionary funding:** financing linked to donor-funded programs means limited ability to transfer financing to areas where budget execution is better.



Source: MOF

Possible GDP Impact of Withdrawal and Transition

- **Loss of some 60% of foreign military and civil spending by end 2014 through end 2016.**
- **US Treasury estimates:**
 - **12% cut in GDP – same as in US during Great Depression, as “best case.”**
 - **41% loss of GDP as “worst case.”**

Other Impacts of Withdrawal and Transition: 2012-2018

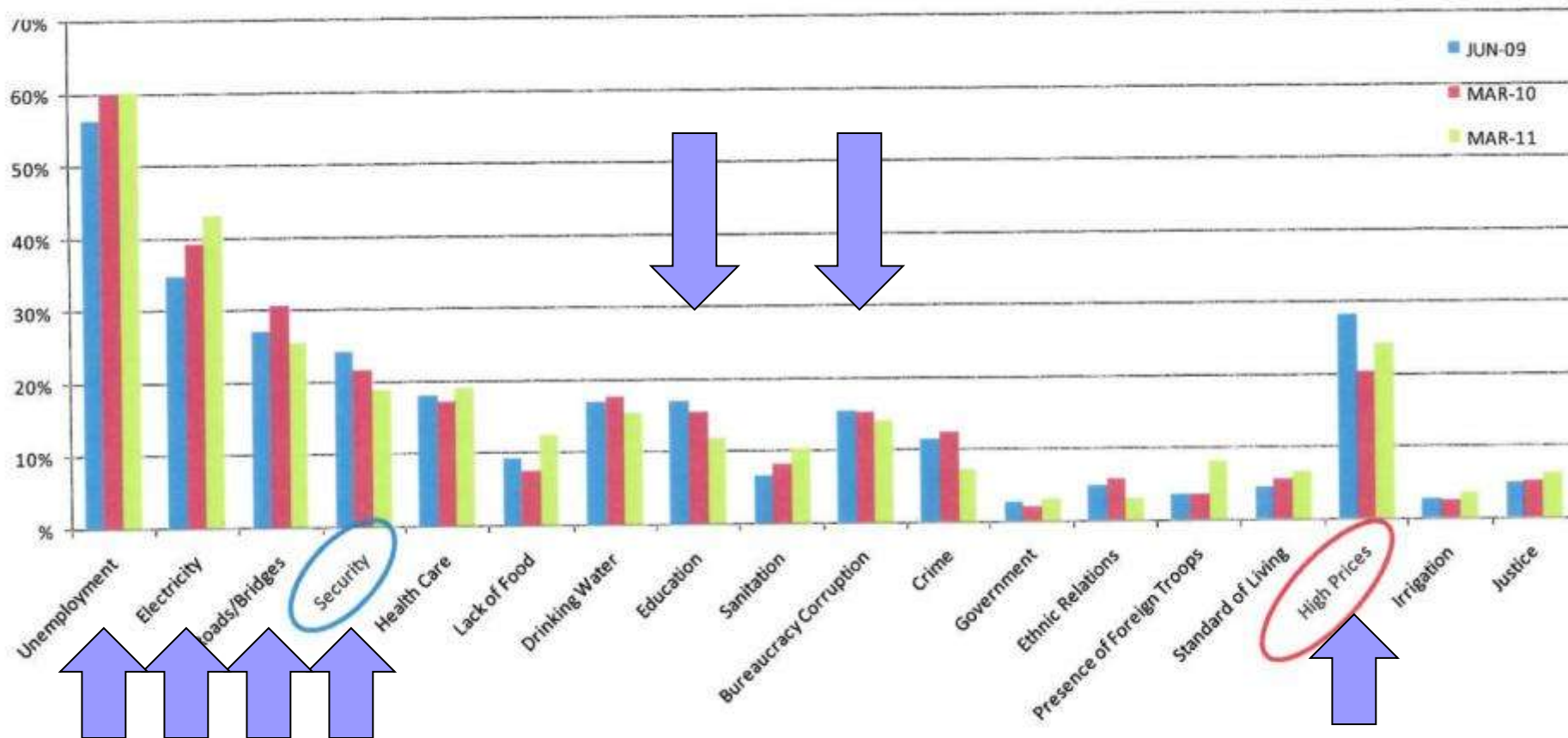
- **Increases in revenue will fall far short of loss of military spending.**
 - **Probable job growth will not keep pace with increase in the labor force.**
 - **Loss of 60% of construction funding with loss of military and donor funding. No cash flow financing in banking sector.**
 - **28% of bank loan portfolios are holdings of real estate. Probable major drop in value of real estate.**
 - **Loss large part of GIRoA salaries that come from donors. Will be forced to leave country or become far more corrupt.**
 - **Loss of jobs for armed Afghan security contractors.**
 - **Transition will start to have effect in north and increase regional tensions. (\$380 in aid per person in Helmand in 2010.**
 - **ANSF down from funding goals of \$7-9 billion in 2015 to less than \$4 billion.**
-

The External Spending vs. Internal Resources Crisis:

Heading Towards a Recession in 2014 and Beyond

Economics and Security Underpin Perceptions of Effective Governance

*What do you think are the three biggest issues facing your district?
(First, Second, and Third Responses)*



Some Successful Cases

Senate Foreign Relations Committee Assessment (June 2011)

National Solidarity Program reaches 23,000 villages across 351 of 398 districts across all Afghan provinces

- US is largest donor, channeling \$225 in FY2010 through ARTF
- Will continue to require sustained funding commitments
- Can have improved measures to improve accountability and oversight

Basic Package of Health Services (BPHS) offers standardized package of basic health services (maternal and child health, public nutrition, health posts, basic health centers, comprehensive health centers, district hospitals)

Performance Based Governors Funds provides provincial governors with operating budgets to improve relationships with constituents

- Second phase of program now has mechanism to increase/decrease funding based on performance
- Well performing governors can receive additional \$75,000 a month
- Significant challenges persist
 - Budget execution rate of 35%
 - Limited supervisory capability
 - Absorptive capacity – smaller, poorer provinces faced with “tidal wave of funding” can incentivize corruption and waste
 - Program is unsustainable unless Afghan government can execute program, include it in its own budget

Real, But Poorly Quantified, Successes in the Field

- **Local Jirgas, and village, local, and district aid programs reacting to Afghan perceptions and priorities.**
- **Local Water programs that do not rely on wells and methods that threat aquifers.**
- **Sustainable local power generation programs.**
- **Small, standardized MoE schools that are actually staffed and equipped.**
- **Small, function clinics and real-world expansion of local health care.**
- **Roads that meet real world market and local needs.**
- **Linking informal justice system to formal justice system.**
- **Expanding coverage of national ID cards necessary for employment and full status as citizen.**

Uncertain Agricultural Assistance

Senate Foreign Relations Committee Assessment (June 2011)

Since 2002, \$1.4 billion for agricultural programs

Overspending? \$250 million in Helmand and Kandahar in one year alone (district of Nawa received USAID funding of \$400 per person, contrasted with national per capita income of \$300)

July 2010 GAO found programs “did not always establish or achieve their targets”: 6 of 8 programs failed to meet annual targets, three longest running programs declined in performance from 2006 to 2008

Primary program is Agricultural Vouchers for Increased Production in Afghanistan (AVIPA)

- \$360 million stabilization program primarily in Helmand and Kandahar with cash-for-work components
- Additional \$89 million to expand seed/fertilizer voucher program to 32 provinces
- Estimated to have created 780 cash for work projects, employing 103,000 laborers, injecting \$27 million of wages into local economy (equivalent of 22,500 full-time jobs)
- But may distort local economy and labor markets. Rajiv Chandrasekaran says cash surge is “sparking new tension and rivalries within the community, and it is prompting concern that the nearly free seeds and gushing canals will result in more crops than the farmers will be able to sell. It is also raising public expectations for handouts that the Afghan government will not be able to sustain once US contributions ebb”
- SFRC notes scaling back AVIPA towards longer-term projects has risks; infrastructure projects may not be completed on time; scaling back will end subsidized benefits, artificially inflated incomes for farmers

Foreign Aid can Distort Local Economies

David Kilcullen: “On the one hand, there is a “substitution effect,” whereby development dollars shift popular support away from the insurgents and toward the government. But our aid can also have an “income effect,” whereby development programs increase the resources available to villagers and lead them to believe that they can improve their prospects of survival by entering into negotiations with the insurgents.”

USAID's Uncertain (Dishonest?) Claims of Progress

Agriculture: Meet basic food security needs and grow rural economies.

- *In FY 2010, 633,878 Afghans received hands-on agricultural productivity and food security training.*

Economic Growth: Support diversified and resilient economic growth.

- *In FY 2010, helped establish 49 Public-Private Partnerships, leveraging \$95 million in private investment.*

Education: Develop human capital through support to basic and higher education.

- *Since 2002, school enrollment has increased from 900,000 boys to 7.1 million students, 38 percent female.*
- *In FY 2010, trained 40,850 public school and community based education teachers and over 3,800 literacy teachers, reaching an estimated one third of Afghan school children.*

Gender: Advance gender equality.

- *In FY 2010, extended 108,799 micro-finance loans to women worth \$24.6 million.*
- *Governance: Promote inclusive governance and effective dispute resolution.*
- *In FY 2010, trained 9,000 civil servants to improve public administration functions, provided basic legal training to shura and jirga members and supported the development of Afghan legal associations.*

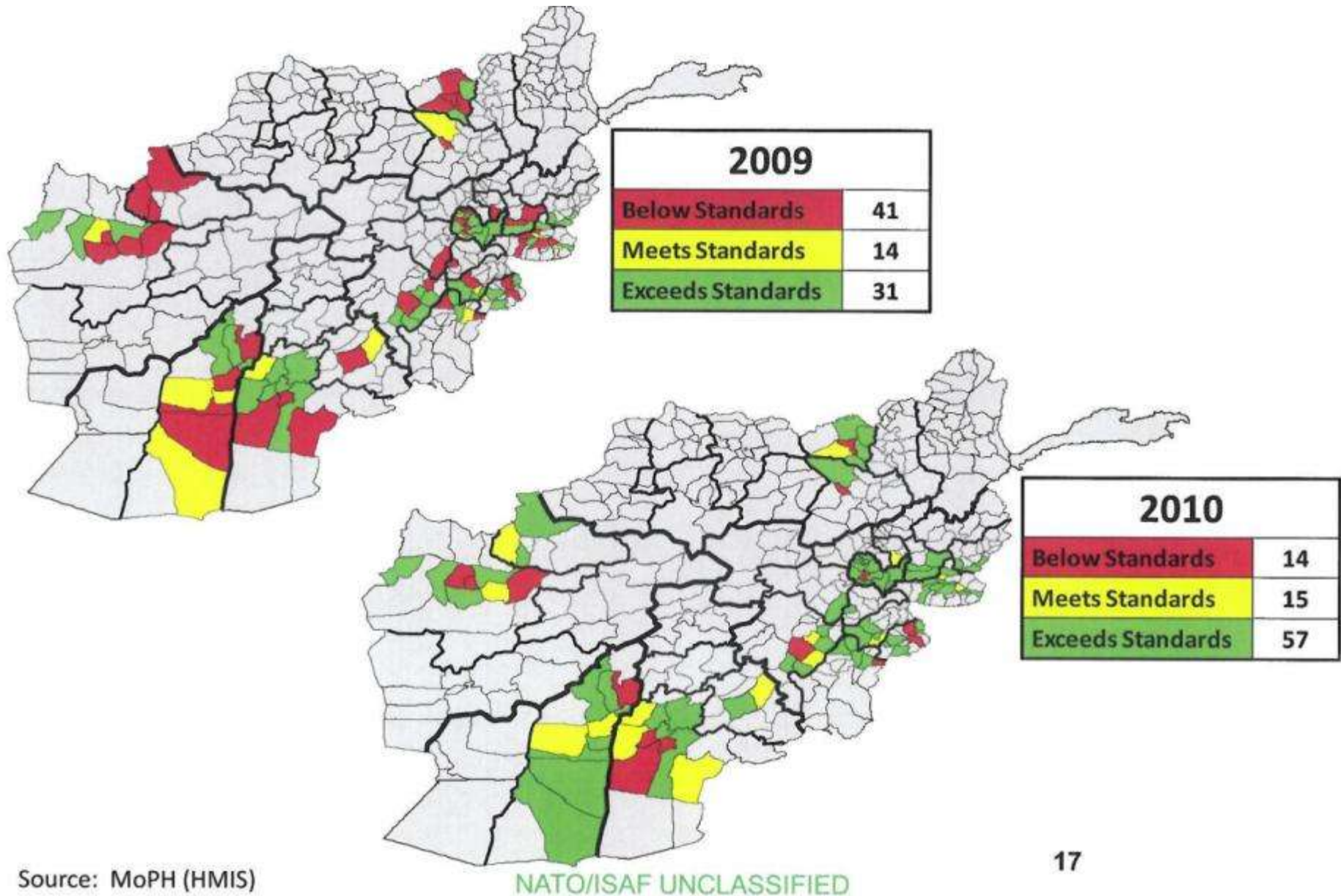
Health: Improving the health of the Afghan population, especially women and children

- *Since 2002, increased access to basic health care from 8 percent of the population to 84 percent*
- *Midwife training programs that contributed to a 22 percent drop in infant mortality.*

Infrastructure: Improve infrastructure services, particularly in energy and roads.

- *In FY 2010, rehabilitated over 1,800 km of regional and national highways, and provincial and rural roads.*
- *Stabilization: Address drivers of instability and establish an environment for social and economic development.*
- *Pioneered the District Stability Framework, a tool that utilizes situational awareness to identify key sources of instability, develop activities to diminish or mitigate the causes, and monitor and evaluate the impact of programming.*

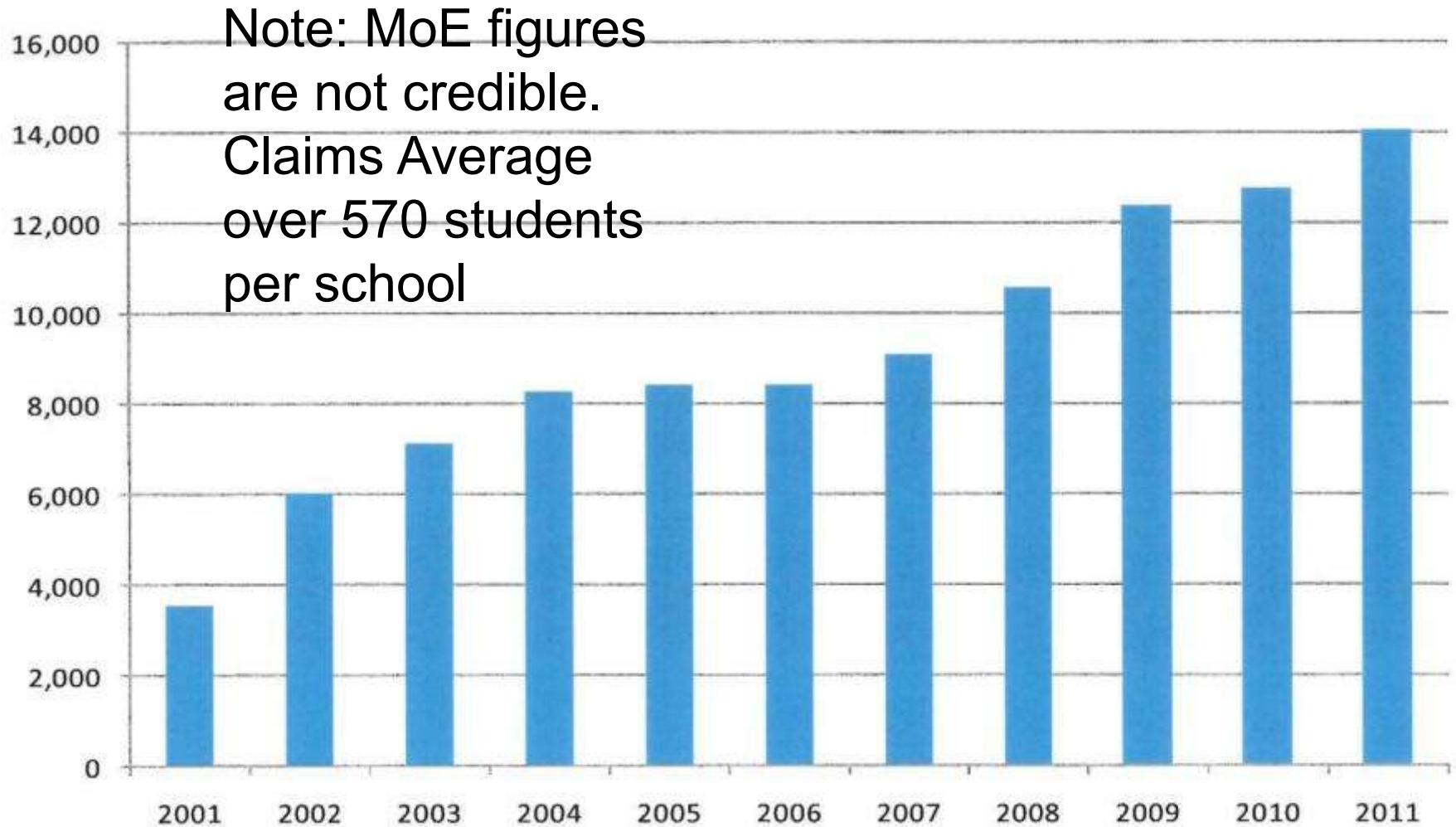
Health Care in Key Terrain Districts: 2009-2010



Source: MoPH (HMIS)

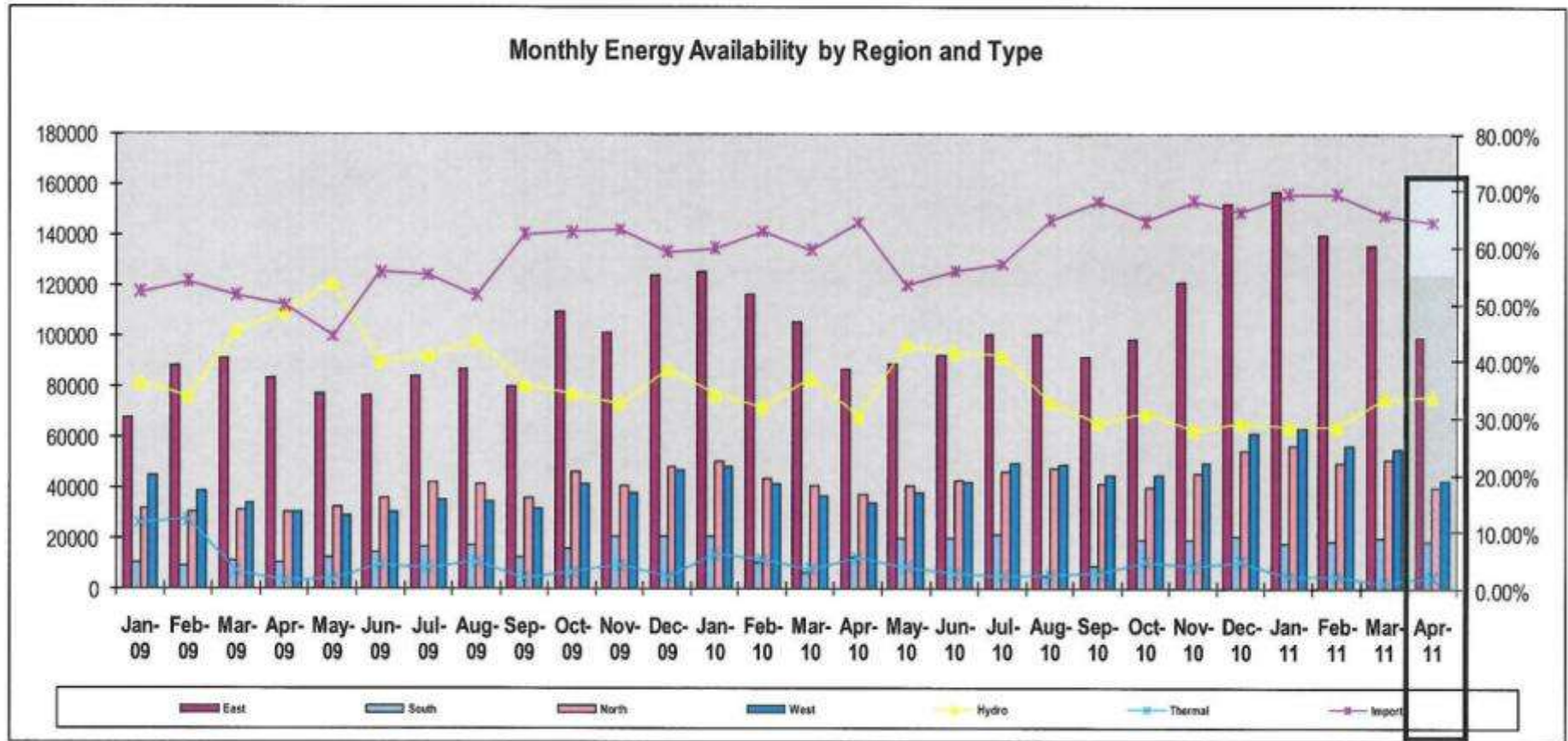
Source: ISAF 5/2011

Afghan MoE Estimate of Number of Schools: 2001-2010



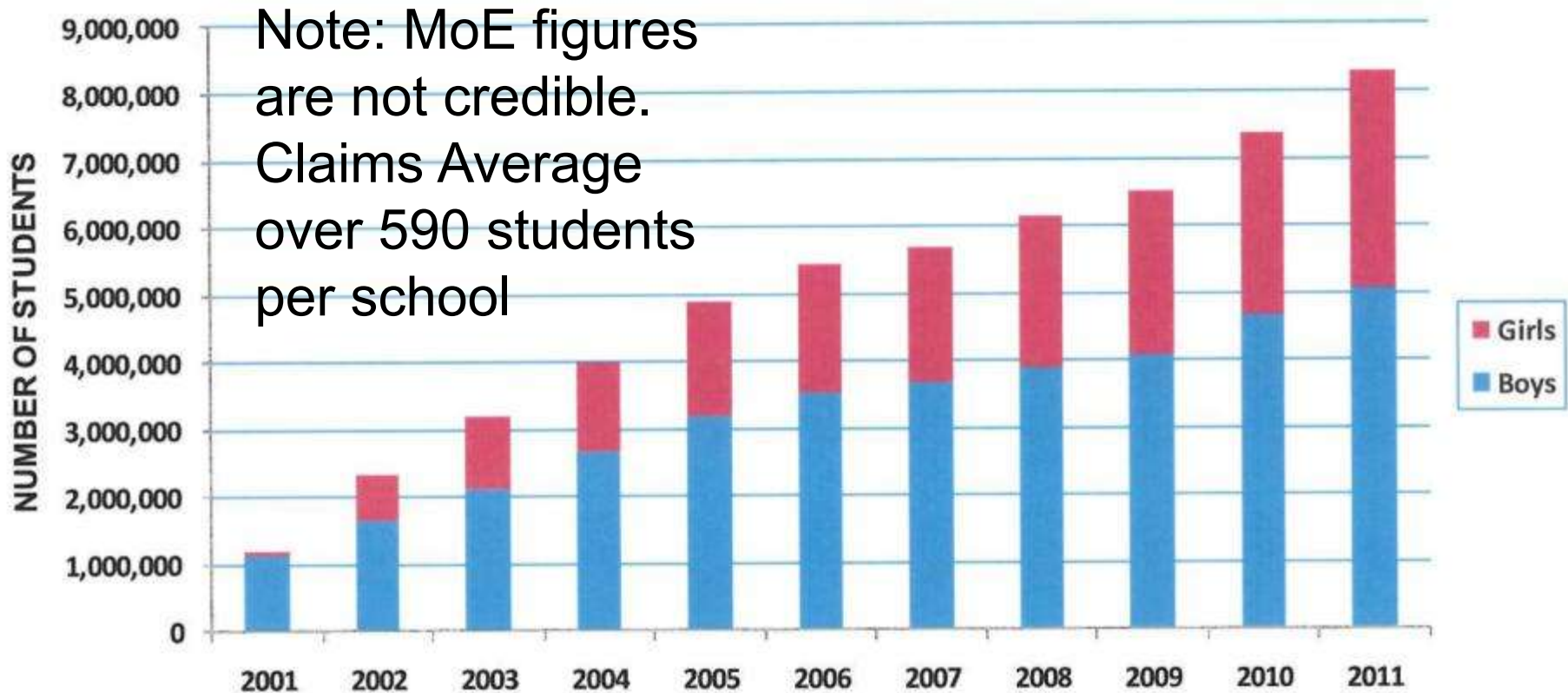
Energy Production Available for Consumption

- JAN 2011 highest ever, but imported energy still more than 60%,
- Southeastern Power Station (SEPS) more than double production since OCT 2010



Source: Afghan Energy Information Centre, 01 May 2011

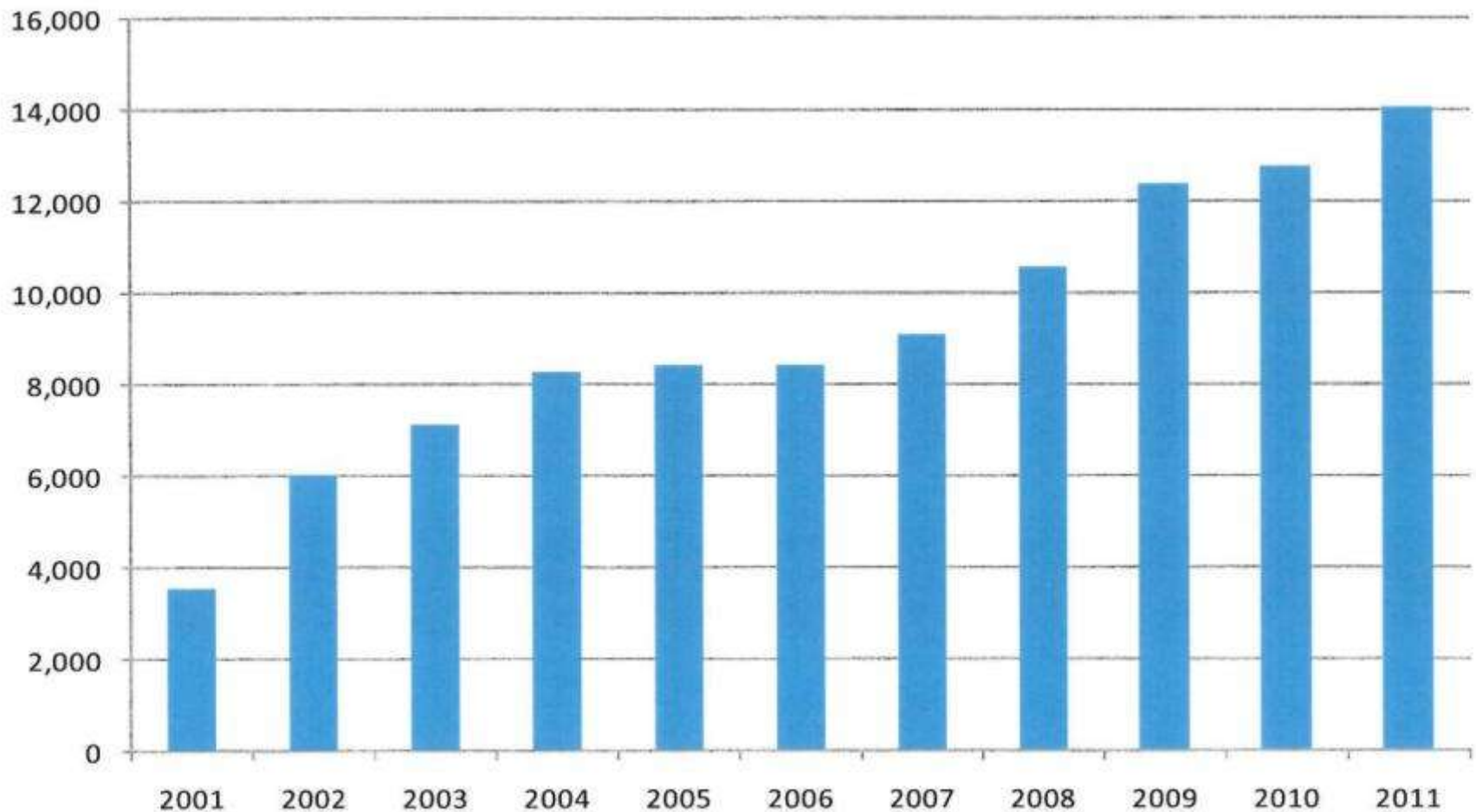
MoE Estimate of Enrollment: 2001-2010



	2011	2001	RATIO
TOTAL	8,300,000	1,184,745	601%
BOYS	5,063,000	1,134,745	346%
GIRLS	3,237,000	50,000	6374%

	2011	2010	RATIO
TOTAL	8,300,000	7,380,551	12%
BOYS	5,063,000	4,649,747	9%
GIRLS	3,237,000	2,730,804	19%

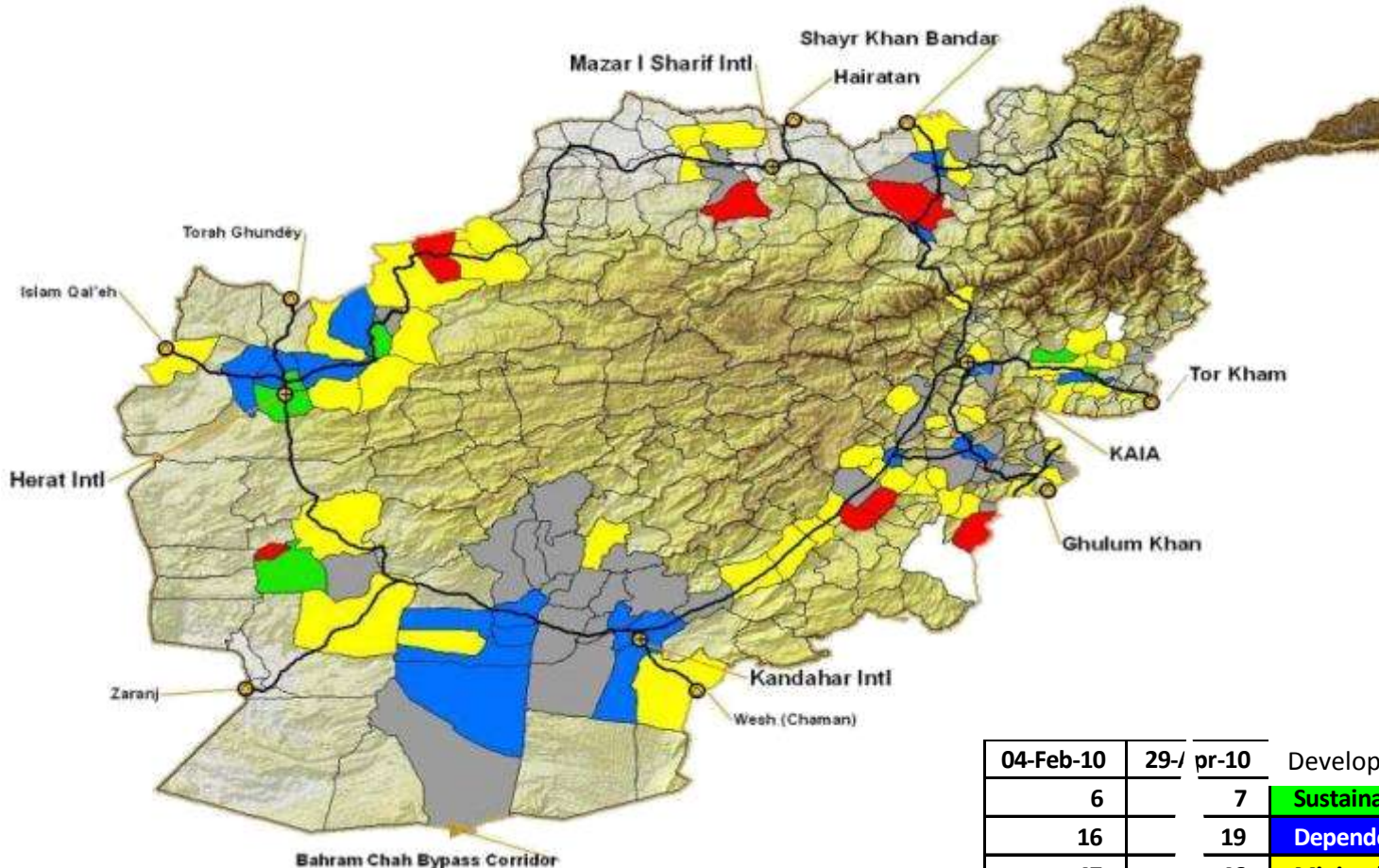
8.3 Million Divided by 14,000 = 593



Source: MoE as of Mar 2011

Little or No Progress in Development in Many Areas

Development



04-Feb-10	29-/ pr-10	Development Assessment
6	7	Sustainable Growth
16	19	Dependent Growth
47	46	Minimal Growth
40	41	Stalled Growth
10	7	Population at Risk
3	2	Not Assessed

Recent Progress in Shaping More Effective Effort in the Field

- **Funding levels now far more consistent, now high enough to have major impact.**
- **Improved civil-military coordination and overall coordination of aid effort.**
- **Serious effort to create integrated civil-military teams and break down “stovepipes”**
- **Far more civilians and military performing civil-military roles in the field.**
- **New focus on what Afghans want; aid that will improve their current lives and governance, economy, and prompt justice. Address “worst grievances.”**
- **New focus on providing aid broadly in critical districts and population centers.**
- **Focus on accountability in spending, directing funds to honest officials and leaders at the Ministerial, provincial, district, and local levels.**
- **Beginning to seek validation of requirements, Afghan consensus and transparency.**
- **Seeking to develop meaningful measure of effectiveness and impact on popular perceptions.**
- **Increase in cadres of experienced aid workers, military, and Afghans.**

The Challenge of Development

Category	Afghanistan	Pakistan
Population	29.1 Million	177.3 Million
<i>Life Expectancy</i>	<i>44.7 years</i>	<i>65.6 years</i>
<i>% 0-14 Years</i>	<i>42.9 %</i>	<i>36 %</i>
<i>Growth Rate</i>	<i>2.47 %</i>	<i>1.51 %</i>
<i>Urbanization</i>	<i>24 %</i>	<i>36 %</i>
<i>Urbanization Rate</i>	<i>5.4 %</i>	<i>3 %</i>
Ethnic Groups		
	42% Pashtun	44.7% Punjabi
	27% Tajik	15.4% Pashtun
	9% Hazara	14.1% Sindhi
	4% Aimak	8.4% Sariaki
	3% Turkmen	7.6% Muhairs
	2% Baluch	3.6% Baluchi
	4% Other	6.3% Other
Sects		
	80% Sunni	75% Sunni
	19% Shi'ite	20% Shi'ite
Literacy	28.1 %	49.9 %
Economy		
GDP	\$23.5 Billion	\$449.3 Billion
GDP Rank	113th	28th
Per Capita Income	\$800	\$2,600
Per Capita Rank	219th	170th
Unemployment	35 %	14 %
Labor Force	15 Million	53.8 Million
Structure		
	31% Agriculture	43% Agriculture
	26% Industry	20.3% Industry
	43% Services	36.6% Services

Major International (Non-U.S.) Pledges to Afghanistan Since January 2002

(As of March 2010, in \$Millions)

Sources: Kenneth Katzman, Afghanistan: Post-Taliban Governance, Security, and U.S. Policy, CRS RTL30588, March 24, 2011, and Special Inspector General for Afghanistan Reconstruction. October 2008 report, p. 140; various press announcements.

Figures include funds pledged at April 2009 NATO summit and Japan's October 2009 pledge of \$5 billion over the next five years.

Note: This table lists donors pledging over \$400 million total.

Japan	6,900
Britain	2,897
World Bank	2,803
Asia Development Bank	2,200
European Commission (EC)	1,768
Netherlands	1,697
Canada	1,479
India	1,200
Iran	1,164
Germany	1,108
Norway	977
Denmark	683
Italy	637
Saudi Arabia	533
Spain	486
Australia	440
Total Non-U.S. Pledges (including donors not listed)	30,800

Evaluating US Aid

Senate Foreign Relations Committee Assessment (June 2011)

Key Challenges and Findings

- ❑ \$320 million being spent monthly by USAID and State Department
- ❑ 80% of USAID spending in restive south and east, only 20% for rest of country
- ❑ Emphasis still **on short-term stabilization projects instead of long-term development**

Overreliance on foreign assistance distorts Afghan economy

- 97% of Afghan GDP related to foreign military presence - heightens risk of severe depression upon withdrawal
- ANSF will require \$6-8 billion annually, majority funded by US, has sustainability worries

Over-reliance on international technical advisors reduces sustainability of mission and creates culture of aid dependency

- 85% staff turnover at USAID mission in Kabul
- Practice of inflated salaries for Afghans draw local talent away from GIRoA

Political Versus Development Timelines

Development when done properly, “will take generations” but “increasingly, the US civilian strategy is linked to the shorter-term military strategy”

- Timeline constricted from even 3-5 year window envisioned in summer 2010
- Resources appropriated on annual cycle, complicating long-term planning
- Creates perverse incentives at USAID and State to spend money even in wrong conditions to ensure future appropriations remain at significant levels

Recommendations: Must be unity of effort across US and international community

1. Consider authorizing multi-year civilian assistance strategy for Afghanistan
2. Reevaluate performance of stabilization programs in conflict zones
3. Focus on sustainability – Do not initiate projects that Afghans cannot sustain

State Department and USAID Program for FY2012

□ ***Afghanistan: Supporting Stable, Transparent, Representative Government and Capable, Sustainable Security Forces (\$2.3 billion):*** \$2.2 billion in assistance to target the priority sectors of governance, rule of law, counternarcotics, agriculture, economic growth, health, and education in Afghanistan. \$111 million in Operations to support infrastructure for maintaining U.S. government civilian and diplomatic presence and to support educational and cultural exchange programs to build bridges with civil society.

- Maintains increased civilian staffing to support President Obama's goal of disrupting, dismantling, and defeating al-Qaeda.
- Provides \$1.0 billion to sustain an expanded civilian presence -1,500 staff in the next two years – to support the Afghan government.
- Includes \$1.2 billion for targeted development and governance programs that will support stabilization and counterinsurgency efforts, such as cash for work and

Provincial Reconstruction Teams, as well as counternarcotics efforts that promote alternative livelihoods to poppy production.

- Supports large infrastructure programs that have a combination of short-term stabilization and long-term economic growth outcomes.

□ ***Pakistan: Helping Eliminate Violent Extremist Elements and Strengthen Regional Security (\$1.9 billion):*** \$1.9 billion in assistance to promote a secure, stable, democratic and prosperous Pakistan with a focus on energy, economic growth, agriculture, the delivery of health and education services, and strengthening the Government of Pakistan's capacity to govern effectively and accountably. \$45 million in Operations to support infrastructure for maintaining U.S. government civilian and diplomatic presence and to support educational and cultural exchange programs to build bridges with civil society.

- Includes \$1.1 billion for the Pakistan Counterinsurgency Capability Fund to provide critical equipment and training for Pakistani security forces, increasing the ability of the Pakistani government to combat insurgents inside Pakistan and eliminating the insurgent's capacity to conduct cross-border operations in Afghanistan that jeopardize U.S. lives and the mission there

US Aid Request: FY2012 (In \$Millions)

Program/Area	Request
ANSF Funding	12,800
Economic Support Funds	2,804
(incl.: \$227 m for health, \$115 m for education, \$790 m for “good governance,” \$185 m for agriculture, \$66 m for “private sector competitiveness”)	(of which 1,216 is Overseas Contingency Operations funding)
Health and Child Survival (State)	0.5
Health and Child Survival (USAID)	0.5
Food For Peace Title II	15.5
INCLE (counter-narcotics, rule of law)	324
NADR funds (Karzai protection, explosives removal, counter-terrorism)	66.2
IMET	2.4
Diplomatic and Consular (embassy construction, personnel)	758
Diplomatic and Consular (security)	190
SIGAR	44
CERP (regular)	400
CERP (contribution to Afghan Infrastructure Fund)	500
CERP (Taskforce for Business)	150
Total	18,050
Figures do not include about \$100 billion in U.S. military operations costs	

Source: Kenneth Katzman, Afghanistan: Post-Taliban Governance, Security, and U.S. Policy, CRS RTL30588, March 24, 2011,

Lagging Civil Progress But Some Positive Indicators

Major Factions, Leaders in Afghanistan

Party/ Leader	Leader	Ideology/ Ethnicity	Regional Base
Taliban	Mullah (Islamic cleric) Muhammad Umar (still at large possibly in Afghanistan. Umar, born in Tarin Kowt, Uruzgan province, is about 65 years old.	Ultra-orthodox Islamic, Pashtun	Insurgent groups, mostly in the south and east.
Haqqani Network	Jalaludin and Siraj Haqqani. Allied with Taliban and Al Qaeda. Said to be heavily influenced by elements within Pakistani military intelligence.	Same as above	Paktia, Paktika, Khost, Kabul
Islamic Society (leader of "Northern Alliance")	Burhannudin Rabbani/ Yunus Qanooni (speaker of lower house)/Muhammad Fahim/Dr. Abdullah Abdullah (Foreign Minister 2001-2006). Ismail Khan, a so-called "warlord," heads faction of the grouping in Herat area. Khan, now Minister of Energy and Water, visited United States in March 2008 to sign USAID grant for energy projects.	Moderate Islamic, mostly Tajik	Much of northern and western Afghanistan, including Kabul
National Islamic Movement of Afghanistan	Abdul Rashid Dostam. During OEF, impressed U.S. commanders with horse-mounted assaults on Taliban positions at Shulgara Dam, south of Mazar-e-Sharif, leading to the fall of that city and the Taliban's subsequent collapse. Was Karzai rival in October 2004 presidential election, then his top "security adviser."	Secular, Uzbek	Jowzjan, Balkh, Faryab, Sar-i-Pol, and Samangan provinces.
Hizb-e-Wahdat	Composed of Shiite Hazara tribes from central Afghanistan. Karim Khalili is Vice President, but Mohammad Mohaqiq is Karzai rival in 2004 presidential election and parliament. Generally pro-Iranian. Was part of Rabbani 1992-1996 government, and fought unsuccessfully with Taliban over Bamiyan city. Still revered by Hazara Shiites is the former leader of the group, Abdul Ali Mazari, who was captured and killed by the Taliban in March 1995.	Shiite, Hazara tribes	Bamiyan, Ghazni, Dai Kundi province
Pashtun Leaders	Various regional governors and local leaders in the east and south; central government led by Hamid Karzai.	Moderate Islamic, Pashtun	Dominant in the south and east
Hizb-e-Islam Gulbuddin (HIG)	<i>Mujahedin</i> party leader Gulbuddin Hikmatyar. Was part of Soviet-era U.S.-backed "Afghan Interim Government" based in Peshawar, Pakistan. Was nominal "prime minister" in 1992-1996 mujahedin government but never actually took office. Lost power base around Jalalabad to the Taliban in 1994, and fled to Iran before being expelled in 2002. Still allied with Taliban and Al Qaeda in operations east of Kabul, but open to ending militant activity. Leader of a rival Hizb-e-Islam faction, Yunus Khalis, the mentor of Mullah Umar, died July 2006.	Orthodox Islamic, Pashtun	Small groups in Nangarhar, Nuristan, and Kunar provinces
Islamic Union	Abd-I-Rab Rasul Sayyaf. Islamic conservative, leads a pro-Karzai faction in parliament. Lived many years in and politically close to Saudi Arabia, which shares his "Wahhabi" ideology. During anti-Soviet war, Sayyaf's faction, with Hikmatyar, was a principal recipient of U.S. weaponry. Criticized the U.S.-led war against Saddam Hussein after Iraq's invasion of Kuwait.	orthodox Islamic, Pashtun	Paghman (west of Kabul)

Sources: Kenneth Katzman, Afghanistan: Post-Taliban Governance, Security, and U.S. Policy, CRS RTL30588, March 24, 2011,

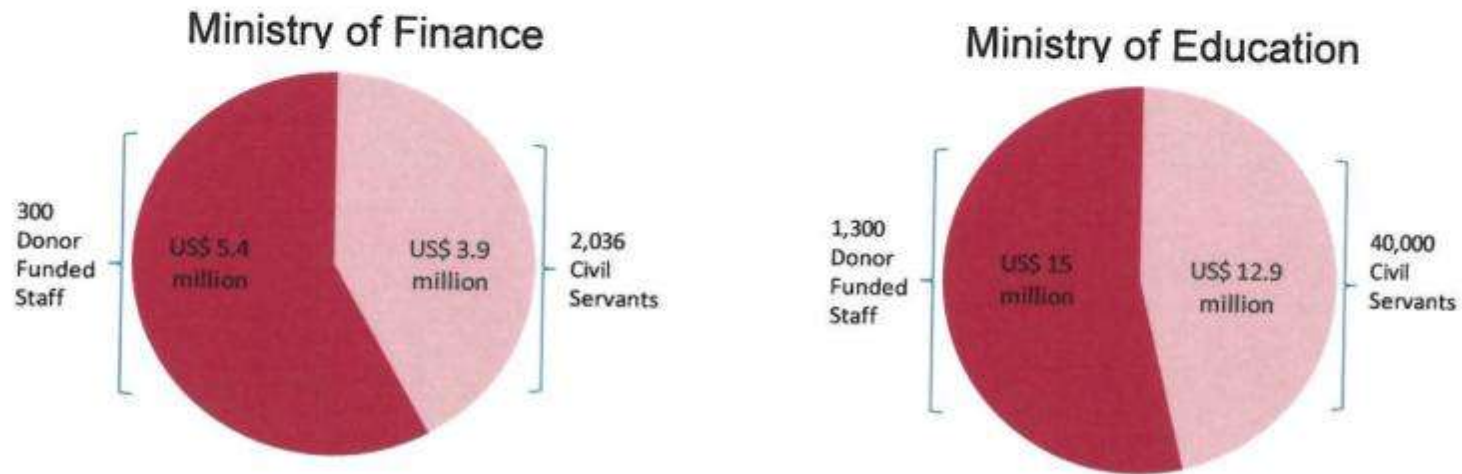
Progress, But A Lagging Civilian Surge

- **Real gains in Afghan district and local governance, merit promotion, and civil service training,**
- **BUT,**
 - ***Integrated civil-military plans remain conceptual on civilian side. No credible State or USAID reporting on efforts after 10 years of war.***
 - ***US and sallied military and PRT coordination uncertain and sallied coordination often critically weak.***
 - ***Little nationwide integration of war-related civil programs and most mid and long term aid.***
 - ***Goal was to finish assessments of 42 critical Districts out of 80 by end 2010. Afghan Directorate of Local Governance completed 15, and now could take up to four years to complete all 80.***
 - ***Funds for hiring more civilians did not flow into many Districts even when assessments were finished in the spring of 2010..***
 - ***District Delivery Program is a “district discussion program.”***
 - ***Local Governance Directorate reports officials far short of average of 45 required per District.***
 - ***Two thirds of 1,100 US civilian officials in Afghanistan are in Kabul. Only 215 USAID hires out of 473 are in the field. (14 US and 2 FSN in RC-SW, 56 US & 3 FSN in RC-S, and 78 US and 18 FSN in RC-E as of 1`/2011) Roughly 400 US civilians in field vs. 1,100 military in civil-military roles***

Donors Fund Critical Part of Kabul Centric Staff

- Because of weak capacity in line ministries, delivery of programs depends on some 12,000 Afghans working in government but paid for by donors (outside of civil service) + some 1000 international experts.*
- Demand for skills at central government level means few technically strong Afghans at sub-national level, while security limits foreign TA mainly to Kabul.

Illustrative Costs of Technical Assistance vs. Civil Service, 2008/09



* Conservative estimates which exclude many bilateral-funded contractors, PRT, civ-mil provided TA.

Critical Lack of Skilled Staff for Transition

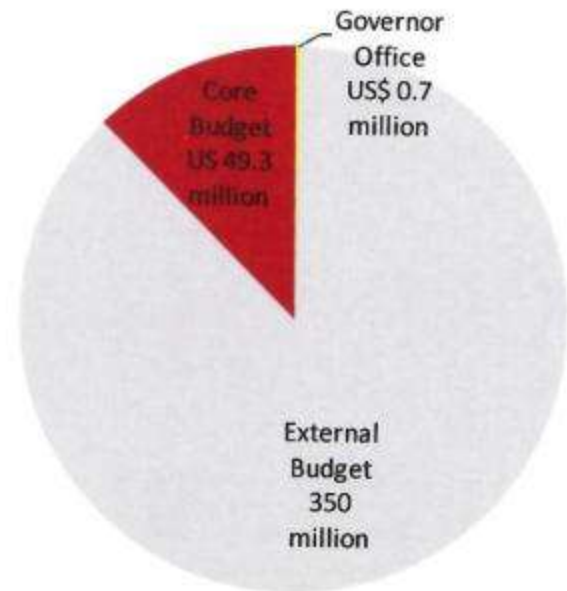
- **Cost of TA** reached over US\$1.4 billion in 2010 and remains heavily influenced by donor-supply rather than line ministry demand.
- **Even if all donor-funded, efficiency and capacity building can be improved by bringing in Afghan managerial talent** through salary top-ups instead of foreign staff and advisers. *For example: 150 Afghan managers paid by MCP costs US\$5 million annually vs. 150 expat advisers at estimated \$150 million annually.*
- **Parallel delivery system (second civil service) undermines long-term internal government capacity** and ultimately is unsustainable and inefficient.
 - **Move from parallel system** to cadre of senior executive civil servants.
 - **Unify administrative reform programs:** ARTF financed Capacity Building Facility (under preparation with MoF and Civil Service Commission) will increase senior civil servants in key line ministries by up to 1000 over 5 years. Sustainability enhanced by requiring concurrent ministry reform. Other donor support for competing programs and direct placement of internationals should be wound down.
 - **Minimize Number of Foreign Advisers** to those essential and demand-driven.
- **Lack of capacity at sub-national level particularly dire** but shortage of competent Afghans, hardship and insecurity in provinces limit ability to recruit and retain.

Must Develop Far More GIRoA Capacity Outside Kabul to Succeed

Requires Major Changes in Behavior and Structures of Int'l Community and GoA :

- **Addressing inequities in spending** in conflict vs non-conflict areas caused by off-budget donor/military spending.
Example: Per capita off-budget spending in Helmand almost \$400 per capita or ~ doubling the per capita GDP.
- **Increase official resource flows to Provinces and Districts** to improve service delivery and budget execution.
- **Simultaneously, decrease discretionary sources of spending** of Provincial/District Governors that are outside of central budget systems.
- **Off budget needs to move to on-budget.**
- **Financing flows need to align with GoA absorptive capacity.**
- **Increase service delivery through scaling-up of National Priority Programs** which requires selectivity and larger share of donor funding going towards key NPPs
- **Invest in O&M** to sustain investment in assets.

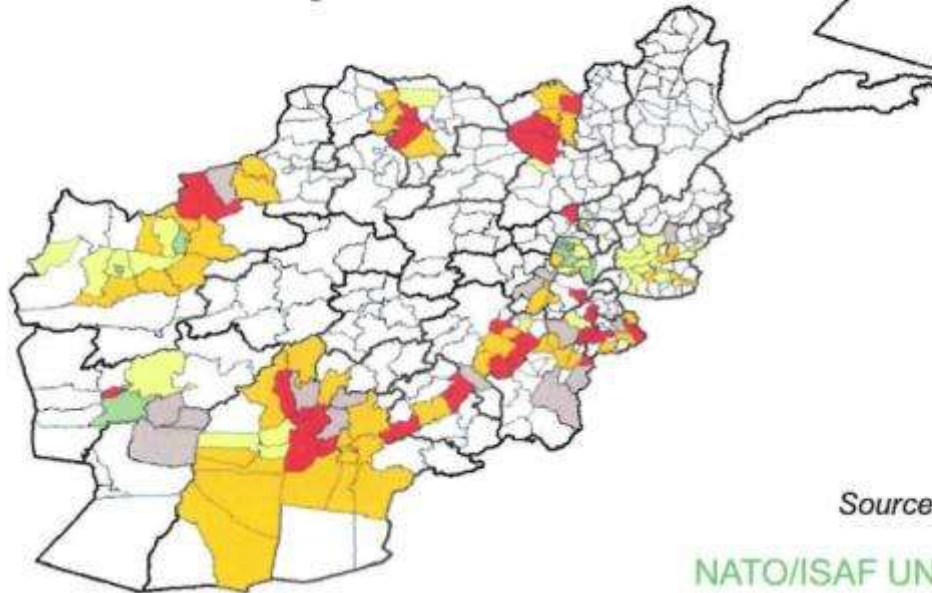
Helmand: External Off-budget Flows vs. GOA On-budget Financing in 201/11



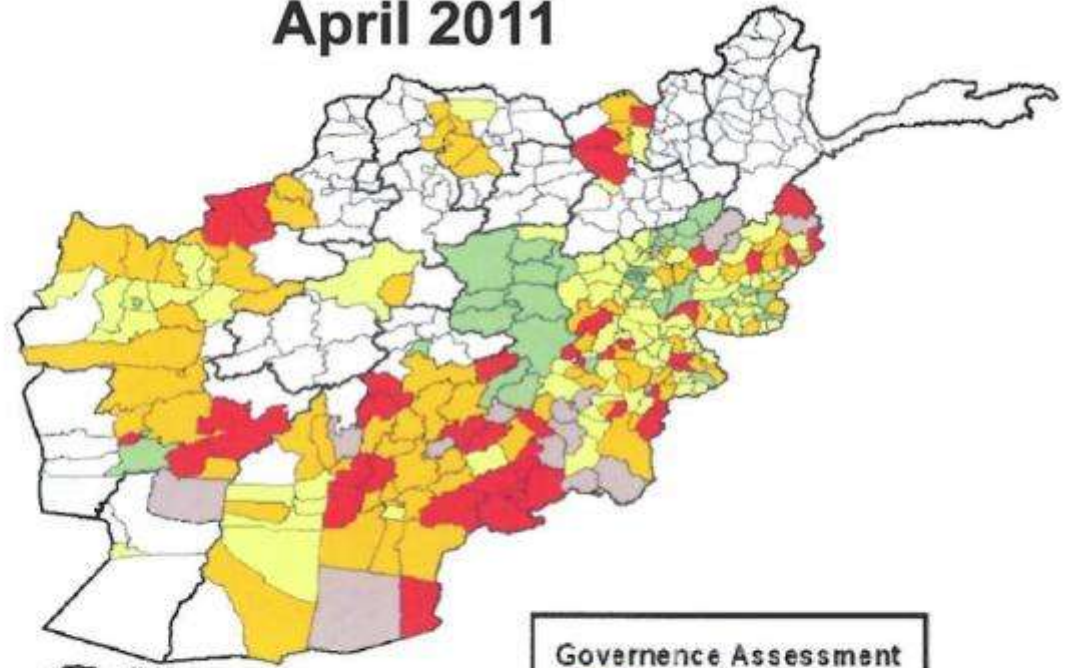
Source: MOF, WB calculations

Improvements in District Governance

April 2010



April 2011

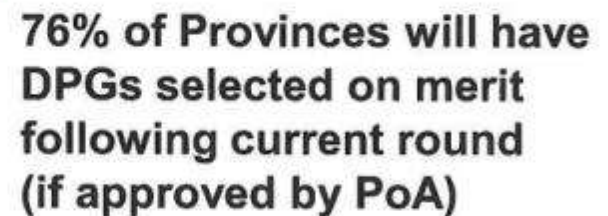


Governance Assessment

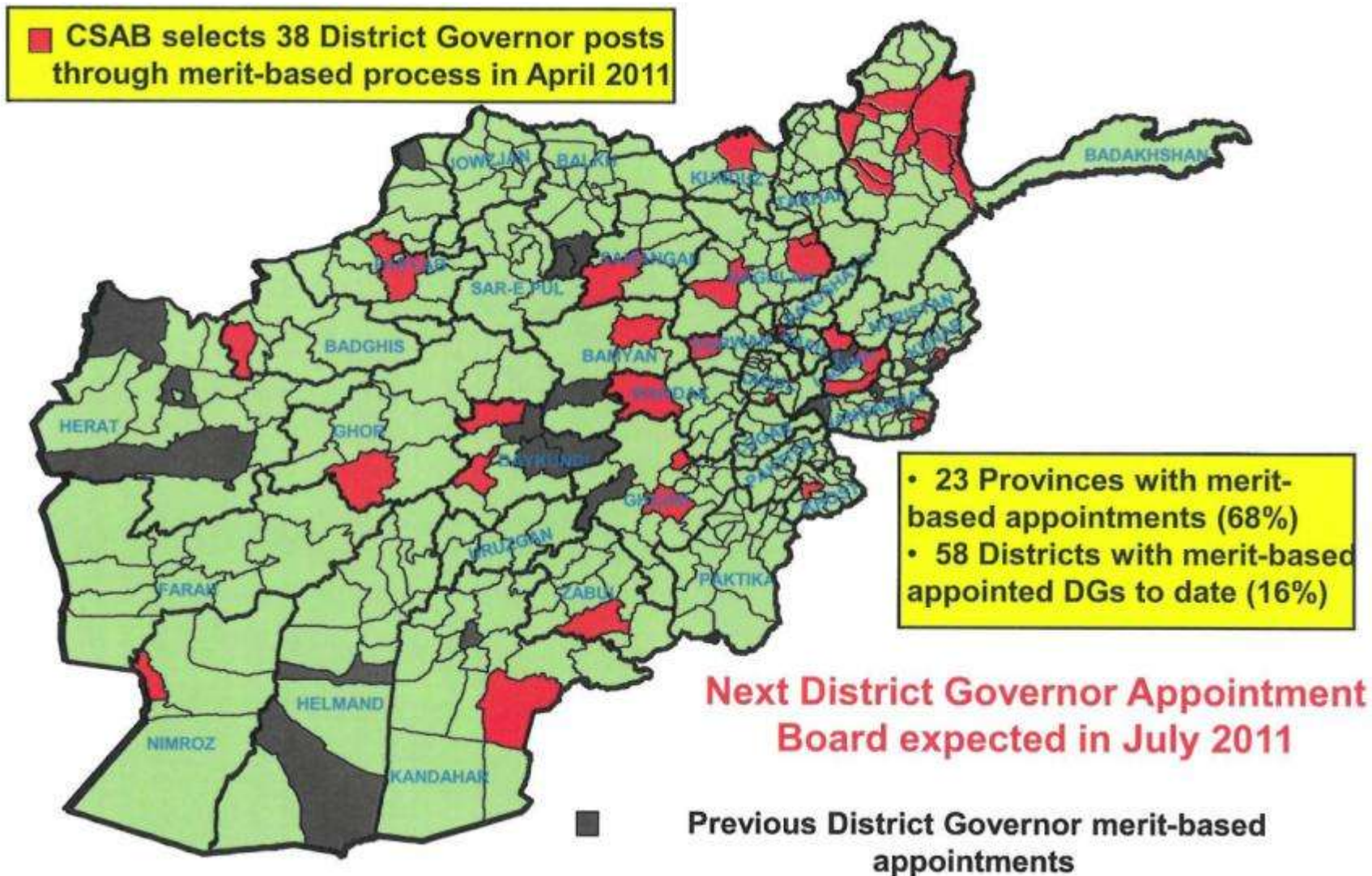
- Full Authority
- Emerging
- Unproductive
- Dystfunctional
- Non-existent
- Not Assessed

Source: ISAF Joint Command District Trend Tracker, Governance

NATO/ISAF UNCLASSIFIED



District Governor Appointments

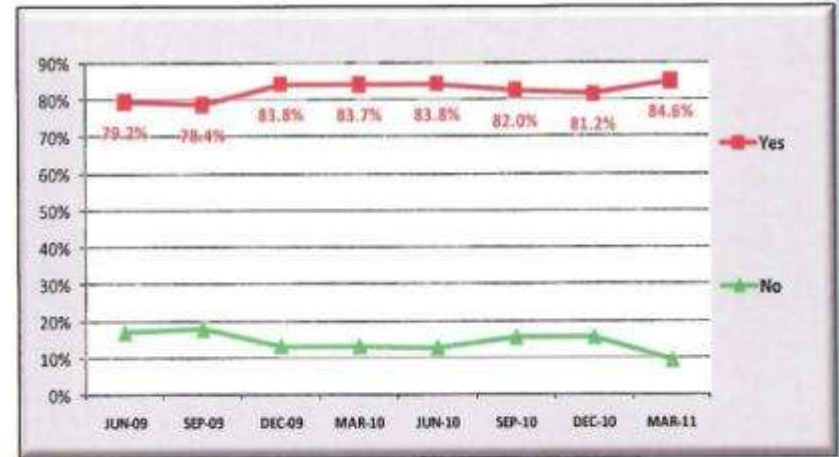
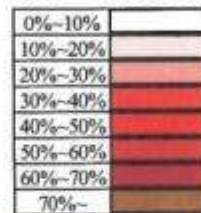


Keeping Corruption in Perspective

Do you believe that corruption in the Government affects your daily life?



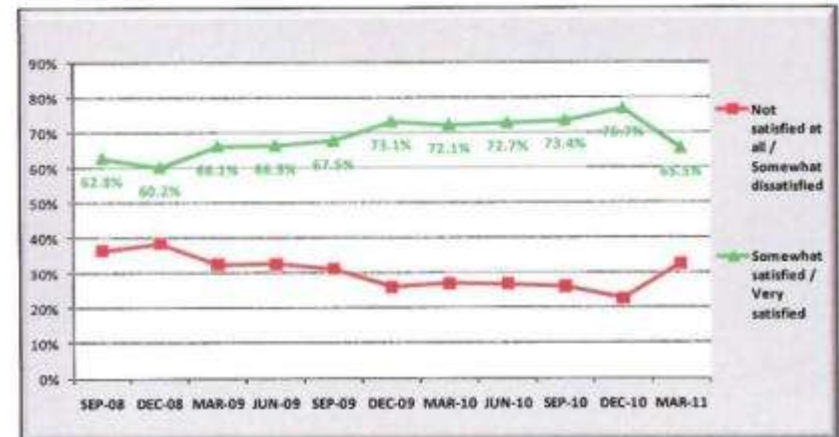
"Yes" – Mar 2011



How satisfied are you with your current quality of your life?

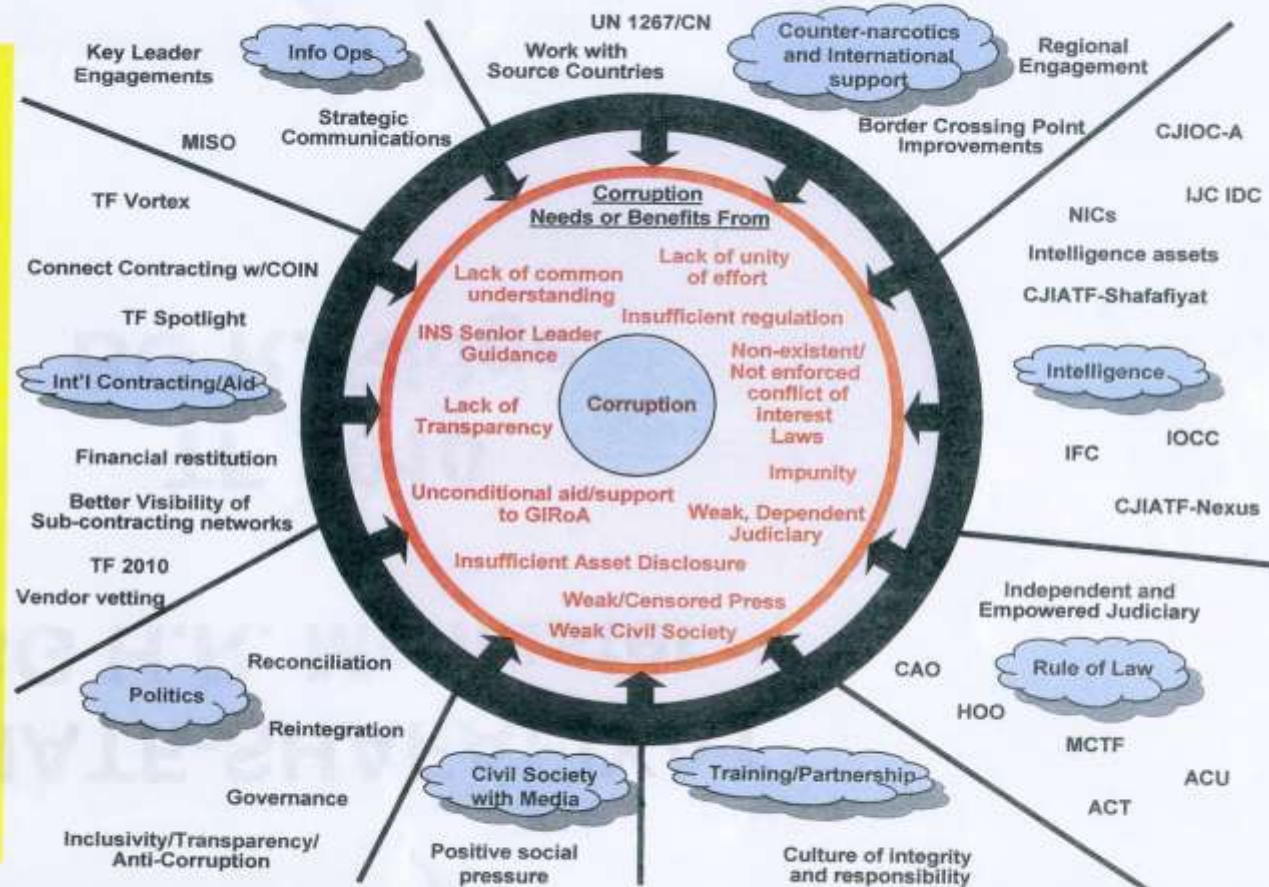


"Somewhat/Very Satisfied" – Mar 2011



Spring 2011: A New ISAF & Aid Approach to Fighting Corruption

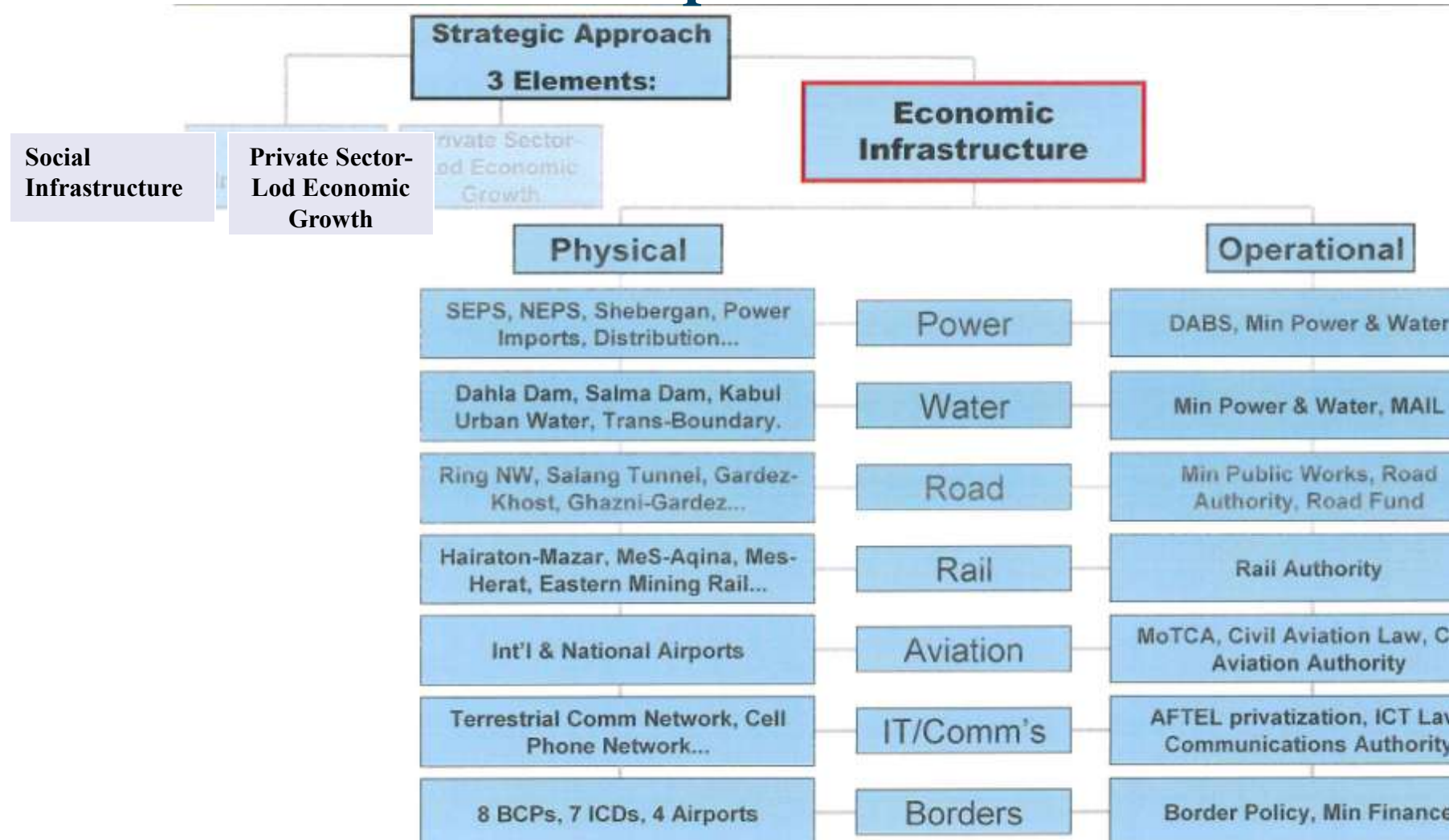
- Improve intelligence and understanding of the problem
- Influence positive and negative actors
- Integrate law enforcement and military efforts
- Internationalize counternarcotics and anti-corruption efforts
- Institutionalize reforms
- Implement COIN contracting



We must make sure that we do not stop at merely fighting symptoms of corruption; rather we must take decisive action against its root causes."

President Karzai, London Conference

2014 and Beyond: Enabling Socio-Economic Development



“Hold, Build, and Transition”

The Uncertain “Surge” in the Field

Provinces with PRT Bases



Note: Map depicts PRT base locations; some PRTs manage projects for more than one province.

a. Balkh PRT also supports Jowzjan, Sar-e Pul, and Samangan provinces.

Sources: DoS, response to SIGAR data call, 1/8/2010; NATO, "PRTs," 4/29/2009; USAID, "Paktya," accessed online 1/13/2010.

Provincial Reconstruction Teams

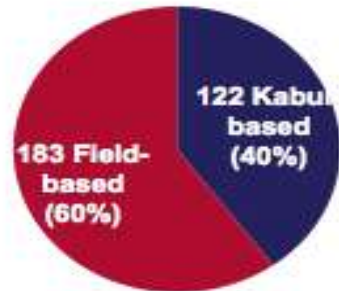
Location (City)		Province/Command
U.S.-Lead (all under ISAF banner)		
1. Gardez		Paktia Province (RC-East, E)
2. Ghazni		Ghazni (RC-E). with Poland.
3. Jalalabad		Nangarhar (RC-E)
4. Khost		Khost (RC-E)
5. Qalat		Zabol (RC-South, S). with Romania.
6. Asadabad		Kunar (RC-E)
7. Sharana		Paktika (RC-E). with Poland.
8. Mehtarlam		Laghman (RC-E)
9. Jabal o-Saraj		Panjshir Province (RC-E), State Department lead
10. Qala Gush		Nuristan (RC-E)
11. Farah		Farah (RC-SW)
Partner Lead (most under ISAF banner)		
PRT Location	Province	Lead Force/Other forces
12. Qandahar	Qandahar (RC-S)	Canada (seat of RC-S)
13. Lashkar Gah	Helmand (RC-S)	Britain. with Denmark and Estonia
14. Tarin Kowt	Uruzgan (RC-S)	Australia (and U.S.) (Replaced Netherlands in August 2010)
15. Herat	Herat (RC-W)	Italy (seat of RC-W)
16. Qalah-ye Now	Badghis (RC-W)	Spain
17. Mazar-e-Sharif	Balkh (RC-N)	Sweden
18. Konduz	Konduz (RC-N)	Germany (seat of RC-N)
29. Faizabad	Badakhshan (RC-N)	Germany. with Denmark, Czech Rep.
20. Meymaneh	Faryab (RC-N)	Norway. with Sweden.
21. Chaghcharan	Ghowr (RC-W)	Lithuania. with Denmark, U.S., Iceland
22. Pol-e-Khomri	Baghlan (RC-N)	Hungary
23. Bamiyan	Bamiyan (RC-E)	New Zealand (not NATO/ISAF).
24. Maidan Shahr	Wardak (RC-C)	Turkey
25. Pul-i-Alam	Lowgar (RC-E)	Czech Republic
26. Shebergan	Jowzjan (RC-N)	Turkey
27. Charikar	Parwan (RC-E)	South Korea (Bagram, in Parwan Province, is the base of RC-E)

Note: RC = Regional Command.

Sources: Kenneth Katzman, Afghanistan: Post-Taliban Governance, Security, and U.S. Policy, CRS RTL30588, March 24, 2011,

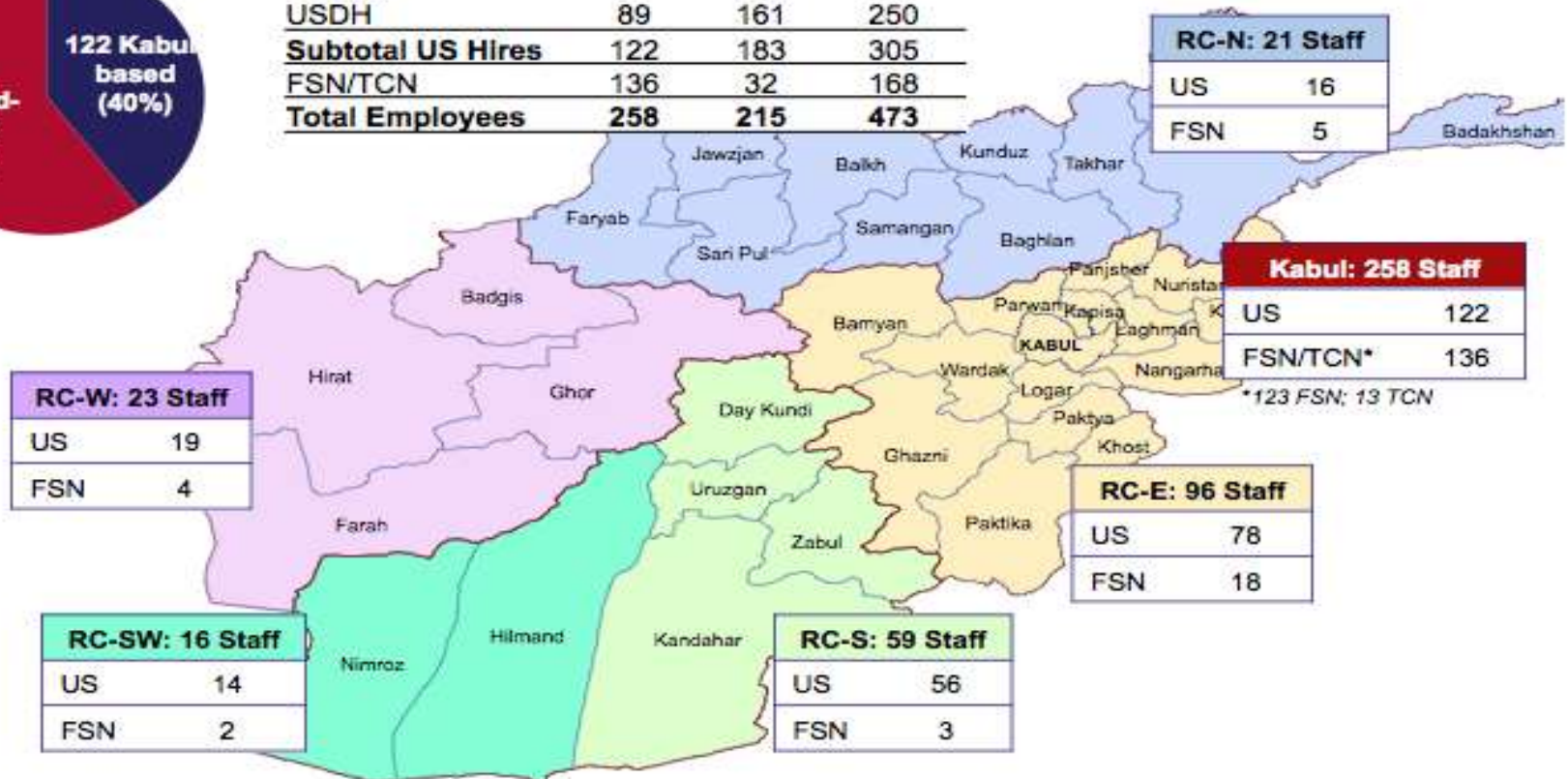
The USAID “Surge”

Location of USAID Direct Hire Employees



Afghanistan Staffing by Type & Location

Employees	Kabul	Field	TOTAL
FELLOW	1	-	1
PASA	3	-	3
USPSC	29	22	51
USDH	89	161	250
Subtotal US Hires	122	183	305
FSN/TCN	136	32	168
Total Employees	258	215	473



Weakness of Civilian Surge

Senate Foreign Relations Committee Assessment (June 2011)

Obama Administration FY2012 request included \$3.2 billion in aid – represents 22% reduction from FY2010 (\$4.2bn)

Civilian surge

-State and USAID “dramatically increased the number of civilians on the ground” from 531 in January 2009 to 1,300 today (920 in Kabul, 380 in the field) – number will peak at 1,450 by 2014

-Emergency protection details (EPDs) for civilians are expensive - \$8mn annually for an Ambassador in Kabul

Local causes for insecurity, not always underdevelopment or poverty

-In Helmand, primary concern is lack of security and poor governance, deterring population from cooperating with government, allowing Taliban to exploit grievances of the politically marginalized

- World Bank estimates poverty in Helmand at less than 30 percent compared to higher levels in peaceful north (Bamyan 42%, Ghor 58%, Balkh 58+%)

Without security and governance, development aid can be counterproductive

“The United States spent more than \$100 million repairing and upgrading the Kajaki hydropower plant to provide electricity to Helmand and Kandahar provinces, but last year half of its electricity went into areas where the insurgents control the electric grid, enabling the Taliban to issue electric bills to consumers and send out collection agents with medieval instruments of torture to ensure prompt payment. The consumers in these places use the power for the irrigation of fields that grow poppies, which in turn fuel the opium trade from which the Taliban derive much of their funding.”

Past Over-Reliance on Contractors

Senate Foreign Relations Committee Assessment (June 2011)

Heavy reliance on a few contractors; Between FY2007-2009: USAID obligated \$3.8 billion to 283 contractors and entities; \$1bn to just two – Louis Berger International and Development Alternatives Inc; \$625 million (17 percent) for just 17 grants

- **Separately State Department’s Bureau of International Narcotics and Law Enforcement (INL) obligated \$2.3 billion to four contractors; DynCorp International accounted for over 80 percent**

Reasons for concern including risk of contractor fraud – Louis Berger admitted to submitting “false, fictitious, and fraudulent overhead rates for indirect costs... [resulting] in over-payments by the [US] government in excess of \$10 million” from 1999-2007

GAO finds “oversight inadequate at times, thus raising questions about the agencies’ ability to ensure accountability for multibillion dollar investments”

- **SIGAR warns “the large US investment in Afghanistan remains at significant risk of being wasted or subjected to fraud and abuse”**

Lack of qualified contracting officers. USAID has 85 contracting officers with 3+ years experience, currently 10 in Afghanistan with plans to scale up to 18 (improvement from 3 in 2007) but still inadequate for task. In fact adequate ratio would probably require entire USAID overseas workforce for just Afghanistan

Past Lack of Fiscal Responsibility & Oversight

Senate Foreign Relations Committee Assessment (June 2011)

Reasons for concern including risk of contractor fraud – Louis Berger admitted to submitting “false, fictitious, and fraudulent overhead rates for indirect costs... [resulting] in over-payments by the [US] government in excess of \$10 million” from 1999-2007

- **GAO finds “oversight inadequate at times**, thus raising questions about the agencies’ ability to ensure accountability for multibillion dollar investments”
- **SIGAR warns** “the large US investment in Afghanistan remains at significant risk of being wasted or subjected to fraud and abuse”
- **Lack of qualified contracting officers.** USAID has 85 contracting officers with 3+ years experience, currently 10 in Afghanistan with plans to scale up to 18 (improvement from 3 in 2007) but still inadequate for task. In fact adequate ratio would probably require entire USAID overseas workforce for just Afghanistan
- **Lack of adequate controls have resulted in massive fraud** – In 2010 massive fraud uncovered at Kabul Bank (loans amounted to 5% of Afghan GDP). USAID had only one qualified officer overseeing \$92 million contract with Deloitte to provide technical assistance to the bank. USAID later concluded Deloitte should have known of serious problems and alerted USAID in Kabul
- **Former USAID Kabul Mission Director:**

“Because of the ill planned downsizing of USAID’s technical staff over the past years and the difficulty in finding senior technical Foreign Service officers to serve in Afghanistan, the management of the Kabul Bank Deloitte contract was relegated to a junior officer. While he worked to the best of his ability, this important project demanded strong technical oversight and similar programs of this level of strategic importance will demand senior management expertise and a different system with USAID to ensure the availability of senior technical staff.”
- **Similarly, INL** has just one contracting officer overseeing almost \$800 million over 5 CivPol task orders.

Oversight and Technical Advisor Issues

Senate Foreign Relations Committee Assessment (June 2011)

Most of USAID “on-budget aid” (\$2.08bn) provided through ARTF (Afghanistan Reconstruction Trust Fund) or through Afghan Ministries (\$307 million)

- Jurisdictional issues complicate independent monitoring**
- World Bank has capacity issues – constrained by 100 in-country personnel**
- Afghan Ministries have “significant vulnerabilities” that can facilitate fraud and waste**
- Some conditionality now attached – FY2010 Supplemental Appropriations Act required certification of improved efforts to fight corruption and better governance better Economic Support and INCLE funds could be disbursed**

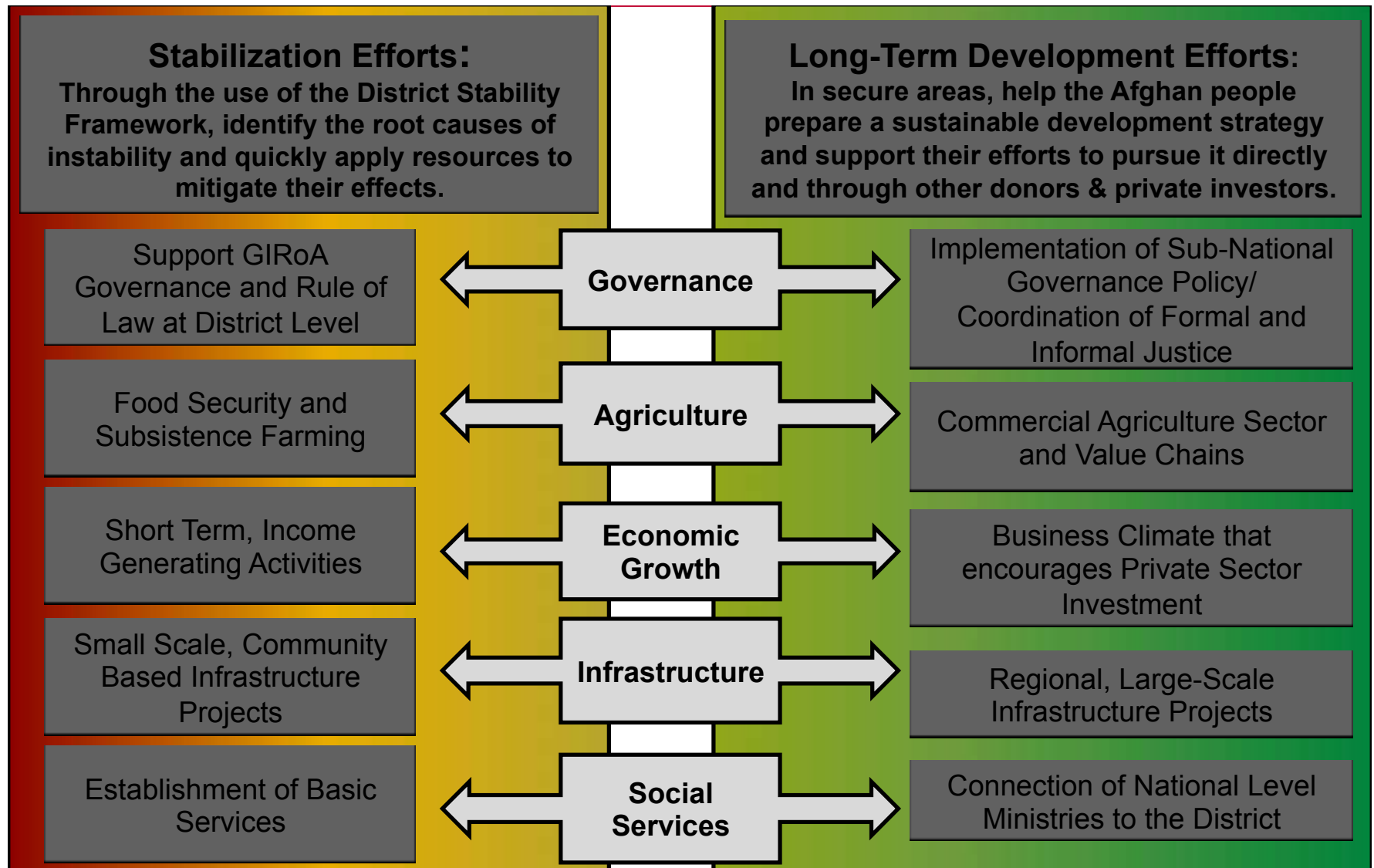
Capacity Building Using Technical Advisors

- Inflated salaries for technical advisors draw away talent from civil sector, including doctors and teachers**
- Last fiscal year budget for vocational and higher education was \$35 million compared to State/USAID capacity-building spending of \$1.25 billion (large portion to technical advisors)**
- Each advisor costs between \$500,000 to \$1 million**
- Drivers, assistants, translators for aid projects earn upward of \$1,000 a month compared to \$50-100 for teachers, health workers and administrative staff**
- Various problems including unaccountability, imposing their own vision, using high-tech unsustainable methods, loyalty to Afghan Ministry instead of US government**
- Over-reliance on advisors and minimal oversight**
- Standardizing salaries essential step to creating parity, stimulating civil-sector development efforts**

“Hold, Build, and Transition”

**Many Existing Priorities Are Decoupled
from Resources and Transition and Real
World Transition Plans Are Critical**

Stabilization vs. Development



USAID View of Key Challenges

- **Foundational Investments:** Agree with GIRoA on immediate possibilities for foundational investments that can induce sustainable, long run growth.
- **Resources:** Align USAID and GIRoA resource expectations based on realistic and sustainable planning parameters.
- **Absorptive Capacity:** Increase on-budget assistance while building the capacity of GIRoA to manage resources.
- **Transition:** Ensure sufficient resources for transition period to Afghan leadership and from stabilization to development program.
- **Corruption:** Protect USG resources in areas of high risk for corruption.
- **Civilian-Military Coordination:** Leverage resources for key infrastructure and stability projects.
- **Staffing:** Increase and maintain staffing levels.
- **Project Oversight:** Provide project oversight in insecure areas.
- **Partner Security:** Keep our partners safe under the parameters of the PSC decree.

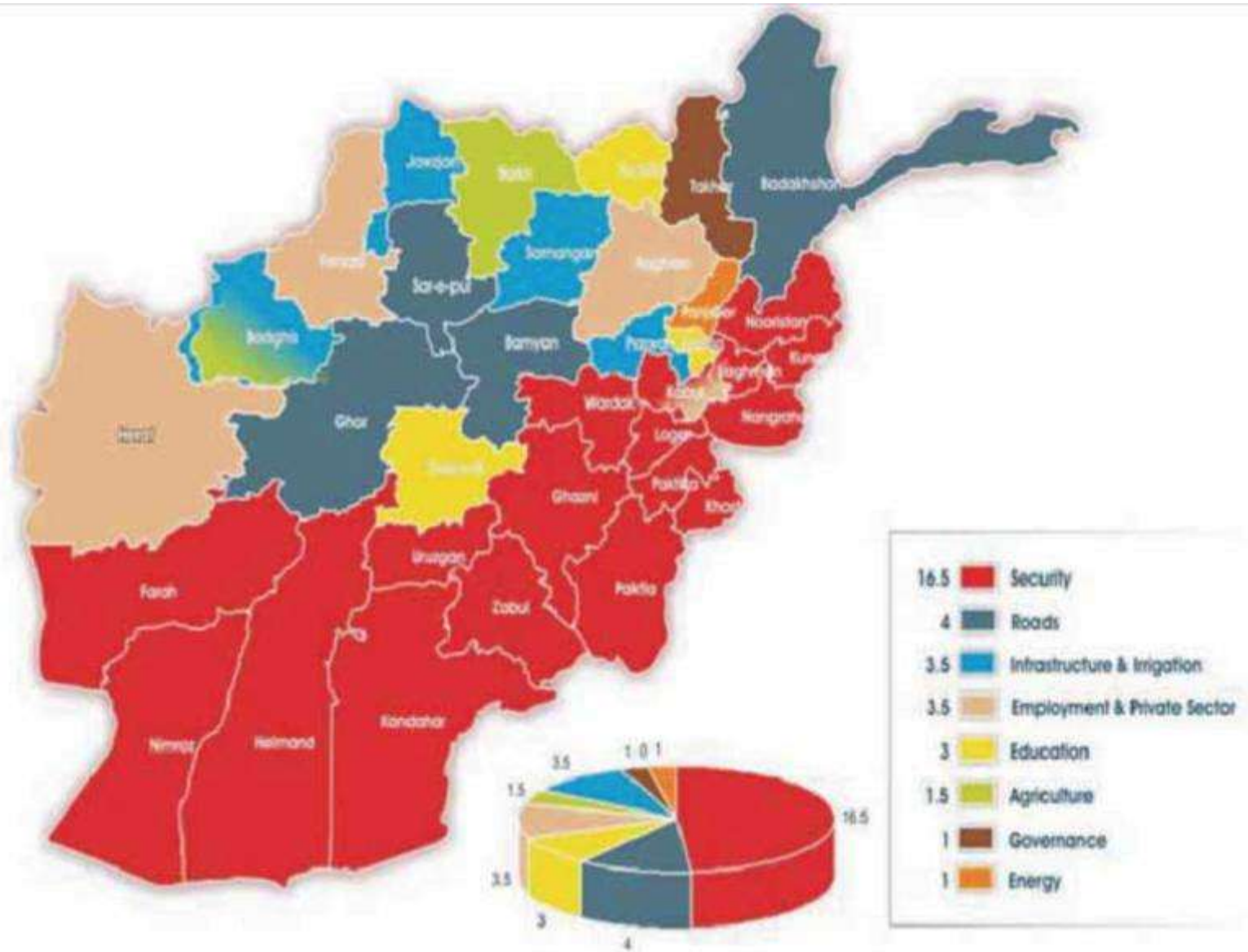
Prioritizing Assistance Among Competing Resource Demands: Road to Transition

- Identify **minimum development conditions** that should be in place by 2015 to ensure that Afghanistan can successfully continue along its chosen development path
- Align **USG and GIRoA resource expectations** based on realistic planning parameters
- Focus security, governance, and development interventions so as to **increase the legitimacy of GIRoA** in the eyes of Afghans
- Agree with GIRoA on near-term opportunities for **foundational investments** that can induce sustainable, long-term growth
- Address **policy trade-offs** to deal with competing demands for resources

Priority areas for sustainable and durable development in Afghanistan:

- **Legitimate, effective governance** through inclusive, representative bodies; effective resolution of conflicts; and reduction of impunity.
- **Robust economic growth** that will generate food security, jobs and trade opportunities driven by development of the agriculture sector.
- **Strong Afghan leadership** through capacity development at national and local levels and USG commitment to accountable on-budget assistance.

UN Estimate of Priorities



The Role of the World Food Program in Afghanistan

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.

In 2008, Afghanistan was hit by both drought and globally high food prices, which saw the price of wheat and wheat products increase dramatically across the country. Despite prices beginning to fall in 2009, they remain higher than normal.

Insecurity is a major and growing concern. Insurgent activity and military operations have affected food security in some regions, undermined reconstruction efforts and restricted humanitarian interventions. Environmental degradation is also a severe problem. War, uncontrolled grazing, pastureland encroachment, illegal logging and the loss of forest and grass cover have worsened drought conditions and reduced agricultural productivity.

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.

WFP has been working continuously in Afghanistan since 1963, and is active in all 34 provinces. In recent years, WFP's focus has shifted from emergency assistance to rehabilitation and recovery. WFP fed about 9 million people in 2009, primarily in remote, food-insecure rural areas. WFP's food assistance targets poor and vulnerable families, schoolchildren, teachers, illiterate people, tuberculosis patients and their families, returning refugees, internally displaced persons and disabled people – with an emphasis on vulnerable women and girls.

In 2009, WFP assisted more than 4.4 million people through **Food-for-Work** programmes, which provide food to vulnerable Afghans as they build or repair community assets, including roads, bridges, reservoirs and irrigation systems. These projects are agreed upon in consultation with the government and local communities.

In 2009, WFP [relief operations](#) supported over 1.4 million people affected by natural and man-made disasters. Food reached people affected by drought and floods, as well as returning refugees and people displaced by conflict.

A separate appeal spanning August 2008 to July 2009 was aimed at assisting another 5 million Afghans most severely affected by the dramatic increase in staple food prices and drought.

Under a pilot **Purchase for Progress (P4P)** programme, WFP hopes [to buy wheat directly from small-scale farmers](#) for distribution elsewhere in the country, strengthening Afghan grain markets and small-scale producers' access to them. Through P4P, WFP is also exploring the local purchase of specialized nutritional products, including fortified biscuits.

Under a separate WFP pilot project being launched in Kabul in 2009, beneficiaries receive **vouchers** instead of food rations, allowing them to buy their choice of food from participating retailers and avoiding distortion of functioning markets.

The **Green Afghanistan Initiative (GAIN)** is a joint UN programme aiming to improve Afghanistan's devastated environment. Administered by WFP, the three-year project helps widows and other vulnerable groups build a sustainable livelihood by starting their own nurseries. It also increases natural vegetation and forest cover, trains local officials in environmental protection, and boosts environmental awareness through education.

The [United Nations Humanitarian Air Service \(UNHAS\)](#) provides safe and efficient air transport and cargo services for the humanitarian community around Afghanistan and to neighbouring countries. In 2009, UNHAS carried more than 37,424 passengers and 722 metric tons of light cargo.

Development: Continuing Challenges

- Far too much aid still goes to showpiece projects.
- Fiscal controls and accountability still weak. Many corrupt contractors, Afghan power brokers.
- Aid, coupled to lack of adequate accountability and control of all other US and ISAF forms of contracting, still has a near crippling impact in increasing Afghan corruption.
- Still fail to properly validate requirements for many efforts, poor overall prioritization, and much of aid still goes to mid-to-long term projects and efforts of limited priority and practical value.
- Still often fail to provide basic accountability and transparency. Corruption, waste are still critical issues.
- Still often fail to provide credible and meaningful measures of effectiveness.
- Shortage of both experienced and effective aid workers and Afghan government personnel.
- Lack of coordination between donor countries and NGOs.
- Activity often responds to priorities of donor or capitals and not Afghan needs or wartime priorities: National branding.
- Many aid and advisory personnel still lack experience, and rotate in assignments too short to allow them to be fully effective.
- Deteriorating security in many areas sharply reduces ability to operate outside secure areas.
- Efforts at integrated civil-military plans are still largely a facade on the civil side.
- Anti-corruption efforts largely cosmetic and without any broad effect. Afghan power brokers dominate much of activity.
- Hollow “spin” about near to mid term prospects for “new Silk Road” and mining wealth.

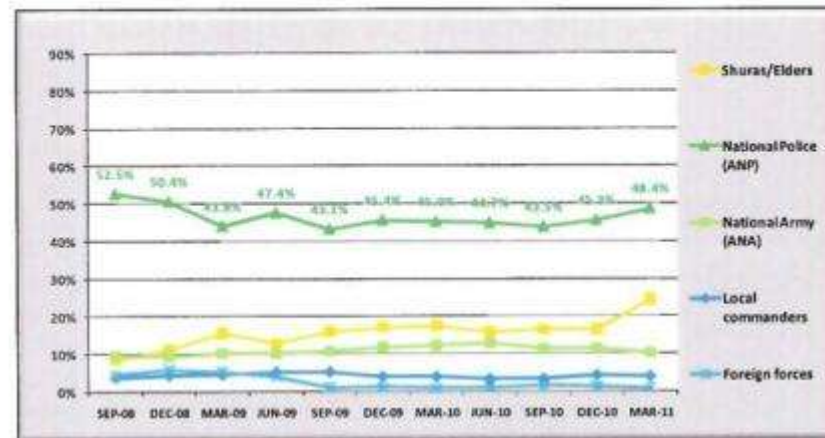
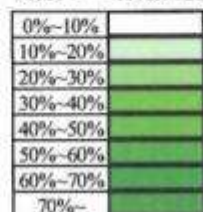
The Uncertain Status of the ANSF

Success with ANSF is Critical to Governance

Who most brings security to your area?



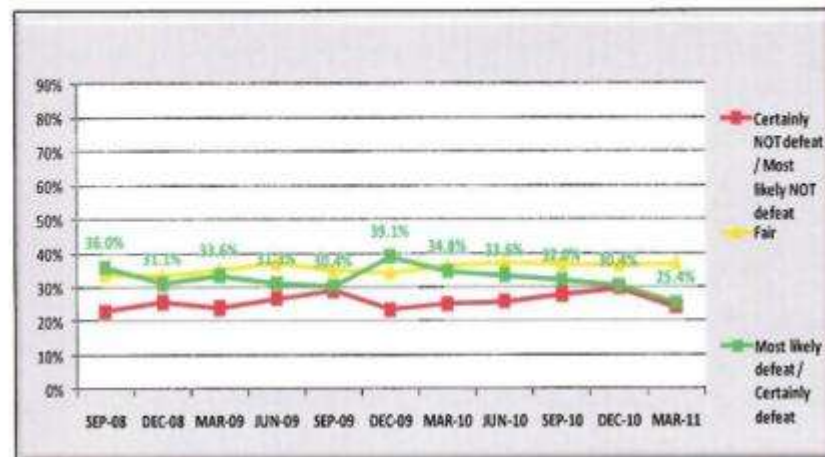
"ANP" – Mar 2011



Do you think the ANA will be able to defeat the insurgents in the next few years?



"Most likely/certainly defeat" – Mar 2011

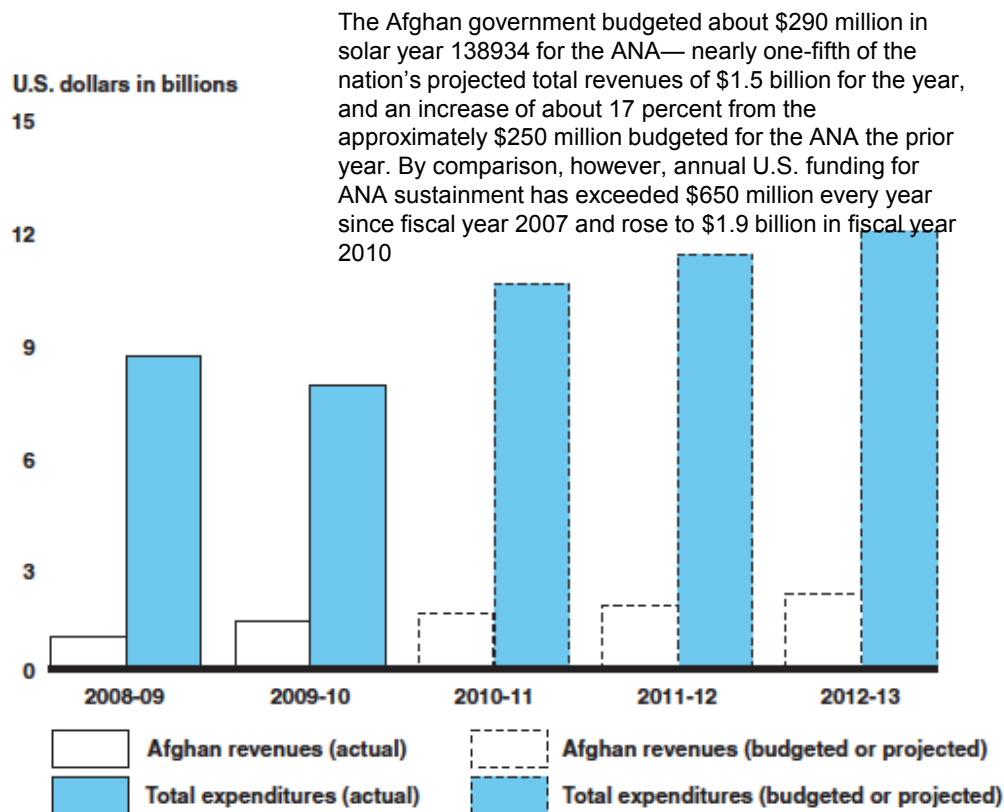


Building ANSF Operational Effectiveness to and beyond 2014:

Mission: Increase ANSF operational effectiveness through partnering and mentoring to enable ANSF to assume and sustain responsibility for population security with less coalition assistance

<ul style="list-style-type: none"> - Enable ANSF to take the lead - Develop Leadership - Reduce partnering ratios over time - Support Command and Control - Provide access to <ul style="list-style-type: none"> - Intelligence, Surveillance, Reconnaissance - Joint Effects - Logistics and MEDEVAC - Provide tactical QRF 	Change from Partnering to Advising	
	Continue to Develop Leadership	
	Tailor advising to capacity	
	Provide access to :	Provide access to :
	-ISR	- ISR
	-Joint Effects	- Selected Joint Effects
	-In extremis MEDEVAC	
	Provincial QRF	Regional QRF
Effective with Assistance	Effective with Advisors	Independent

Afghan Inability to Fund the ANSF and Other Costs



Sources: GAO analysis of Afghan Ministry of Finance and Afghan National Development Strategy data.

Note: Revenues and expenditures shown for 2008-09 and 2009-10 are actual figures. Data shown for 2010-11 are budget figures, and data shown for 2011-12 and 2012-13 are projections.

DOD officials stated that they had not reviewed NTM-A/CSTC-A's analysis and did not consider the resulting estimates to be official DOD figures on future sustainment costs. However, these officials said that they were unaware of any analysis DOD had conducted of how much ANA sustainment will cost. Similarly, while NATO documentation states that the amount of funding needed to sustain 171,600 ANA personnel is under analysis, an official at the U.S. Mission to NATO confirmed that no such analysis had been completed as of August 2010. To date, the United States has been the major contributor of sustainment funds for the ANA, with more than \$5 billion allocated since 2005. Officials at NTM-A/CSTC-A asserted that regardless of how much ANA sustainment costs, the total each year will be considerably less than the cost of maintaining a large U.S. and coalition troop presence in Afghanistan.

DOD budget documentation indicates that, beyond the \$7.5 billion requested in fiscal year 2011, no additional funding is needed to support the ANA's growth to 171,600.

According to NTM-A/CSTC-A, once the ANA reaches its current end goal, which has an October 2011 target date, the focus of funding efforts will turn to sustainment activities, such as salary payments and equipment replacement. However, as of August 2010, neither DOD nor NATO had completed an analysis of how much future funding will be needed to sustain the ANA. Prior GAO work has also found that DOD has not adequately analyzed future funding needed to sustain the ANSF.³¹ Furthermore, although DOD has produced a series of congressionally mandated reports since 2008 on the U.S. plan for sustaining the ANSF, these documents have not included estimates of the ANA's future sustainment costs. While NTM-A/CSTC-A provided us with estimates indicating that sustainment of 171,600 ANA forces would cost between \$4.2 billion and \$4.5 billion annually from fiscal years 2012 through 2014.

Affordable or Unaffordable ANSF?

PROJECTED ANSF EXPENDITURES, 2008/09–2023/24				
	2008/09 ^a	2013/14	2018/19	2023/24
Expenditures by Security Force (\$ BILLIONS)				
ANA ^b	\$3.2	\$3.8	\$5.0	\$6.5
ANP ^c	\$1.5	\$1.7	\$2.1	\$2.7
Total	\$4.7	\$5.5	\$7.1	\$9.2
Expenditures Relative to Revenues (PERCENT)				
ANSF Expenditures as a Share of Projected GIRoA Domestic Revenues	449%	270%	195%	154%

Notes: Numbers affected by rounding. Includes operating and investment expenditures.

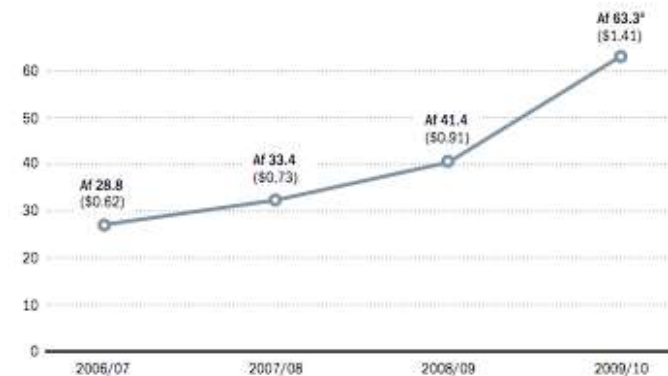
a. Estimated actual.

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.

ESTIMATED DOMESTIC REVENUE COLLECTION, 2006/07–2009/10 (AF BILLIONS, \$ BILLIONS)

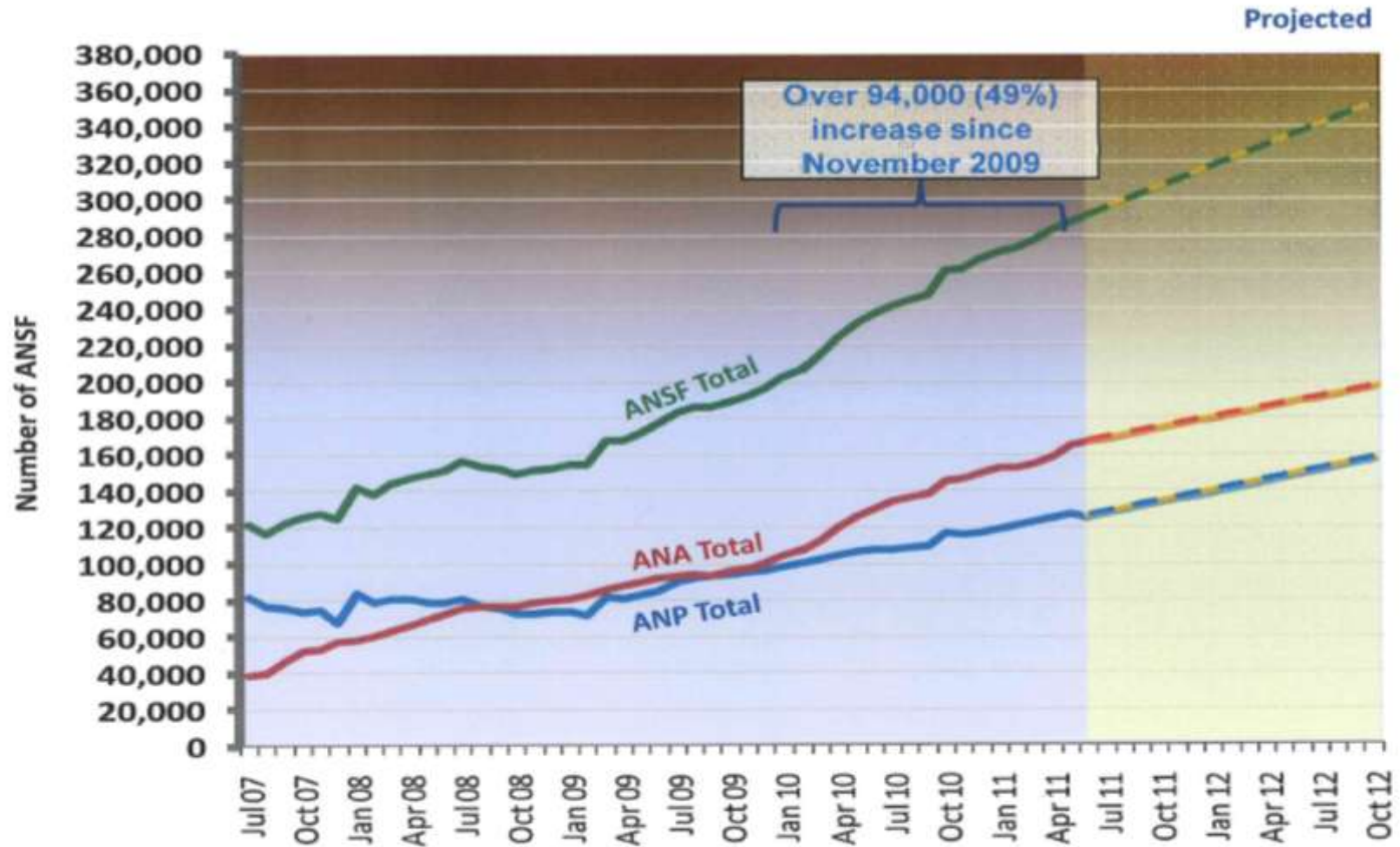


Notes: Figures are preliminary estimates. Af \$5 = \$1.

a. Projected figure, as of 4/10/2010.

Sources: Ministry of Finance; De Afghanistan Bank.

ANSF Growth

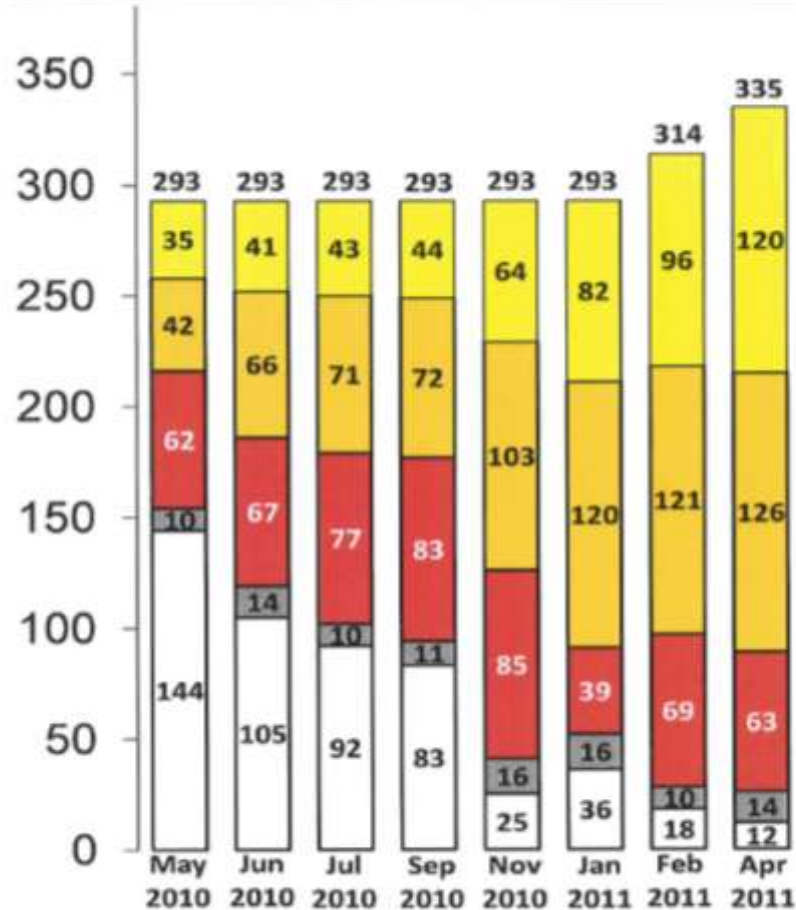


As of 7 May 2011

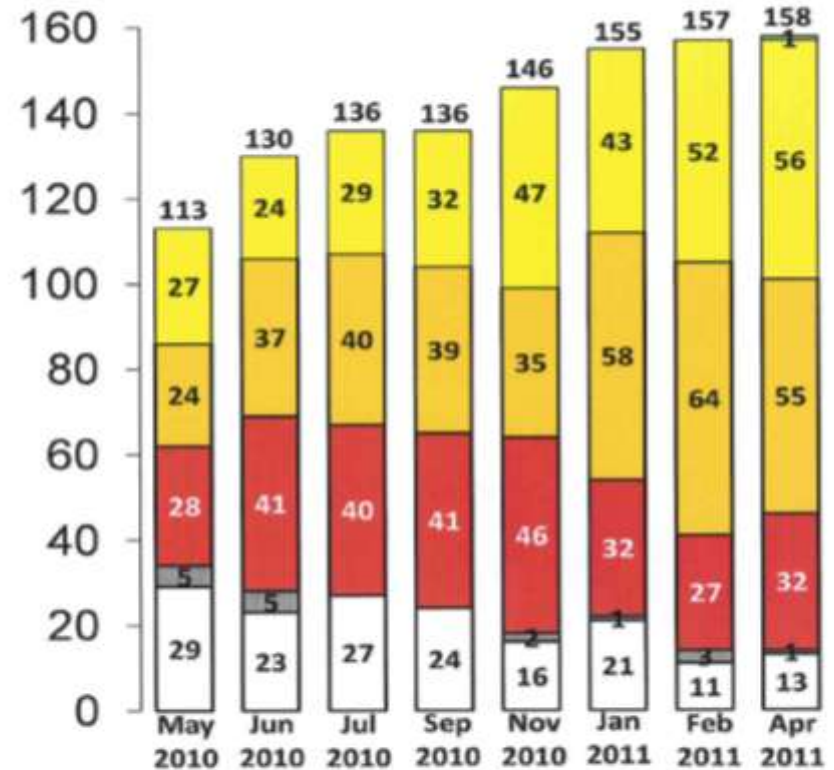
Source: US Experts

ANA Capability in the Field as of 4/2011

Afghan Uniformed Police: Districts and Precincts



Army Kandaks Assessment



Commander's Unit Assessment Tool Ratings



As of 14 Apr 11

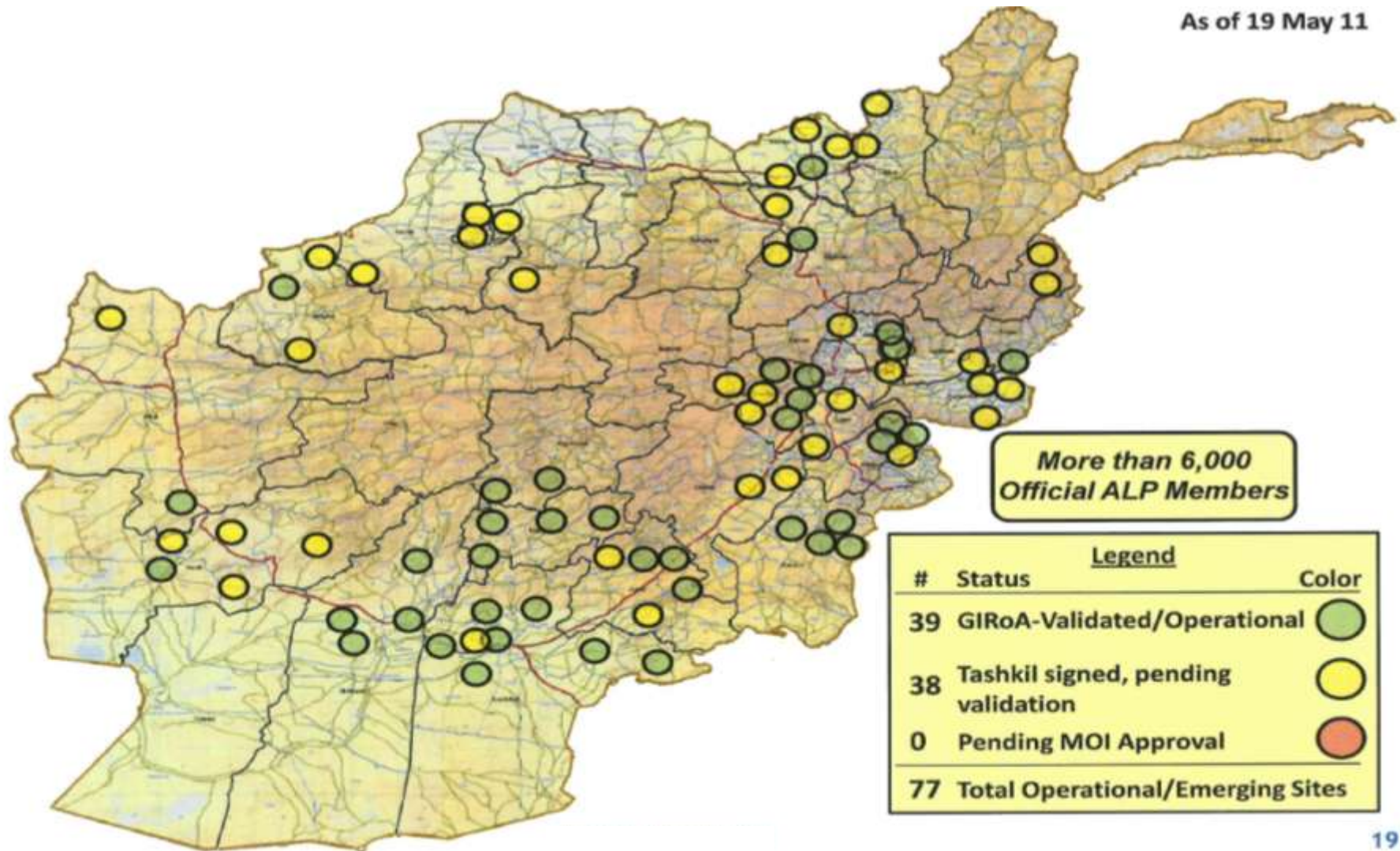
Next ANSF assessment available on 2 June 2011

UNCLASSIFIED

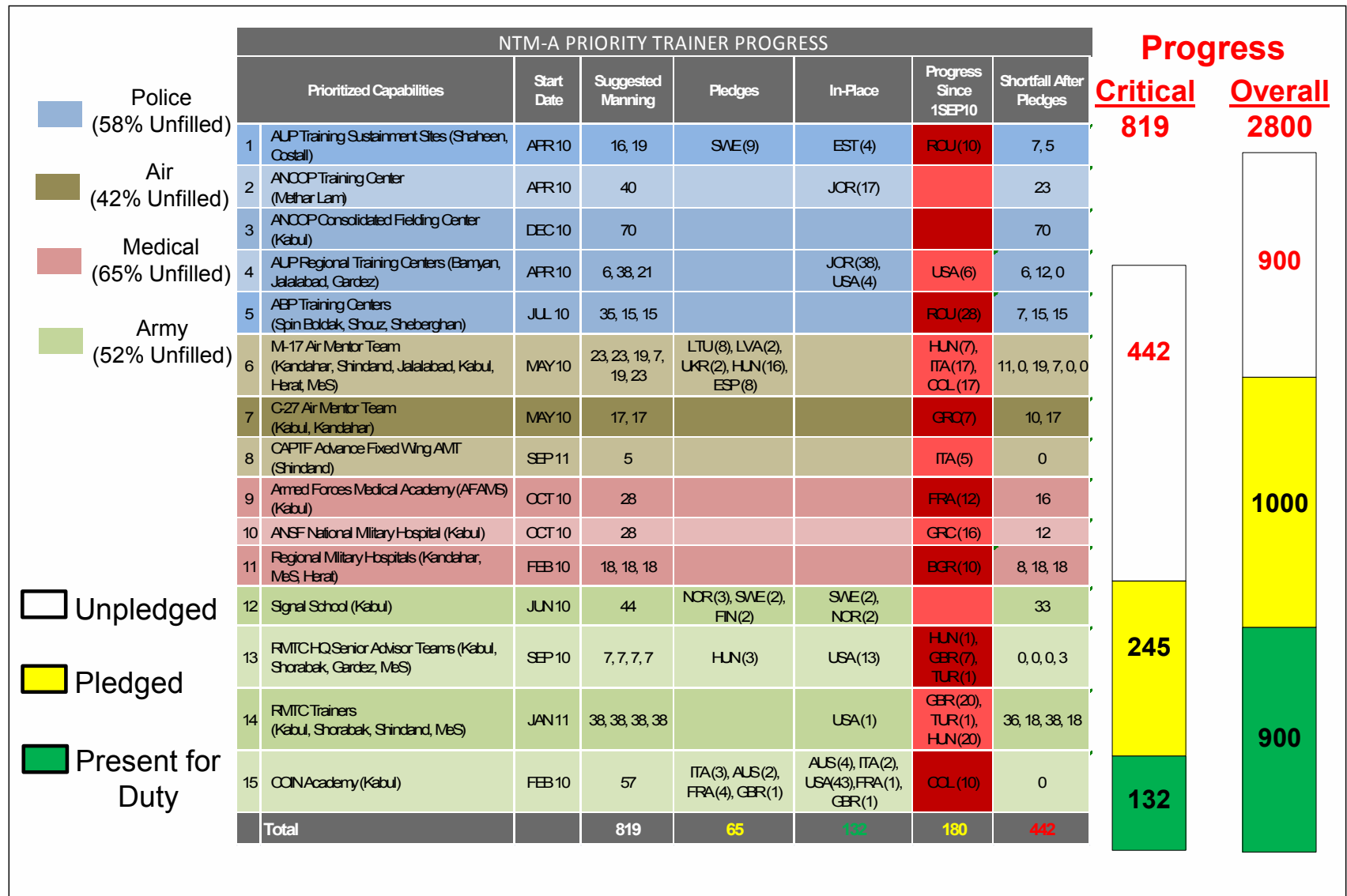
32

Afghan Local Police Status

As of 19 May 11



And, in Key Trainer Skills



Building “Afghan Right:”

Concepts for the Road to Transition in 2014

Transition Background

NATO and International events provide political guidance for Transition.

- London Conference, January 2010.
 - International Community announcement for a Transition framework by July 2011
- NATO Foreign Ministerial, April 2010.
 - Provided political/military guidance for Transition planning and timelines
- Kabul Conference, July 2010.
 - The IC endorsed the Joint Framework for Integral (Transition)
 - Phase 1 (Assessment) and Phase 2 (Implementation – four stages)
- Lisbon Summit, November 2010.
 - Heads of State and Government announced that Transition will commence in early 2011
 - Lisbon Decision Sheet taskings:
 - Joint Assessment Template, suspense: 30 NOV 10 (missed suspense)
 - PRT Evolution Guidelines, suspense: 31 DEC 10
 - Action plan and Implementation Plan Templates, suspense: 31 JAN 11
 - Joint Assessment Report for provincial readiness for Transition, suspense: 28 FEB 11
 - Ministerial Commission pre-transition action plans, suspense: 28 FEB 11

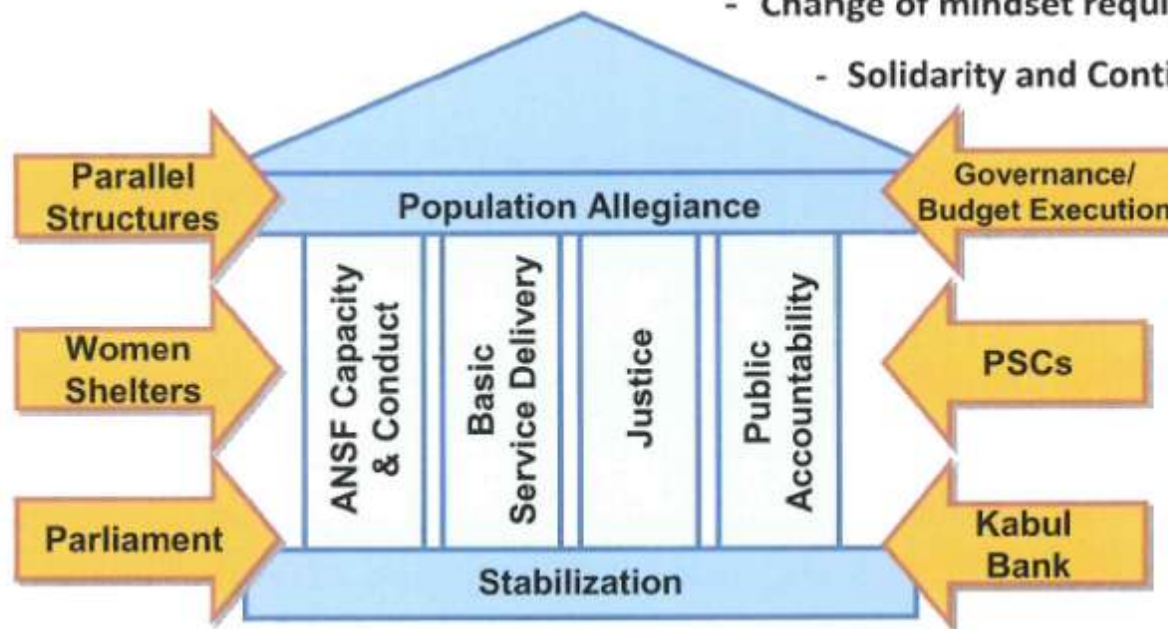
Lisbon Goal for Transition

LISBON SUMMIT DECLARATION

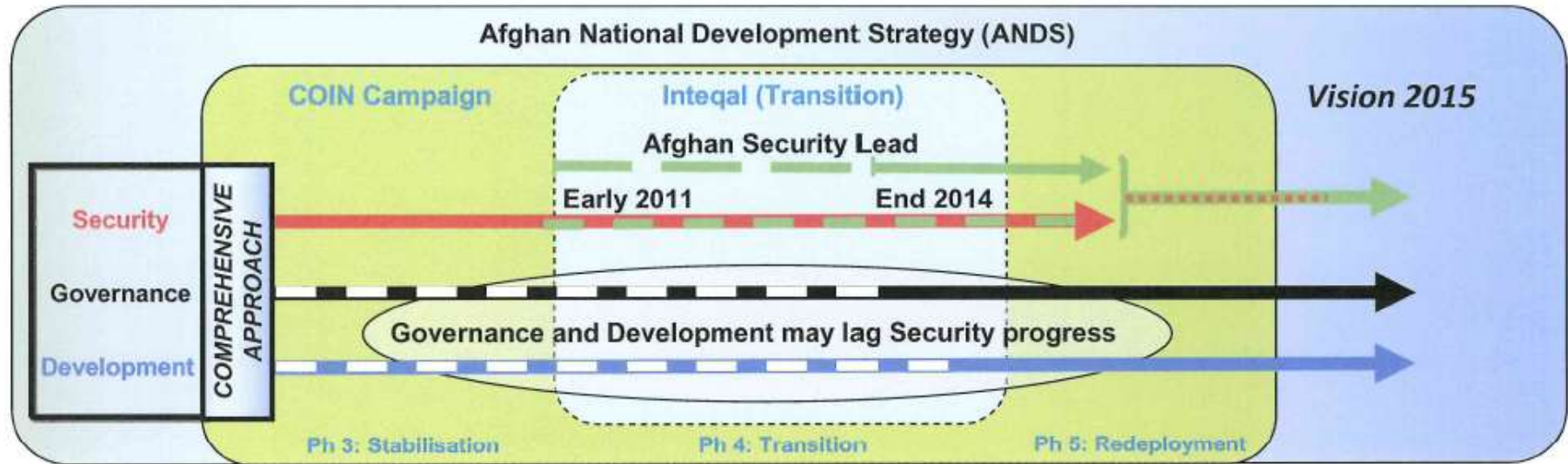


"...Looking to the end of 2014, Afghan forces will be assuming full responsibility for security across the whole of Afghanistan."

- Prepare ANSF to shoulder this responsibility
- Align stabilization efforts to provide adequate governance and development to sustain transition and make it irreversible
- Change of mindset required
- Solidarity and Continuity



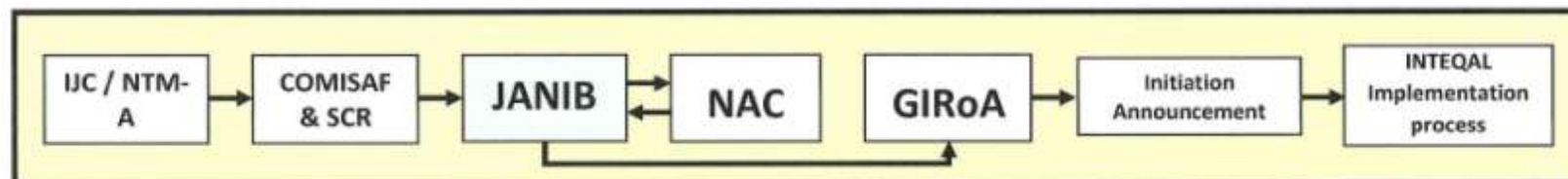
Inteqal: A Process Within the Campaign Plan



ISAF Transition Principles:

- Ensure a conditions-based process
- Conduct bottom up
- Start at district, progress to province
- “Thin out”
- Retain HQ
- “Reinvest” some of the transition dividend
- Transition institutions and functions, as well as geographic areas
- Ensure transitions will be irreversible

The JANIB Structure and Process



JANIB Members:

Dr. Ghani (chair); COMISAF/SCR (co-chairs): *consensus-based decision authority*

MoD, MoI, MoF, MoFA, MoJ, NDS, IDLG, Ambassadors (DEU, GBR, ITA, FRA, TUR, USA); UNSRSG (observer)

Secretariat — *has not Formed*

Secretariat performs an administrative role.

Not happening like this yet.

Assessment Working Group (AWG)

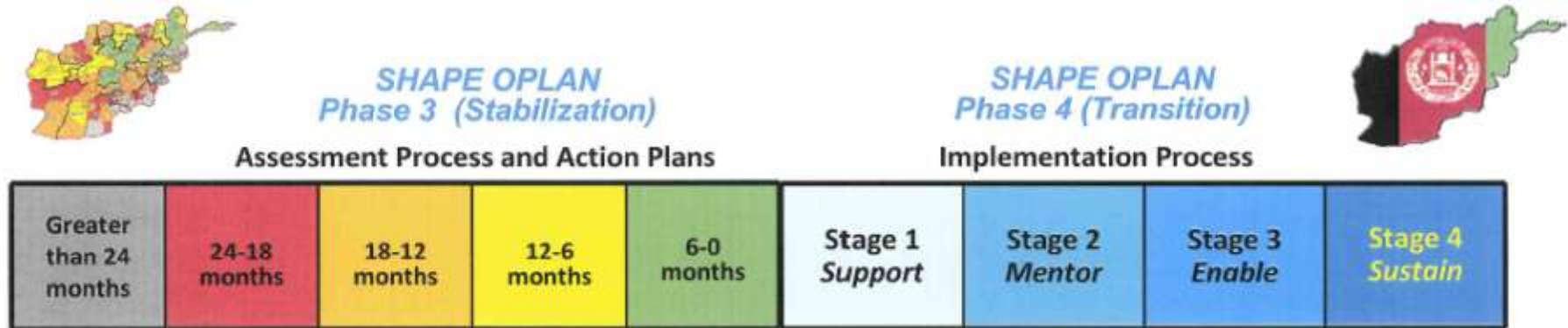
- Merges assessment data, consults stakeholders, and develops a unified provincial report.
- Submits the joint report to the JANIB through the Secretariat.
- Consists of core group and security, governance, and development sub-groups

Plans Working Group (PWG)

- Develops planning templates.
- Supports the Provincial governor and his Provincial PWG (PPWG), comprised of relevant provincial stakeholders, to draft province specific Action/Implementation plans.
- PPWG provides plans to IDLG for submission to the JANIB.

JANIB Deputies committee will be available to assist the Principals as required

Transition Process



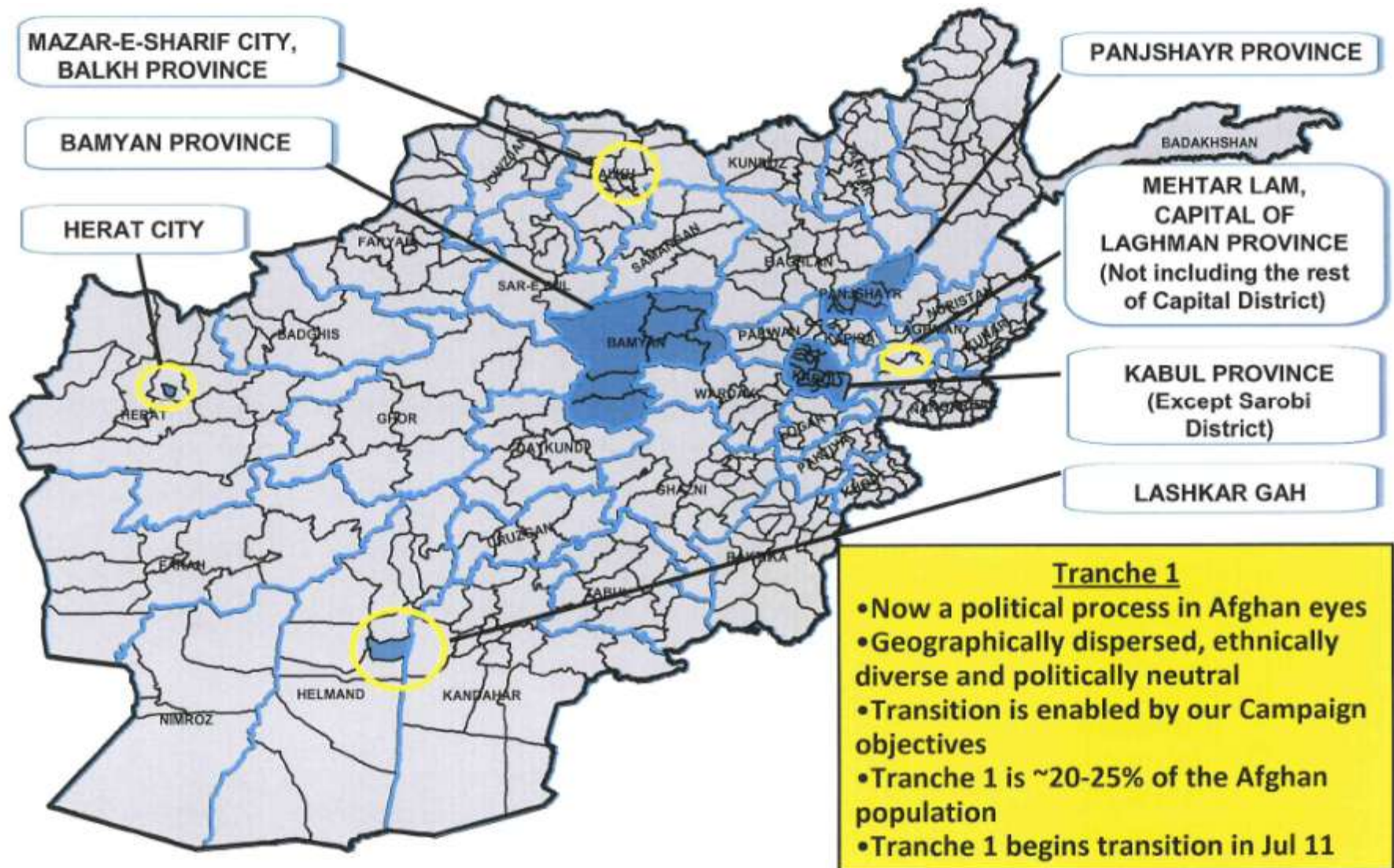
Conditions to initiate transition process:

- ANSF are capable of shouldering additional security tasks with less assistance from ISAF.
- Security is at a level that allows the population to pursue routine daily activities.
- Local governance is sufficiently developed so that security will not be undermined as ISAF assistance is reduced.
- ISAF is postured properly to “thin out” as ANSF capabilities increase and threat levels remain constant or diminish.

Conditions to finalize transition process:

- Sustainable ANSF are responsible for population security and law enforcement, and they are accountable to serving the people.
- Provincial Governance is sufficiently inclusive, accountable, and acceptable to the Afghan people.
- Population has access to basic services and rule of law; establishing the foundation for sustainable licit economic growth.
- ISAF is postured to provide strategic oversight and assistance needed for Afghan forces to achieve sustainable security.

Tranche One Update



Transition Beyond 2014

(2011-2024)

Transition and Transformation

• Transition

- 2011 to 2014
- Narrow agenda
- Capacity building & technical assistance
- Irreversible transfer of security responsibility to GIRoA
- NATO/ISAF influences and controls many of the levers
- Foundation for Transformation
- NATO/ISAF remit
- Produced by campaign plan

• Transformation

- 2011 to 2024+
- Broad agenda
- Nation building
- Legal, economic, fiscal and institutional development
- ANDS
- Enduring commitments
- NATO/ISAF can influence, but does not control the levers
- IC remit
- Produced by IC support and GIRoA commitment

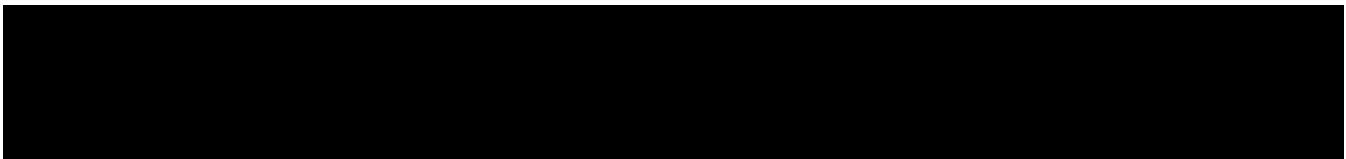


Key Transition Issues

	IDENTIFIED PROBLEMS	MITIGATION
Vulnerabilities	<ul style="list-style-type: none"> • Transition Coordination Commission • Guidance to Ministries / Provinces • PG Bamyan (Sarabi) / Lashkar Gah (Mangal) 	<ul style="list-style-type: none"> • Ministerial Engagement • ISAF & IC Outreach • Combined Teams & Plans
COMMS PLAN	<ul style="list-style-type: none"> • Transition – Threat or Opportunity • Stake-holder expectations • Unity of effort • Long-term commitment of IC 	<ul style="list-style-type: none"> • Issue & execute GMIC plan • Key Leader Engagement • Key Leaders to Provinces • Socialize Transition Plans
National to Sub-National Links	<ul style="list-style-type: none"> • Lack of Ministerial Links • On-Budget funding / PRT Evolution • Provincial budget capacity • Reinvigorate Civil Service Commission 	<ul style="list-style-type: none"> • Support Minister Travel & Engagement • Money On-Budget • Transition Support Offices • National Priority Programs
Incentives and Dis-Incentives	<ul style="list-style-type: none"> • Signature / Foundation Projects • Loss of international assistance • C2 Ambiguity • RoL Credibility 	<ul style="list-style-type: none"> • CERP • Kabul II and JCMB (Kabul Bank) • Combined Planning • Improve Access to Justice
Resource Priorities	<ul style="list-style-type: none"> • Transition versus Transformation • Uncoordinated resource withdrawal • OMID versus Transition • Sub-national versus National 	<ul style="list-style-type: none"> • CJSOR • Capability Evolution • CERP Incentives • Greater plan synchronisation • Invest in Human Capital • Multiple Methods & Points of Influence

Transition: Big Ideas to 2014 & Beyond

- Conditions-based process
- Bottom up, not top down
- Thin out – don't hand off
- Retain coalition headquarters

- 
- Reinvest the dividend
 - Transition institutions and functions
 - Assure irreversibility

Operational Plan and Transition

2011-2014

Conditions to initiate transition process:

- 1) ANSF are capable of shouldering additional security tasks with less assistance from ISAF.
- 2) Security is at a level that allows the population to pursue routine daily activities.
- 3) Local governance is sufficiently developed so that security will not be undermined as ISAF assistance is reduced.
- 4) ISAF is postured properly to “thin out” as ANSF capabilities increase and threat levels remain constant or diminish.

Initiate Process- Momentum Toward Stability

2015-20??

Conditions to complete transition process:

- 1) Sustainable ANSF are responsible for population security and law enforcement, and they are accountable to and serving the people.
- 2) Provincial governance is sufficiently inclusive, accountable, and acceptable to the Afghans.
- 3) Population has access to basic social services and adequate rule of law; establishing the foundation for sustainable, licit economic growth.
- 4) ISAF is postured to provide strategic overwatch and assistance needed for Afghan forces to achieve sustainable security.

Finish Process- Stability

Address Limiting Factors

- Afghan National Security Force capacity
 - Competent, honest sub-national governance
 - Government linkages
- Afghan National Security Force capacity
 - Competent, honest sub-national governance
 - Government linkages