Can the Civil Side of “Hold, Build, and Transition” Succeed?

Afghanistan and the Uncertain Metrics of Progress: Part Four

Anthony H. Cordesman

Last Updated: June 9, 2011
Overview

Hold, Build, and Transition: The Challenge of Development

The Burke Chair has prepared a seven-part analytic overview of these unclassified metrics, and of their current content relates to the challenges in policy, plans, resources, and management of the war that now reduce the prospects of victory. It should be stressed that metrics are not a substitute for the kind of narrative that is critical to understand the complexity of this war, and put numbers, charts, and maps in context. This is a case where facing the real-world complexity of the conflict is essential to winning it.

This Fourth report does, however, highlight both the progress and challenges in what remains the weakest link in the US and allied effort in Afghanistan: Developing integrated civil-military operations, making effective use of aid, and making “hold, build, and transition” a functional reality.

Afghan Needs and Perceptions of Risk and Economic Need

Recent polls of Afghan priorities for the civil side of aid, and perceptions of the success, provide some insight into what Afghans want, and what aid and development have to accomplish to make “hold, build, and transition” successful. These figures can only present some very broad views of Afghan priorities and perceptions, but they do show that most Afghans focus as much on material needs as security, and that aid and development still have a long way to go before the civil condition exist for stable transition.

Afghan Perceptions of the Role of Outside Forces and Aid

Afghan perceptions of both aid activity and the impact of military operations remain very mixed, and current security and aid efforts have not won broad and consistent support from the Afghan people for the US, ISAF, or GIRoA. This may come as “clear and hold” turn to “hold and build,” but the success of this critical aspect of the new strategy remains problematic.

Risk Assessments for Aid Activity

The continuing lack of security which has sharply inhibit development, effective aid, and support for the government. As the other Parts of this series show, security deteriorated steadily from 2003 to 2009, and has not yet improved on a national level. It seems likely that it will be mid-2012 at the earliest before major reductions take place in risk, and attacks on aid activity are almost certain.
to continue well beyond the nominal transition date of 2014.

**GIRoA Revenue vs. Dependence on Aid**

The third section highlights a critical problem that has shaped every aspect of the Afghan War and Afghan development and which is likely to become even more critical after transition. Afghan revenues cannot meet the civil needs of the state, much less the combined civil and security needs. Moreover, the flood of outside money has been so largely that it has vastly exceeded Afghan absorption capability, grossly distorted every aspect of the Afghan economy and prices, and served as a driving factor in push corruption to unacceptable levels that alienate the Afghan people from their government.

The metrics in the first section of this report. They show how small an economy Afghanistan has compared to Iraq, and its inability in the short and near term to fund its own development and security. They also show that the current goals for development cannot be funded with anything like projected Afghan revenues and donor aid.

**Critical Capacity and Execution Problems**

The resulting capacity and execution problems are summarized in detail in the need section. It is clear that the Afghan central government simply has not had the ability to execute its budget. Much less ambitious aid plans. It may want control of the money, but it lacks the ability to manage and use it. Moreover, these problems are made far worse by concentrating the money in key central government ministries rather than allocating substantial amounts to provincial, district, and local authorities.

This may prove to be a critical, if not fatal, bloc to effective transition unless major improvement take place in GIRoA capacity and aid is sustained long beyond 2014.

**Aid spending to Date and the Civil-Military Ratio**

The next section shows the total levels of aid to date, although the data are extremely questionable and reflect the lack of UNAMA, GIRoA, ISAF, and US capability to proper quantify and understand the flow of outside aid money.

It is also clear from this section that military spending has vastly exceeded civil and aid spending, and that the flow of funding is unlikely to change in ways that will make an easy shift from tactical operations to “hold and build” either possible or one that can
be properly funded during the period of transition. One key aspect of these numbers is the fact that perceptions that aid has somehow outpaced military spending or is large compared to national needs – as distinguish from capacity – is simply wrong.

The volume of US foreign aid has been extremely low relative to US military spending and spending on the development of Afghan national security forces (ANSF). While SIGAR calculated that total aid reached $51.5 billion through FY2010, security spending dominated such activity once the war began to receive serious funding in FY2007. Actual ESF aid only totaled $5.39 billion in disbursements as of March 31, 2010.

CBO and CRS estimates also show that the ration of civil aid and activity to military operations and ANSF development remained at token levels through FY2011. This is critical, given the emphasis on giving Afghans “hold” and “build,” and reasons to support GIRoA. The CBO estimates all diplomatic activity and civil foreign aid totaled only $13 billion of $386 billion in appropriated through FY2011 – only a little more than 3% of the total. Complaints that the US has put large amounts of money into nation building are simply wrong. If anything, the US has failed to finance the “hold” and “build” operations that are critical to military success.

The metrics show that CRS estimates are higher, and these figures do not include CERP and other aid transfers from DoD. At the same time, it is important to stress that much of this aid went to near and long term projects, and does not support the “hold, build, and transition” activities that directly affect the ability to implement the new strategy and the outcome of the war.

**US and International Civil Aid Programs**

The next section summarize the data that are available on the flow of aid. It is important to note that there is no way to either measure the total flow of outside aid or know how it has been allocated. There are no meaningful data on the way in which aid requirements were determined, the effectiveness of aid, or the extent to which aid funds flowed to power brokers and corruption. Countries and NGOs act with minimal coordination and often to meet their political or ideological goals regardless of Afghan needs and urgent priorities created by crisis and war.

Some more detailed breakouts are available on US aid efforts, but it should be stressed that most aid spending went to the ANSF, counternarcotics, and overhead. Only comparatively limited portions went to governance and economic aid,
and much of this was classic mid-to-long terms development aid where USAID has never provide any credible picture of accountability, the validity of requirements, and effectiveness.

The Uncertain Surge in the Field

These points are reinforced by the data in on aid efforts in the field. They show just how many different national aid activities operate with minimal or no coordination, a problem compounded by a lack of coordination between some PRTs and ISAF forces, and independent action by NGOs.

Reports of a US civilian “surge” do reflect a US build up in civilian personnel, but adding several hundred US civilians in the field, and a matching number in the safety of secure compounds, scarcely constitutes a real “surge” for so large and poor a country.

While some reports note that civilians are building up to over 1,000, USAID only reported a total of 473 personnel in country in late January 2011, and only 215 were in the field outside Kabul. The total numbers of civilians in the field still seem to be around one quarter of the military in the field, and DoD reported that there were nearly 1,100 US military in such roles at the start of 2010.

It is unclear whether the increase in US personnel will offset the decline in allied and NGO aid personnel, and the US only has responsibility for 13 of 27 Provincial Reconstruction Team (PRT) base. Allies lead the rest, and 8 Provinces do not have a PRT base. Moreover, the personnel are deploying at time when the US is already actively planning to make massive cutbacks in the PRT system and transition to a total of five embassies entities in country.

Then years into the Afghan War, a small number of dedicated civilian field personnel cannot compensate for the fact the State Department and USAID seem incapable of deployment adequate numbers of civilian partners for the mission, and it is clear that its limited increases come far too late in time.

It is also clear that the so-called US surge has had limited impact to date. Other sources indicate it will peak at some 400 people in the field at just about the time the US begins to sharply cut back on the number of PRTs as part of the transition
process, and when serious cuts are likely in the flow of US economic aid funds.

*Failure to create effective ISAF forces and PRT structures, and coordinate civil-military efforts:* An alliance is not measured by the number of its members, but by their effectiveness. The US initially approached its allies as if they could be little more than peacekeepers in a victory that was already run. It sought the maximum number of participants for aid and security activity without regard to effectiveness and national caveats.

Different national military elements were layered over different civil provincial reconstruction teams. This structure could not adapt effectively at the war in Afghanistan became steadily more serious. NATO and ISAF did make progress in military coordination, but they did not begin to develop effective coordinated plans until the McChrystal exercise in 2009, and national caveats remain a critical problem, as does the lack of an true, integrated, civil-military plan of operations.

Moreover, while efforts were finally made to create a central coordinator for civil programs, and integrated civil-military plans in 2010, these plans remain largely conceptual. There still are no meaningful unclassified metrics or analyses that show real progress in these areas, that reflect meaningful fiscal controls and measures of effectiveness, or that provide a picture of how civil programs in governance, rule of law, and economic aid relate to military efforts

**Improvements in Civil Government**

There are signs of positive progress in some key areas of governance. This is reflected in the next section, which shows the level of progress in building up the capacity of the Afghan civil service, and some critical aspects of provincial and district governance. As summary survey data show, this is a critical priority in winning support from the Afghan people for GIRoA. It also reinforces the anti-corruption efforts outlined in detail in Part Three of this series.

*So far, however, the value of such aid has been offset by a series of political tensions and crisis.* Two election crises, and friction between Karzai and the US has offset limited progress at the ministerial, provincial, district and local levels. The failure to create effective military and civil contracting systems has led to both vast waste and a flood of funds into an unstable Afghan power structure that has strengthen power brokers, and efforts to create stronger provincial, district, and local levels have met serious resistance and been affected by Taliban and Haqqani assassinations and attacks.
Failure to focus on creating a functional justice system: These problems were compounded by initially trying to deal with creating a police that was based on German models that were hopelessly underresourced and did not meet Afghan needs and values. This failure was followed by an equaled underresourced effort by the US State Department that largely ignored the fact that insurgent influence now required a police that could deal with guerrilla warfare. A third transfer of effort then occurred to the US Department of Defense, which began to set more realistic goals for paramilitary and self-defense capability, but was never properly resourced and effectively increase the burden on the ISAF and US military training effort.

Worse, the police training and expansion effort was decoupled from a rule of law effort that focused narrowly on creating a new formal justice system at the top and allow the Taliban and local power brokers to become the de facto system for local justices. Courts and jails were often lacking or unable to operate.

Moreover, the lack of effective local governance – an essential element in winning support for police and a justice system meant all three elements of an effective justice system were lacking much of the country – compounding the problem created by corruption, power brokers, and ethnic, sectarian, and tribal friction. All of these efforts were made worse by gross underpayment of salaries, corruption in hiring and promotion at every level, misuse of aid funds, and a lack of any effective effort to manage aid and development programs in the field.

Effective Afghan governance at the national, provincial, district and local levels will remain critical to providing security and the “clear and hold” phase of the war on a national level. It is the core of creating the “build” capability necessary to providing stability, prompt justice, governance, and a functioning economy. Governance aid has gradually come to focus on creating more effective ministries, and support of effective governance at the provincial, district, and local levels.

Progress (Real and Dishonest) in Some Key Development Indicators

There are more material indicators of progress, but some are deeply suspect, and raise serious questions about the integrity of USAID in reporting them. Data on total electric generating capacity is a notorious way of faking progress, since it ignore distribution and the extent to which capacity meets popular needs and expectations.
The Afghan MoE data on education are inherently ridiculous. There is no way the MoE can credibly count the number of children in school, and the average number of students per school that emerges from its figures is absurd, given the fact so many are small, informal schools.

Health data are equally uncertain, and some ridiculous figures are be generated that based access to medical care on Afghans being within a two hour walk of a facility. If walking distance measured access to care, the US could eliminate Medicare and Medicaid overnight.

*Failure to create effective aid and development programs:* The most striking aspect of aid and development activity in Afghanistan over the last decade: It is the lack of meaningful data and metrics on the efforts involved, and their results. Ironically, more data are available on military operations and intelligence about the threat than the impact of civil spending and aid.

This section of the briefing does, however, present some summary metrics that show the US and the West set up overambitious mid and long term development goals based on the assumption that Afghanistan was effectively at peace, without valid plans and requirements, and which ignored Afghan absorption capacity. It also set goals that can never be resourced at anything like the required levels.

Unfortunately there are few metrics to show other critical problems in the aid effort – problems compounded by a similar lack of management in military contracts. The result was a massive flow of aid money without effective financial controls, contracting methods, attention to absorption capability, and without meaningful measures of effectiveness. Moreover, these aid efforts were divided by sponsoring country, often responding to the aid politics of the capital involved, while NGOs funded projects that served their own goals and interests.

These problems have been compounded by erratic funding and a failure to sustain programs once they began. Moreover, major problems occurred because of short tours by key aid personnel, and nearly annual efforts to “reconceptualize” aid efforts without creating systems that could plan and execute concepts effectively, measure Afghan perceptions and needs, validate requirements, and measure effectiveness,
The lack of metrics and other reporting on aid reflects shows the fact that no one is effectively in charge. The UN failed to provide effective coordination and oversight, meaningful reporting on spending, and metrics and analysis that show where aid money went or anything about its effectiveness. Vast amounts of money – by Afghan standards -- poured into a grey economy where side payments and “fees” are the rule. It offered both Afghans and outside contractors a “get rich quick” option at a time they had no guarantee of either security or stability.

This has played a major role in creating a massive pattern of corruption and waste at every level – a problem compounded by even more corruption and waste causes by growing military contract expenditures on facilities, transport, and services which also lacked an effective system for awarding and monitoring contracts and anything approaching meaningful fiscal controls.

A central government lacking in capacity – and provincial and local governments controlled from the center and without resources of their own – have been steadily corrupted by this process while no effective structure existed at the provincial, district, or local level for planning and executing aid activity. Groups like Oxfam estimate that some 40% of the aid money never reached actual programs and projects, and no element of the aid effort established any meaningful measures of effectiveness to show where the rest of the aid effort went or what its impact was.

Moreover, the data that are available on how economic aid has been spent show that most of the civil aid effort focused on mid and long term development. The net impact was that aid did not reach most Afghans at a time the Taliban steadily expanded its control and influence, and often enriched corrupt officials and power brokers. ISAF’s tactical victories often ended in fighting in populated areas, then leaving them. As the following reports in this series show, the population in the most sensitive areas in the war were left without meaningful governance and government services, without a functional justice system and security, and without tangible economic security or benefits from international aid.

USAID has made ten years of promises that it would correct is lack of basic integrity in such report. As yet, there are no unclassified metrics or analyses that indicate aid is becoming more effective, better managed, and more focused on supporting the new strategy. In spite of years of promises, USAID and the State Department still cannot provide credible estimates of the impact and effectiveness of aid, or demonstrate that funds are used with proper fiscal controls. This situation is not better for other countries, and the UN has made no progress in providing such
reporting.

The State Department and USAID have provided a metric showing the need to support both stabilization efforts to support the war and long-term development efforts, but have not provided data to show the requirements for activity, relative effectiveness, or how current funding is distributed.

The limited progress reporting that is available lacks statistic back up and does not seem credible. Claims that school enrollment is 7.1 million seem remarkably uncertain for a country where many schools still lack formal structure, and the data on the number of girls and women attending school may be little more than spin driven guesstimates. It is far from clear how 640,000 Afghan farmers could receive serious “hands-on agricultural productivity and food security training with the resources USAID and other US aid efforts have available.

Reports on increase access to basic health care from 8% to 84% seem to be little more than estimates of how much of the population is within a given travel distance from such care. A focus on road building seems heavily concentrated on a ring road, many portions of which lack security and are subject to extortion, rather than meeting the broad Afghan expectations required for “hold and build.”

The one metric surveying the progress of aid in the critical districts affecting the war shows no progress between February and April 2010, and it has since been deleted from unclassified reporting. To the extent there is positive reporting, it takes the form of metrics that show a high level of per capita spending in key districts, but spending per capita is scarcely a measure of effectiveness or impact on the population.

Aid has set broad priorities for the future – and provided an indication of how they affect the road to transition and long-term development -- but these seem largely conceptual and it is not clear how these affect total USG, allied, UN, GIRoA, or NGO efforts. UN priorities are aid dominated in more than half the country, and vague and unclear in the rest.

Assessments of the Afghan economy and “rising prosperity” seem to credit the direct and indirect impact of massive inflows of aid, and outside military and civil spending, as if they were some form of real growth in GDP, per capita income, and prosperity.
They largely ignore income distribution and its impact on the poor and ordinary Afghans, corruption, inflationary effects, and the outflow of aid money and GIRoA revenues.

The same is true of efforts to justify current aid efforts on the basis of vague claims about a new “silk road” at a time Central Asia is creating infrastructure that bypassing both Afghanistan and Pakistan, and where the one major new link to the so-called “ring road” passes through Iran to Herat and then both in ways that would by pass most of Afghanistan’s population. Moreover, promoting Afghan development in terms of mineral resources that will produce minimal local employment and benefits a decade after “transition” do little more than distract attention from Afghanistan’s real needs.

There is far too little focus on the large class of impoverished Afghans, their dependence on UN and other food aid to survive, the impact of combat, their ability to find alternative source of income to drugs, demographics pressures, and inflows to urban slums. Idealized goals for regional development, mining potential, and becoming a key trade route for Central Asia all seem idealized to the point where the war will be decisively lost and won before they have any major impact – if ever.

The success of “hold and build,” and efforts to give Afghans (and Pakistanis) stability, hope, economic security, ad reasons to trust their governments cannot be based on summary econometrics. The analysis and metrics of short, near, and long-term development and stability must examine:

- The "demographic challenge" and “youth bulge” that will continue for at least two decades. The dynamics of these population shifts are highly complex and are not simply a matter of population growth, income, and jobs/employment. They are also matters of expectations, of whether jobs are real and productive, direct and disguised unemployment and lag in getting meaningful jobs. It is the relevance of education. How society and governance treat the young and how young men and women relate to their country and society.

- Every country needs to carefully examine the causes of the alienation and polarization that tie demographics to extremism. Rather than focus only on numbers and jobs, the key megatrend is the ability to safely integrate young men and women into society in a stable, productive way, and one they see as giving them value and purpose.
• The role of women is a key megatrend that deserve more than “political correctness” and statistics that lack credibility. This may be a sensitive issue, but it cannot be ignored – or dealt with in symbolic terms – indefinitely. Moreover, Muslim societies need to consider the role of women in terms of productivity gain, not simply women's rights. How do you compete on a global basis if you sharply limit the productivity of half the population?

• The economic threats from non-state actors, extremists, organized crime, and piracy – domestic and foreign – drive security efforts and the black and grey sectors of the economy. Their impact is compounded by the growth of complex distributed networks and the interaction between states that use asymmetric. They also affect the real world dynamics of education, job creation, the role of legitimate religious education, quality of governance and the ties between effective internal security and reeducation and the rule of law.

• The Western focus on human rights and democracy often leads to a failure to focus on the quality of governance, and its impact on investment and the economy. These are impacts that are far more important to the vast majority of people and shape their perceptions and loyalties. Are the in the quality of governance – in social, economic, and security terms – positive or negative? Can they cope with demographic and global economic challenges? Are security efforts and the rule of law bringing stability or buying time at the cost of alienation?

• As has become all too clear from popular unrest in Egypt and Tunisia, there is a need to rethink how economic analysis and metrics are applied to countries like Afghanistan and Pakistan:

  • First, GDP growth and per capita income growth do not provide the right measures of megatrends, since an economy and level of governance that fail a nation's youth and poorer citizens can exhibit steady growth while actually moving towards instability.

  • Second, traditional measures of poverty levels have become absurd in many states. The issue is not who only gets $1 or $2 a day. It is the level of income that meets social standards, provides the floor or level of protection every citizen needs. The ability to stay at a given income level, or increase income, is critical. So is the ability to maintain social status, to marry, to educate children, and meet other critical needs. The economics of stability need far more examination.
• Third, basic literacy and level of education are vital to Afghanistan’s local economy and development, but they are far less meaningful in terms of international comparative advantage at a time when even urban areas and other elements of given societies have evolved to the point where the quality of jobs, the time gap in getting jobs, and the ability to change values so that seeking private employment – and actually working hard to shape a career – have the same or higher priority than public employment.

• Fourth, the black and gray sectors of the economy need explicit metrics and analysis. Corruption and extortion have a major impact at every income level, and interact with government policies and barriers to growth and economic stability. They directly affect the quality of governance as well.

• Access to, and the use of water resources are key issues. The supply of water per se is only a part of the problem. It is critical to establish the efficiency of water use relative to supply and cost, whether water is properly priced, reliance on fossil vs. renewable water, and problems in sharing international supplies.

• The role of subsidies and aid needs to be analyzed for both positives and negatives. Far too often, subsidies reduce efficiency, mitigate the effectiveness of market forces, distort consumption and limit productivity rather than protect local industries. At the same time, programs like the World Food Program can be critical to the portion of a society that effectively lives below the subsistence level.

• This highlights the fact food supply and prices present serious problems for significant portions of the Afghan population and now for parts of Pakistan. The commodity and supply problems caused by rising petroleum prices are mirrored in terms of food.

The US and its allies have now been at war in Afghanistan for nearly a decade, and the US is increasingly involved in aid to Pakistan and its problems with economics and governance. It is time to reject the kind of economic analysis that ignores the real world progress of hold and build, and the ability to transform an exercise in armed nation building where aid funds fall far below plans and goals, into practical plans, analysis, and metrics for both “hold” and “build” and a practical form of “transition.

**Seeking to Expand the Role of the Private Sector**

This is no way means that the aid workers in Afghanistan who emphasize development activities that meet real Afghan
needs like power, water, education, basic medical services, roads, food processing and storage and the other development activities that Afghanistan can actually absorb are not performing vital services. These basic activities are critical to both the recovery of Afghanistan’s existing economy and real-world development at the level that will both meet the needs of poor and rural Afghans and help give them reason to support GIRoA.

Similarly, activities that stress developing Afghanistan’s private sector, rather than reinforcing its inefficient statist and aid driven economy, offer a far more credible path to creating capacity and real-world growth that pouring aid into a central government that clearly lacks the capacity to use the aid but has developed a considerable capacity to waste or steal it.

**Aid Funds Are To Be Reduced and Cuts Could Trigger a Crisis or Recession**

The ambitious goals set in the Afghan Compact and Afghan National Development Plan have always been empty political hype. It has been clear from the start that Afghanistan lacked the capacity to reach this level of development at anything like the projected time scale and the real cost would far exceed donor funding.

A summary graphic on strategy quoted in a GAO report last year projected something approach a 70% shortfall in funding for 2012-2013. the recent USAID projection included in this section shows a far greater shortfall in both the near and mid-term, as well as the risk projected US aid may be cut in the outyears. Much of this gap, however, is driven by the almost totally unrealistic, politicized goals for mid and long-term economic development set in the Afghan Compact, Afghan National Development Strategy, and London Conference Communiqué.

The data in this section show that USAID has now formally admitted this fact, driven in part by domestic US politics that seem like to make FY20111 and FY2012 peak years in the US aid effort, followed by steady cuts in US and other donor funding from 2013 and beyond. As visitors to Afghanistan learn all too quickly, current development plans may live on paper, but are rotting corpses in practice.

If anything, aid experts in country are deeply concerned that the basic flow of aid that Afghanistan can absorb and which is critical to a successful transition in 2014 and beyond will not be forthcoming, and sudden cuts in the flow of military and aid spending will trigger a major recession in the year where President Karzai is supposed to leave office because of term limits, US
and other ISAF combat forces will be sharply reduced or largely eliminated, and the ANSF will need outside aid funding for Both the year of military “transition” and for many years to come.

As the previous analysis of Afghan revenues and spending relative to aid and contract spending has shown, this combination of events could trigger the equivalent of a perfect storm at a time that is absolutely critical to any success of “hold, build, and transition.”

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

As the final section of this report shows, there is a critical need for real-world transition planning that goes far beyond US and allied force reductions. It is also clear that some of these planning activities are already underway, and the need is recognized by key US, UNAMA, and allied civilians and commanders.

The key question is whether such realism can be put into practice in terms of actual plans and budgets, and whether the aid community can find the level of realism and competence to look beyond throwing money into country, and dealing with donor politics and budget problems, and create something like an effective transition effort.

*This will require more than the kind of planning efforts outlined in this section.* It will a new focus on absorption capacity without any illusions about the level of corruption and waste in the contracting process and Afghan government. It will require fiscal responsibility and the full implementation of the contracting reforms and anti-corruption efforts outline in Part III of this series of reports. It requires honest validation of requirements, rather than imposing outside priorities and donor “national branding” on Afghanistan. It requires a new focus on the quality of actual execution, transfer to Afghan responsibility and funding, and ongoing, honest assessment of the effectiveness of such efforts.

*Aid and civil-military efforts must be tied to a clear definition of a realistic end state and transition, and to credible plans to achieve them.* It is far from clear that it will be possible to achieve a successful end state in Afghanistan even if far more modest and realistic goals are set for what ISAF, the UN, and US must accomplish. It is uncertain they can create the more limited “end state” defined in ISAF campaign plans, or what experts are now calling “Afghan good enough” or “Afghan right.”
The campaign plan describes success as follows:

…the insurgency is defeated and no longer able to threaten the security of GIRoA. Afghanistan is stabilized, legitimate government extends to local levels, socio-economic programs benefit the majority of the Afghan people. GIRoA, with ISAF in support, is capable of assuming the lead for the provision of security.  (ISAF, May 2010.)

Equal problems will exist in capitals, UNAMA, and ISAF make “transition” an exercise in political symbolism, rather than an achievable result of real world planning. Neither 2011 nor 2014 are realistic deadlines deadline for the end to a US and allied military presence or an end to major civil and military aid. In fact, one of the critical aspects of official plans, analyses, and metrics of the war is that they do not lay out a detailed or credible path forward to any meaningful end state, or even reduced level of troop presence and aid expenditure. They remain vague conceptual end states – whose generalization are often in direct conflict with other official statements.

There is still grossly inadequate coordination within the overall UN, national, and NGO aid effort. Will never be real coordination so many different national and NGO aid efforts, but some far more effective central effort is needed to try to bring aid efforts together with GIRoA planning and execution to create common achievable mid and long-term goals that aid might actually achieve, and on finding ways to allocate, manage, and measure the effectiveness of the short term civil and civil-military efforts that are critical to give tactical success in the “clear” mission lasting meaning through “build” and “hold.”

The limited metrics and reporting on aid are now a grim warning of uncoordinated spending activity, funding requests, project titles, and “spin” as to accomplishments that have little credibility. There is no evidence of fiscal responsibility, validated requirements, and above all lasting effectiveness – even in meeting the most urgent Afghan grievances and needs.

In summary, successful transition also requires acceptance of the reality that “transition” away from Afghan dependence on outside combat forces will occur at least a half decade before transition can occur away from substantial outside aid and the presence of enough foreign aid workers in the field to work around the problems create by the lack of Afghan capacity, Afghan corruption, and constant pressure to misuse aid efforts by power brokers and criminal networks.
“Hold, Build, and Transition”

Surveys of Afghan Popular Priorities and Perceptions
Perceived Changes in Local Conditions

ABC News/BBC/ARD/Washington Post poll

- Security from crime and violence: 31% getting better, 40% getting worse
- Availability of jobs / economic opportunities: 22% getting better, 40% getting worse
- Freedom of movement: 32% getting better, 39% getting worse
Survey Conditions:

- Nationwide quarterly survey
  - More than 10,000 respondents per quarter
  - Surveys in all 34 provinces; 220-250 of 401 districts per wave
  - Professional polling and research agency, ACSOR, EUREKA
  - Administered by trained Afghan interviewers

- Demographic targets
  - Gender 50%/50% (55%/45% usually achieved)
  - 37% Pashtu
  - 37% Tajik
  - ~10% Uzbek, Hazara, other

- Wave 11 Details
  - Field work, 01 March – 10 March 2011
  - 10,000 respondents
  - 34 districts with sample size greater than 80

Source: ISAF 5/2011
Perceptions of Key Issues: 2009-2011 - I

What do you think are the three biggest issues facing your district? (First Response)

ANQAR nationwide survey; Jun 2009 and Mar 2010 conducted by ACSOR; Mar 2011 conducted by Eureka

Source: ISAF 5/2011
Perceptions of Key Issues - II: 2009-2011

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

ANOAR nationwide survey; Jun 2009 and Mar 2010 conducted by ACSOR; Mar 2011 conducted by Eureka

Source: ISAF 5/2011
Perceptions of Unemployment and Security:

What do you think are the three biggest problems facing your district?

"Unemployment" – Mar 2011

Source: ISAF 5/2011
Perceptions of Security By District and in Travel

How is the security situation in your mantaka?

“Good” – Mar 2011

How safe do you feel traveling outside your mantaka during the day?

“Mostly/Completely Safe” – Mar 2011

Source: ISAF 5/2011
Perceptions of Who Brings Security and Whether ANA Will Win

Who most brings security to your area?

“ANP” – Mar 2011

0%–10% / 10%–20% / 20%–30% / 30%–40% / 40%–50% / 50%–60% / 60%–70% / 70%–

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

“Most likely/certainly defeat” – Mar 2011

0%–10% / 10%–20% / 20%–30% / 30%–40% / 40%–50% / 50%–60% / 60%–70% / 70%–

Source: ISAF 5/2011
“Hold, Build, and Transition”

Perceptions of US (Foreign) Role in Operations and Aid: 2009 vs. 2010
Afghan Perceptions of All Aid Activity to Date

15. Changing subjects, have any of the following been built, rebuilt, or reopened in the past five years in your area:

11/13/10 - Summary table

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Schools</td>
<td>62</td>
<td>38</td>
<td>*</td>
</tr>
<tr>
<td>b. Health clinics</td>
<td>47</td>
<td>52</td>
<td>1</td>
</tr>
<tr>
<td>c. Government offices</td>
<td>30</td>
<td>66</td>
<td>4</td>
</tr>
<tr>
<td>d. Mosques</td>
<td>54</td>
<td>44</td>
<td>2</td>
</tr>
<tr>
<td>e. Police stations</td>
<td>42</td>
<td>55</td>
<td>3</td>
</tr>
<tr>
<td>f. Roads</td>
<td>58</td>
<td>41</td>
<td>1</td>
</tr>
</tbody>
</table>

16. Have any of the following projects been started in this area in the past five years, but then been stopped for security reasons?

11/13/10 - Summary table

<table>
<thead>
<tr>
<th></th>
<th>Yes</th>
<th>No</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Schools</td>
<td>20</td>
<td>79</td>
<td>2</td>
</tr>
<tr>
<td>b. Health clinics</td>
<td>14</td>
<td>84</td>
<td>2</td>
</tr>
<tr>
<td>c. Government offices</td>
<td>12</td>
<td>84</td>
<td>3</td>
</tr>
<tr>
<td>d. Mosques</td>
<td>15</td>
<td>82</td>
<td>3</td>
</tr>
<tr>
<td>e. Police stations</td>
<td>17</td>
<td>79</td>
<td>4</td>
</tr>
<tr>
<td>f. Roads</td>
<td>22</td>
<td>75</td>
<td>3</td>
</tr>
</tbody>
</table>
Little or No Progress in Development in Many Areas

<table>
<thead>
<tr>
<th>Date</th>
<th>Count</th>
<th>Development Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>04-Feb-10</td>
<td>6</td>
<td>Sustainable Growth</td>
</tr>
<tr>
<td></td>
<td>16</td>
<td>Dependent Growth</td>
</tr>
<tr>
<td></td>
<td>47</td>
<td>Minimal Growth</td>
</tr>
<tr>
<td></td>
<td>40</td>
<td>Stalled Growth</td>
</tr>
<tr>
<td></td>
<td>10</td>
<td>Population at Risk</td>
</tr>
<tr>
<td></td>
<td>3</td>
<td>Not Assessed</td>
</tr>
<tr>
<td>29/Apr-10</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>19</td>
<td></td>
</tr>
<tr>
<td></td>
<td>46</td>
<td></td>
</tr>
<tr>
<td></td>
<td>41</td>
<td></td>
</tr>
<tr>
<td></td>
<td>7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>
Afghan Perceptions of Aid Since New Strategy Began to Be Implemented

18. Thinking now about foreign aid money – that is money from foreign sources used for community development and support – as far as you are aware, is foreign aid money being spent (ITEM) in this area, or not?

11/13/10 - Summary table

<table>
<thead>
<tr>
<th>Item</th>
<th>Yes</th>
<th>No</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. On infrastructure projects</td>
<td>51</td>
<td>46</td>
<td>3</td>
</tr>
<tr>
<td>b. To provide food, medical assistance and other necessities</td>
<td>47</td>
<td>49</td>
<td>4</td>
</tr>
</tbody>
</table>

19. (IF YES) Do you feel this foreign aid money is mainly being put to good use, or mainly being wasted?

11/13/10

<table>
<thead>
<tr>
<th>Good use</th>
<th>Wasted</th>
<th>No opinion</th>
</tr>
</thead>
<tbody>
<tr>
<td>51</td>
<td>41</td>
<td>9</td>
</tr>
</tbody>
</table>

20. How much of the foreign aid money coming into this country do you think is being misdirected for personal gain by government officials – a great deal of it, a good amount, just some, or hardly any?

11/13/10

<table>
<thead>
<tr>
<th>Great/Good-----</th>
<th>Some/Little-----</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great</td>
<td>Just</td>
</tr>
<tr>
<td>NET</td>
<td>Hardly</td>
</tr>
<tr>
<td>deal amount</td>
<td>None</td>
</tr>
<tr>
<td>67</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: ABC NEWS/BBC/ARD/WASHINGTON POST POLL, AFGHANISTAN: WHERE THINGS STAND, December 6, 2010
Support presence of U.S. forces
Positive ratings of U.S. work in Afghanistan
Confidence in the U.S. to provide security
Favorable views of the U.S.
Training Afghan forces to be able to take over security | Some: 30% | Great deal: 84%

Strengthening Afghanistan's government | Some: 22% | Great deal: 69%

Preventing al Qaeda from establishing bases of operation in Afghanistan | Some: 20% | Great deal: 66%

Improving economic development | Some: 19% | Great deal: 64%

Preventing the Taliban from retaking control | Some: 19% | Great deal: 63%

Preventing al Qaeda and the Taliban from maintaining bases in Pakistan | Some: 17% | Great deal: 57%

Reducing official corruption | Some: 15% | Great deal: 53%
Training the Afghan army and police

Providing security

Providing reconstruction assistance

Avoiding civilian causalities

Supporting local authorities

U.S. and NATO/ISAF Performance
In the Past Year

ABC News/BBC/ARD/Washington Post poll

Gotten better       Gotten worse

53%  20%

36%  32%

32%  30%

30%  80%

28%  28%
U.S. and NATO Troop Surge

ABC News/BBC/ARD/Washington Post poll

- **Support NET**
  - Dec 2009: 61%
  - Nov 2010: 49%

- **Support strongly**
  - Dec 2009: 22%
  - Nov 2010: 14%

- **Oppose NET**
  - Dec 2009: 36%
  - Nov 2010: 49%

- **Oppose strongly**
  - Dec 2009: 18%
  - Nov 2010: 25%
“Hold, Build, and Transition”
Risk Assessments for Aid Activity
ANSO Estimate of Insurgent vs. Criminal Security Incidents Affecting NGOs

A total of sixty eight NGOs were victimized in eighty eight separate AOG attacks this year (above), 14% down from the previous year. 51 one these were rated as ‘serious’ including abductions and kinetic attacks. The rate of attacks per month fluctuates significantly and with no obvious correlation to the rate of general conflict. A long term downward trend remains visible, between the peaks of 2008 and 2010 for example, likely reflecting incremental changes in NGO behavior rather than AOG intent or changes in demographics. The data still solidly supports the conclusion that NGO’s are not broadly or routinely targeted by AOG otherwise this would be visible in this data set. Exposure to crime (below) remains low, an additional 38 incidents, and has been dropping over time. Armed robbery is the main concern.

Source: Afghanistan National NGO Safety Office (ANSO), ANSO Quarterly Data Report, Q.4

ANSO Estimate of Attacks on NGOs by Province

ANSO: Location of Significant Attacks Against NGO @ Q.4 2010

ANSO: NGO staff killed per cause, countrywide, 2010

Targeted Killing: 10
IED on Deminer: 7
Command Wire IED (accidental): 2
Collateral (IMF fire): 2
Gunfire on Deminer: 2
Civilian Homocide: 2
Collateral (AOG fire): 1
Pressure Plate IED (accidental): 1

Source: Afghanistan National NGO Safety Office (ANSO), ANSO Quarterly Data Report, Q.4
ANSO Estimate of Kidnappings of NGOs by Province

Source: Afghanistan National NGO Safety Office (ANSO), ANSO Quarterly Data Report, Q.4
AOG Initiated Attacks: ANSO Insecurity Rating Q1 2011

ANSO: Provincial Insecurity Rating, at Q1 2011
(Rating based on analytical assessment and not just incident rate. Total AOG attacks for 2011 indicated in map. A lack of AOG attacks can indicate uncontested AOG presence)

The most volatile area, again, has been Loya Paktya (P2K) plus Ghazni - which corresponds to some of ISAF RC-EAST and AOG Miramshah Shura - which has seen an averaged growth rate of 287% per province. All four provinces in this area are ranked as “extremely insecure” and are likely to remain so throughout 2011. The northern half of ISAF RC-EAST (Nuristan, Kunar) remains ranked as “extremely insecure”, with at least one district (Waygal) en® rely under AOG command. In the south, Uruzgan and Helmand are seeing above average growth rates, as AOG counter ISAF offensives, while Kandahar and Zabul remain steady and Nimroz sees decline. We continue to rank four of the five as “highly insecure” or above, with just Nimroz being slightly more accessible. The four provinces of the west have seen an averaged growth rate of 82% and we rank Herat as “deteriorating” as it is slated for early transition while seeing a 115% increase in attacks. In the north west, Faryab is ranked as “moderate” having the regional highest attack rate in absolute terms. Jawzjan and Balkh rank as “deteriorating” due to them having the regions highest percentage growth rates (175% & 121% respectively). Sar-i-Pul’s Sayyad district causes it to also be ranked as “deteriorating”. In the north east all provinces but Badakhshan have seen lower attack rates than Q1 last year but continue to be ranked as “moderate” and “deteriorating” due to the very high likelihood of a fresh AOG campaign in Q2.
AOG vs. Criminal Attacks on NGOs: 2007-2011

**ANSO: NGO security incidents attributed to AOG per month, 2006 - 2011**
*(Includes all types of event such as kinetic, non-kinetic, threats and abductions)*

**ANSO: NGO security incidents attributed to criminals per month, 2006-2011**
*(Includes all types of event kinetic and non-kinetic)*

“Hold, Build, and Transition”

GIRoA Revenue vs. Dependence on Aid
Domestic budget revenue increased by 26% in 1389, compared to 1388.
Corrected Budget Execution Rates
Better in 1389 than 1388

But, Revenues Are Still Tiny Part of Total Outside Expenditures

- **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.

Spending On and Off Budget

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

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.

“Hold, Build, and Transition”

Capacity and Execution Issues
Non-Discretionary Carry Forward Funds Limit Flexibility in Using Budget

Big Budget Ministries are Able to Spend More

Although Some Key Ministries Fall Behind

MRRD is 19% of national budget and drop is driven by National Solidarity Program

Development Budget Execution Faces Major Structural & Capacity Constraints

- 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.

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

<table>
<thead>
<tr>
<th>Ministry of Finance</th>
<th>Ministry of Education</th>
</tr>
</thead>
<tbody>
<tr>
<td>300 Donor Funded Staff</td>
<td>1,300 Donor Funded Staff</td>
</tr>
<tr>
<td>US$ 5.4 million</td>
<td>US$ 15 million</td>
</tr>
<tr>
<td>2,036 Civil Servants</td>
<td>40,000 Civil Servants</td>
</tr>
<tr>
<td>US$ 3.9 million</td>
<td>US$ 12.9 million</td>
</tr>
</tbody>
</table>

* 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.

“Hold, Build, and Transition”

Aid Spending to Date and the Civil-Military Ratio
Cumulative appropriations as of FY 2010 increased by almost 30.1% over cumulative appropriations as of FY 2009, to more than $51.50 billion.

Since FY 2002, security efforts have received the largest cumulative appropriations. Appropriations for security (nearly $26.75 billion) account for more than 51.9% of total U.S. reconstruction assistance.

In FY 2010, security had a large gain in cumulative appropriations over FY 2009 (more than 32.5%), followed by governance and development (nearly 27.6%), and counter-narcotics (more than 20.8%).

Appropriations for FY 2010 amounted to nearly $11.91 billion, surpassing FY 2009 levels by over 15.0%. This is the largest amount appropriated in a single year for the reconstruction effort.

FY 2010 appropriations for security increased by more than 17.0% over FY 2009 appropriations, to more than $6.56 billion.

Of the total appropriations for FY 2010, security initiatives accounted for almost 55.1%, followed by governance and development with almost 26.8%.

Appropriations in FY 2010 for security (more than $6.56 billion) are the second-largest appropriations made in a single year; the largest (nearly $7.41 billion) occurred for security in FY 2007. (nearly $41.72 billion) of total reconstruction assistance in Afghanistan since FY 2002.

Of this amount, almost 82.9% (more than $34.56 billion) has been obligated, and more than 73.1% (nearly $30.50 billion) has been disbursed.

Source: SIGAR, Quarterly Report, July 2010, p. 50
Erratic and Limited Flow of ESF Aid

The FY 2010 Consolidated Appropriations Act provides almost $2.04 billion for ESF programs in Afghanistan. As of March 31, 2010, this brings the cumulative total funding for the ESF to nearly $9.74 billion, more than 18.9% of total U.S. assistance to the reconstruction effort. As of March 31, 2010, USAID reported that of this amount, more than $7.57 billion had been obligated, of which more than $5.39 billion has been disbursed. USAID reported that cumulative obligations as of March 31, 2010, increased by more than $36.81 million over cumulative obligations as of December 31, 2009. In addition, cumulative disbursements as of March 31, 2010, increased by nearly $419.65 million over cumulative disbursements as of December 31, 2009.

Source: SIGAR, Quarterly Report, July 2010, p. 50
The Low Ratio of US Civil Aid to Military Effort: FY2001-FY2011
(In Current $US Billions)

CBO Estimate of Annual US Spending on Afghan War By Category: FY2001-FY2010
(BA in Billions of $USD)

Source: Congressional Budget Office, The Budget and Economic Outlook, August 2010, Box-1-3, p. 15
CRS Estimate of The “Guns to Butter Ratio:” Comparative Spending by Agency on the Afghan War: FY2001-FY2011
(In Percent)

### Table 3. Estimated War Funding By Operation, Agency and Fiscal Year: FY2001-FY2012 Request

(CRS estimates in billions of dollars of budget authority)

<table>
<thead>
<tr>
<th>Operation and Funding Source</th>
<th>FY01 &amp; FY02</th>
<th>FY03</th>
<th>FY04</th>
<th>FY05</th>
<th>FY06</th>
<th>FY07</th>
<th>FY08</th>
<th>FY09</th>
<th>FY10</th>
<th>FY2011 CRA P.L. 112-6</th>
<th>FY2012 Request</th>
<th>Cum. Enacted FY2001-FY2011</th>
<th>Cum. Total w/ FY2011 CRA &amp; FY2012 Request</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IRAQ</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DOD</td>
<td>0</td>
<td>50.0</td>
<td>56.4</td>
<td>83.4</td>
<td>98.1</td>
<td>127.2</td>
<td>138.5</td>
<td>92.0</td>
<td>66.5</td>
<td>45.7</td>
<td>10.6</td>
<td>757.8</td>
<td>768.8</td>
</tr>
<tr>
<td>State/USAID</td>
<td>0</td>
<td>3.0</td>
<td>19.5</td>
<td>2.0</td>
<td>3.2</td>
<td>3.2</td>
<td>2.7</td>
<td>2.2</td>
<td>3.3</td>
<td>2.3</td>
<td>6.2</td>
<td>41.4</td>
<td>47.6</td>
</tr>
<tr>
<td>VA Medical</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.2</td>
<td>0.4</td>
<td>0.9</td>
<td>0.9</td>
<td>1.2</td>
<td>1.5</td>
<td>1.3</td>
<td>0.9</td>
<td>6.3</td>
<td>7.2</td>
</tr>
<tr>
<td><strong>Total: Iraq</strong></td>
<td>0</td>
<td>53.0</td>
<td>75.9</td>
<td>85.6</td>
<td>101.3</td>
<td>142.1</td>
<td>95.5</td>
<td>71.3</td>
<td>49.3</td>
<td>17.7</td>
<td>805.5</td>
<td>823.2</td>
<td></td>
</tr>
<tr>
<td><strong>AFGHANISTAN</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DOD</td>
<td>20.0</td>
<td>14.0</td>
<td>12.4</td>
<td>17.2</td>
<td>17.9</td>
<td>37.2</td>
<td>40.6</td>
<td>56.1</td>
<td>87.7</td>
<td>113.3</td>
<td>107.3</td>
<td>416.2</td>
<td>523.5</td>
</tr>
<tr>
<td>State/USAID</td>
<td>0.8</td>
<td>0.7</td>
<td>2.2</td>
<td>2.8</td>
<td>1.1</td>
<td>1.9</td>
<td>2.7</td>
<td>3.1</td>
<td>5.7</td>
<td>4.1</td>
<td>4.3</td>
<td>25.1</td>
<td>29.4</td>
</tr>
<tr>
<td>VA Medical</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.1</td>
<td>0.1</td>
<td>0.2</td>
<td>0.5</td>
<td>1.1</td>
<td>2.1</td>
<td>2.1</td>
<td>4.2</td>
</tr>
<tr>
<td><strong>Total: Afghanistan</strong></td>
<td>20.8</td>
<td>14.7</td>
<td>14.6</td>
<td>20.0</td>
<td>19.0</td>
<td>39.2</td>
<td>43.4</td>
<td>59.5</td>
<td>93.8</td>
<td>118.6</td>
<td>113.7</td>
<td>443.5</td>
<td>557.1</td>
</tr>
<tr>
<td><strong>ENHANCED SECURITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DOD</td>
<td>13.0</td>
<td>8.0</td>
<td>3.7</td>
<td>2.1</td>
<td>.8</td>
<td>0.5</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>28.6</td>
<td>28.7</td>
</tr>
<tr>
<td><strong>Total: Enhanced Security</strong></td>
<td>13.0</td>
<td>8.0</td>
<td>3.7</td>
<td>2.1</td>
<td>.8</td>
<td>0.5</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>0.1</td>
<td>28.6</td>
<td>28.7</td>
</tr>
<tr>
<td><strong>UNALLOCATED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unallocated DOD</td>
<td>0</td>
<td>5.5</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>5.5</td>
<td>5.5</td>
</tr>
<tr>
<td><strong>ALL MISSIONS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DOD</td>
<td>33.0</td>
<td>77.4</td>
<td>72.4</td>
<td>102.6</td>
<td>116.8</td>
<td>164.9</td>
<td>179.2</td>
<td>148.3</td>
<td>154.3</td>
<td>159.1</td>
<td>118.0</td>
<td>1,208.1</td>
<td>1,326.3</td>
</tr>
<tr>
<td>State/USAID</td>
<td>0.8</td>
<td>3.7</td>
<td>21.7</td>
<td>4.8</td>
<td>4.3</td>
<td>5.0</td>
<td>5.4</td>
<td>9.1</td>
<td>6.5</td>
<td>10.6</td>
<td>66.7</td>
<td>77.4</td>
<td></td>
</tr>
<tr>
<td>VA Medical</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0.2</td>
<td>0.4</td>
<td>1.0</td>
<td>1.0</td>
<td>1.5</td>
<td>1.9</td>
<td>2.4</td>
<td>3.0</td>
<td>8.4</td>
<td>11.4</td>
</tr>
<tr>
<td><strong>Total: All Missions</strong></td>
<td>33.8</td>
<td>81.1</td>
<td>94.1</td>
<td>107.6</td>
<td>121.5</td>
<td>170.9</td>
<td>185.6</td>
<td>155.1</td>
<td>165.3</td>
<td>168.1</td>
<td>131.6</td>
<td>1,283.3</td>
<td>1,414.8</td>
</tr>
</tbody>
</table>

The FY 2010 DoD Appropriations Act provided $1.20 billion for CERP to promote and support development activities. Of this amount, $1.00 billion was for initiatives in Afghanistan. This brought the cumulative total funding for CERP to nearly $2.64 billion - more than 5.1% of total U.S. reconstruction assistance in Afghanistan. As of June 30, 2010, DoD reported that of this amount, nearly $1.64 billion had been obligated, of which more than $1.24 billion has been disbursed. The FY2011 request was for a slight rise to $1.3 billion, but became caught up in the continuing resolution debate. However, the total DoD request for CERP for both Iran and Afghanistan then dropped to only $400 million in the FY2012 budget request.
“Hold, Build, and Transition”

US and International Civil Aid Programs
CRS Estimate of Annual Foreign Aid Spending on Afghan War FY 2001 – FY2011

## Major International (Non-U.S.) Pledges to Afghanistan Since January 2002
(As of March 2010, in $Millions)

<table>
<thead>
<tr>
<th>Country</th>
<th>Pledge (in $Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>6,900</td>
</tr>
<tr>
<td>Britain</td>
<td>2,897</td>
</tr>
<tr>
<td>World Bank</td>
<td>2,803</td>
</tr>
<tr>
<td>Asia Development Bank</td>
<td>2,200</td>
</tr>
<tr>
<td>European Commission (EC)</td>
<td>1,768</td>
</tr>
<tr>
<td>Netherlands</td>
<td>1,697</td>
</tr>
<tr>
<td>Canada</td>
<td>1,479</td>
</tr>
<tr>
<td>India</td>
<td>1,200</td>
</tr>
<tr>
<td>Iran</td>
<td>1,164</td>
</tr>
<tr>
<td>Germany</td>
<td>1,108</td>
</tr>
<tr>
<td>Norway</td>
<td>977</td>
</tr>
<tr>
<td>Denmark</td>
<td>683</td>
</tr>
<tr>
<td>Italy</td>
<td>637</td>
</tr>
<tr>
<td>Saudi Arabia</td>
<td>533</td>
</tr>
<tr>
<td>Spain</td>
<td>486</td>
</tr>
<tr>
<td>Australia</td>
<td>440</td>
</tr>
<tr>
<td><strong>Total Non-U.S. Pledges</strong> (including donors not listed)</td>
<td><strong>30,800</strong></td>
</tr>
</tbody>
</table>


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.
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
### US Assistance to Afghanistan: FY1978-FY1998 (in $Millions)

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

- Includes $3 million for demining and $1.2 million for counternarcotics.

- Includes $3.3 million in projects targeted for Afghan women and girls, $7 million in earthquake relief aid, 100,000 tons of 416B wheat worth about $15 million, $2 million for demining, and $1.54 for counternarcotics.

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Devel. Assist.</th>
<th>Econ. Supp. (ESF)</th>
<th>P.L. 480 (Title I and II)</th>
<th>Military</th>
<th>Other (Incl. Regional Refugee Aid)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>1978</td>
<td>4.989</td>
<td>—</td>
<td>5.742</td>
<td>0.269</td>
<td>0.789</td>
<td>11.789</td>
</tr>
<tr>
<td>1979</td>
<td>3.074</td>
<td>—</td>
<td>7.195</td>
<td>—</td>
<td>0.347</td>
<td>10.616</td>
</tr>
<tr>
<td>1980</td>
<td>—</td>
<td>—</td>
<td>(Soviet invasion-December 1979)</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>1981</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>1982</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>1983</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>1984</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>1985</td>
<td>3.369</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>3.369</td>
</tr>
<tr>
<td>1986</td>
<td>—</td>
<td>—</td>
<td>8.9</td>
<td>—</td>
<td>—</td>
<td>8.9</td>
</tr>
<tr>
<td>1987</td>
<td>17.8</td>
<td>12.1</td>
<td>2.6</td>
<td>—</td>
<td>—</td>
<td>32.5</td>
</tr>
<tr>
<td>1988</td>
<td>22.5</td>
<td>22.5</td>
<td>29.9</td>
<td>—</td>
<td>—</td>
<td>74.9</td>
</tr>
<tr>
<td>1989</td>
<td>22.5</td>
<td>22.5</td>
<td>32.6</td>
<td>—</td>
<td>—</td>
<td>77.6</td>
</tr>
<tr>
<td>1990</td>
<td>35.0</td>
<td>35.0</td>
<td>18.1</td>
<td>—</td>
<td>—</td>
<td>88.1</td>
</tr>
<tr>
<td>1991</td>
<td>30.0</td>
<td>30.0</td>
<td>20.1</td>
<td>—</td>
<td>—</td>
<td>80.1</td>
</tr>
<tr>
<td>1992</td>
<td>25.0</td>
<td>25.0</td>
<td>31.4</td>
<td>—</td>
<td>—</td>
<td>81.4</td>
</tr>
<tr>
<td>1993</td>
<td>10.0</td>
<td>10.0</td>
<td>18.0</td>
<td>—</td>
<td>30.2</td>
<td>68.2</td>
</tr>
<tr>
<td>1994</td>
<td>3.4</td>
<td>2.0</td>
<td>9.0</td>
<td>—</td>
<td>27.9</td>
<td>42.3</td>
</tr>
<tr>
<td>1995</td>
<td>1.8</td>
<td>—</td>
<td>12.4</td>
<td>—</td>
<td>31.6</td>
<td>45.8</td>
</tr>
<tr>
<td>1996</td>
<td>—</td>
<td>—</td>
<td>16.1</td>
<td>—</td>
<td>26.4</td>
<td>42.5</td>
</tr>
<tr>
<td>1997</td>
<td>—</td>
<td>—</td>
<td>18.0</td>
<td>—</td>
<td>31.9(^a)</td>
<td>49.9</td>
</tr>
<tr>
<td>1998</td>
<td>—</td>
<td>—</td>
<td>3.6</td>
<td>—</td>
<td>49.14(^b)</td>
<td>52.74</td>
</tr>
<tr>
<td>Security Related Programs (mostly DOD funds)</td>
<td>26,746</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>--------</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Afghan National Security Forces (incl. FMF, and train and equip)</td>
<td>2,639</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commander Emergency Response Program (CERP)</td>
<td>371.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Karzai Protection (NADR funds)</td>
<td>4,237.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Counter-Narcotics (NCLE, DoD, DEA)</td>
<td>98.53</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>De-Mining Operations (Halo Trust, other contractors)</td>
<td>8.3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>International Military Education and Training Funds (IMET)</td>
<td>550</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Afghanistan Freedom Support Act (defenses article drawdown under AFSA)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| Humanitarian-Related Programs |  
|--------------------------------|--------|
| Food Aid (USDA and USAID: P.L. 480 Title I and II; Food for Progress, 416(b), Food for Education) | 961.1 |
| Migration and Refugee aid (including emergency) | 614 |
| Debt Relief for Afghan government | 11 |
| Economic Support Funds (ESF) and Development Assistance (DA) | 10,625 |
| Afghan government budget support | 81+ FY2010 |
| Good Governance | 1,951 |
| Afghan Reconstruction Trust Fund (for National Solidarity Program, etc) | 305+ FY2010 |
| Civil Society programs | 54 |
| Election support | 600 + FY2010 |
| Rule of Law and Human Rights (incl. some INCLE funds) | 935 |
| Roads | 1,908 + FY2010 |
| Power/Electricity | 934.4 + FY2010 |
| Education | 683.6 |
| Health Sector | 706.3 |
| Water | 128 + FY2010 |
| Agriculture | 903.3 |
| PRT projects | 698 + FY2010 |
| Private Sector Development/Econ. Growth (incl IT, communications) | 882 |
| Embassy Operations, Construction, Aid Oversight | 3,720.9 |
| Other Aid: |  
| Child Survival and Health | 486.4 |
| Commodity Credit Corporation (CCC) | 25.87 |
| Treasury Technical Assistance | 3.5 |
| USAID (other) | 31.37 |
| **Total (including minor amounts not included in table)** | 51,501.8 |
US Aid Request: FY2010 (In $Millions)

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghan Security Forces Funding (DOD funds)</td>
<td>9,162 (6,563 appropriated plus 2,600 supplemental request)</td>
</tr>
<tr>
<td>CERP (DOD funds)</td>
<td>1,000</td>
</tr>
<tr>
<td>Counternarcotics (DOD)</td>
<td>361</td>
</tr>
<tr>
<td>INCLE: all functions: interdiction, rule of law, alternative livelihoods</td>
<td>620 (420 regular appropl. plus 200 supplemental request)</td>
</tr>
<tr>
<td>IMET</td>
<td>1.5</td>
</tr>
<tr>
<td>Global Health/Child Survival</td>
<td>92.3</td>
</tr>
<tr>
<td>Afghanistan Reconstruction Trust Fund (Incl. National Solidarity Program) (ESF)</td>
<td>200</td>
</tr>
<tr>
<td>Governance building (ESF)</td>
<td>191</td>
</tr>
<tr>
<td>Civil Society promotion (ESF)</td>
<td>10</td>
</tr>
<tr>
<td>Election Support (ESF)</td>
<td>90</td>
</tr>
<tr>
<td>Strategic Program Development (ESF)</td>
<td>100</td>
</tr>
<tr>
<td>USAID Rule of Law Programs (ESF)</td>
<td>50</td>
</tr>
<tr>
<td>Roads (ESF)</td>
<td>230</td>
</tr>
<tr>
<td>Power (ESF)</td>
<td>230</td>
</tr>
<tr>
<td>Agriculture (ESF)</td>
<td>230</td>
</tr>
<tr>
<td>PRT programs/Local governance (ESF)</td>
<td>251</td>
</tr>
<tr>
<td>Education (ESF)</td>
<td>95</td>
</tr>
<tr>
<td>Health (ESF)</td>
<td>102</td>
</tr>
<tr>
<td>Econ Growth/”Cash for Work” (ESF)</td>
<td>274</td>
</tr>
<tr>
<td>Water, Environment, Victim Comp. (ESF)</td>
<td>15</td>
</tr>
<tr>
<td>Karzai Protection (NADR)</td>
<td>58</td>
</tr>
<tr>
<td>Food Aid (P.L. 480, Food for Peace)</td>
<td>16</td>
</tr>
<tr>
<td>Refugees and Migration</td>
<td>11</td>
</tr>
<tr>
<td>State Ops/Embassy Construction</td>
<td>697 (486 regular plus 211 supplemental)</td>
</tr>
<tr>
<td>Cultural Exchanges</td>
<td>6</td>
</tr>
<tr>
<td>SIGAR</td>
<td>37 (23 regular plus 14 supp request)</td>
</tr>
</tbody>
</table>

FY2010 supplemental ESF request (for ESF programs above) 1,576

Total Appropriated (Incl. Supplemental) 15,700
**US Aid Request: FY2011 (In $Millions)**

<table>
<thead>
<tr>
<th>Program/Area</th>
<th>Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>Afghan National Security Forces (DOD funds)</td>
<td>11,600</td>
</tr>
<tr>
<td>CERP</td>
<td>1,100</td>
</tr>
<tr>
<td>Economic Support Funds (ESF)</td>
<td>3,316.3</td>
</tr>
<tr>
<td>Global Health/ Child Survival</td>
<td>71.1</td>
</tr>
<tr>
<td>INCLE</td>
<td>450</td>
</tr>
<tr>
<td>Karzai Protection (NADR funds)</td>
<td>69.3</td>
</tr>
<tr>
<td>IMET</td>
<td>1.5</td>
</tr>
<tr>
<td>State Dept. Operations (not incl. security)</td>
<td>754</td>
</tr>
<tr>
<td>SIGAR</td>
<td>35.3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>17,398</strong></td>
</tr>
</tbody>
</table>

In FY2011 legislation, on June 30, 2010, the State and Foreign Operations Subcommittee of House Appropriations Committee marked up an aid bill, deferring consideration of much of the Administration request for Afghanistan pending a Committee investigation of allegations of governmental corruption in Afghanistan and of possible diversion of U.S. aid funds by Afghan officials and other elites. The Administration has requested legislation to authorize an “Afghanistan Infrastructure Fund,” to contain mostly DOD funds, beginning with $400 million in FY2011, possibly supplemented by an additional $200 million later in the fiscal year. The fund will be used mostly for electricity projects, including an ongoing major electricity project for Qandahar, but could be used for other infrastructure projects later on, such as roads. That was authorized in H.R 6523, the National Defense Authorization Act for FY2011, P.L.111-383.

Source: Kenneth Katzman, Afghanistan: Post-Taliban Governance, Security, and U.S. Policy, CRS RTL30588, March 24, 2011,
## US Aid Request: FY2012 (In $Millions)

<table>
<thead>
<tr>
<th>Program/Area</th>
<th>Request</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANSF Funding</td>
<td>12,800</td>
</tr>
<tr>
<td>Economic Support Funds</td>
<td>2,804</td>
</tr>
<tr>
<td>(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)</td>
<td></td>
</tr>
<tr>
<td>Health and Child Survival (State)</td>
<td>0.5</td>
</tr>
<tr>
<td>Health and Child Survival (USAID)</td>
<td>0.5</td>
</tr>
<tr>
<td>Food For Peace Title II</td>
<td>15.5</td>
</tr>
<tr>
<td>INCLE (counter-narcotics, rule of law)</td>
<td>324</td>
</tr>
<tr>
<td>NADR funds (Karzai protection, explosives removal, counter-terrorism)</td>
<td>66.2</td>
</tr>
<tr>
<td>IMET</td>
<td>2.4</td>
</tr>
<tr>
<td>Diplomatic and Consular (embassy construction, personnel)</td>
<td>758</td>
</tr>
<tr>
<td>Diplomatic and Consular (security)</td>
<td>190</td>
</tr>
<tr>
<td>SIGAR</td>
<td>44</td>
</tr>
<tr>
<td>CERP (regular)</td>
<td>400</td>
</tr>
<tr>
<td>CERP (contribution to Afghan Infrastructure Fund)</td>
<td>500</td>
</tr>
<tr>
<td>CERP (Taskforce for Business)</td>
<td>150</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>18,050</strong></td>
</tr>
</tbody>
</table>

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,
“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 Jawzjan, Sane Pul, and Samangan provinces.
### Provincial Reconstruction Teams

<table>
<thead>
<tr>
<th>Location (City)</th>
<th>Province/Command</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>U.S.-Lead (all under ISAF banner)</strong></td>
<td></td>
</tr>
<tr>
<td>1. Gardez</td>
<td>Paktia Province (RC-East, E)</td>
</tr>
<tr>
<td>2. Ghazni</td>
<td>Ghazni (RC-E), with Poland.</td>
</tr>
<tr>
<td>3. Jalalabad</td>
<td>Nangarhar (RC-E)</td>
</tr>
<tr>
<td>4. Khost</td>
<td>Khost (RC-E)</td>
</tr>
<tr>
<td>5. Qalat</td>
<td>Zabol (RC-South, S), with Romania.</td>
</tr>
<tr>
<td>6. Asadabad</td>
<td>Kunar (RC-E)</td>
</tr>
<tr>
<td>7. Sharana</td>
<td>Paktika (RC-E), with Poland.</td>
</tr>
<tr>
<td>8. Mehtarlam</td>
<td>Laghman (RC-E)</td>
</tr>
<tr>
<td>9. Jabal o-Saraj</td>
<td>Panjshir Province (RC-E), State Department lead</td>
</tr>
<tr>
<td>10. Qala Gush</td>
<td>Nuristan (RC-E)</td>
</tr>
<tr>
<td>11. Farah</td>
<td>Farah (RC-SW)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Partner Lead (most under ISAF banner)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PRT Location</strong></td>
</tr>
<tr>
<td><strong>Province</strong></td>
</tr>
<tr>
<td><strong>Lead Force/Other forces</strong></td>
</tr>
<tr>
<td>12. Qandahar</td>
</tr>
<tr>
<td>13. Lashkar Gah</td>
</tr>
<tr>
<td>15. Herat</td>
</tr>
<tr>
<td>16. Qalah-ye Now</td>
</tr>
<tr>
<td>17. Mazar-e-Sharif</td>
</tr>
<tr>
<td>18. Konduz</td>
</tr>
<tr>
<td>24. Maidan Shahr</td>
</tr>
<tr>
<td>25. Pul-i-Alam</td>
</tr>
<tr>
<td>26. Shebergan</td>
</tr>
<tr>
<td>27. Charikar</td>
</tr>
</tbody>
</table>

*Note: RC = Regional Command.*

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

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


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)


• 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.
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”

Improvements in Civil Governance
## Major Factions, Leaders in Afghanistan

<table>
<thead>
<tr>
<th>Party/Leader</th>
<th>Leader</th>
<th>Ideology/Ethnicity</th>
<th>Regional Base</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Taliban</strong></td>
<td>Mullah (Islamic cleric) Muhammad Umar (still at large possibly in Afghanistan. Umar, born in Tarin Kowt, Uruzgan province, is about 65 years old.</td>
<td>Ultra-orthodox Islamic, Pashtun</td>
<td>Insurgent groups, mostly in the south and east.</td>
</tr>
<tr>
<td><strong>Haqqani Network</strong></td>
<td>Jalaludin and Siraj Haqqani. Allied with Taliban and Al Qaeda. Said to be heavily influenced by elements within Pakistani military intelligence.</td>
<td>Same as above</td>
<td>Paktia, Paktika, Khost, Kabul</td>
</tr>
<tr>
<td><strong>Islamic Society (leader of “Northern Alliance”)</strong></td>
<td>Burhanuddin 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.</td>
<td>Moderate Islamic, mostly Tajik</td>
<td>Much of northern and western Afghanistan, including Kabul</td>
</tr>
<tr>
<td><strong>National Islamic Movement of Afghanistan</strong></td>
<td>Abdul Rashid Dostam. During OEF, impressed U.S. commanders with horse-mounted assaults on Taliban positions at Shulgar 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.”</td>
<td>Secular, Uzbek</td>
<td>Jowzjan, Balkh, Faryab, Sar-i-Pol, and Samangan provinces</td>
</tr>
<tr>
<td><strong>Hizb-e-Wahdat</strong></td>
<td>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.</td>
<td>Shiite, Hazara tribes</td>
<td>Bamiyan, Ghazni, Dai Kundi province</td>
</tr>
<tr>
<td><strong>Pashtun Leaders</strong></td>
<td>Various regional governors and local leaders in the east and south; central government led by Hamid Karzai.</td>
<td>Moderate Islamic, Pashtun</td>
<td>Dominant in the south and east</td>
</tr>
<tr>
<td><strong>Islamic Union</strong></td>
<td>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.</td>
<td>orthodox Islamic, Pashtun</td>
<td>Paghman (west of Kabul)</td>
</tr>
</tbody>
</table>

Sources: Kenneth Katzman, Afghanistan: Post-Taliban Governance, Security, and U.S. Policy, CRS RTL30588, March 24, 2011,
A System of Rules and Laws That Reflects What Afghans Want

ABC News/BBC/ARD/Washington Post poll

Which is best able to create and enforce such a system?

- Central government: 52%
- Tribal elders: 46%

Does such a system already exist in this area at this time?

- Yes: 40%
- No: 51%
Preferred Political System for Afghanistan

ABC News/BBC/ARD/Washington Post poll

Islamic state: 43% (Dec 2009) vs. 39% (Nov 2010)

Democracy: 32% (Dec 2009) vs. 37% (Nov 2010)

Strong leader: 23% (Dec 2009) vs. 23% (Nov 2010)
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

Source: ISAF, April 15, 2011.
Democracy and the Parliamentary Election

ABC News/BBC/ARD/Washington Post poll

Confident democracy can work?
- Yes: 77%
- No: 23%

Satisfied with election outcome?
- Yes: 58%
- No: 41%
USAID Dispersal Per Capita in 2010

Deputy Provincial Governor Appointments

- Civil Service Appointments Board fills 12 Deputy Provincial Governor posts with merit-based appointments February 2011

- 76% of Provinces will have DPGs selected on merit following current round (if approved by PoA)

- On-going merit-based selection of 14 Deputy Provincial Governor posts (23 May 2011)

Source: ISAF 5/2011
Improvements in District Governance

Source: ISAF 5/2011

Governance Assessment:
- Full Authority
- Emerging
- Unproductive
- Dysfunctional
- Non-existent
- Not Assessed

Source: ISAF Joint Command District Trend Tracker, Governance

NATO/ISAF UNCLASSIFIED

Source: ISAF 5/2011
District Governor Appointments

- CSAB selects 38 District Governor posts through merit-based process in April 2011

- 23 Provinces with merit-based appointments (68%)
- 58 Districts with merit-based appointed DGs to date (16%)

Next District Governor Appointment Board expected in July 2011

Previous District Governor merit-based appointments

Source: ISAF 5/2011
Civil Service Pay & Grade Reform

- Process began SEP 2008
- Estimated completion SEP 2013
- Process belongs to the Ministries
- Ministries/Agencies currently in progress include:
  - Tribes and Borders
  - Supreme Court
  - Environmental Safeguards
  - Information and Culture
  - Upper and Lower Houses of

- Ministries/Agencies Completed: 25
- In Progress: 5
- Remaining to Implement Reform: 16

Source: ISAF 5/2011
“Hold, Build, and Transition”

Real and Uncertain/Incredible Improvements in Key Development Indicators
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.

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
Health Care in Key Terrain Districts: 2009-2010

Source: MoPH (HMIS)

2009
- Below Standards: 41
- Meets Standards: 14
- Exceeds Standards: 31

2010
- Below Standards: 14
- Meets Standards: 15
- Exceeds Standards: 57

Source: ISAF 5/2011
Afghan MoE Estimate of Number of Schools: 2001-2010

Note: MoE figures are not credible.
Claims Average over 570 students per school

Source: ISAF 5/2011
MoE Estimate of Enrollment: 2001-2010

Note: MoE figures are not credible.
Claims Average over 570 students per school

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TOTAL (2011)</th>
<th>TOTAL (2001)</th>
<th>RATIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOYS</td>
<td>5,063,000</td>
<td>1,134,745</td>
<td>346%</td>
</tr>
<tr>
<td>GIRLS</td>
<td>3,237,000</td>
<td>50,000</td>
<td>6374%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>YEAR</th>
<th>TOTAL (2011)</th>
<th>TOTAL (2010)</th>
<th>RATIO</th>
</tr>
</thead>
<tbody>
<tr>
<td>BOYS</td>
<td>5,063,000</td>
<td>4,649,747</td>
<td>9%</td>
</tr>
<tr>
<td>GIRLS</td>
<td>3,237,000</td>
<td>2,730,804</td>
<td>19%</td>
</tr>
</tbody>
</table>

Source: ISAF 5/2011
“Hold, Build, and Transition”

Seeking to Expand the Role of the Private Sector May Be Critical as Aid Phases Down
Private Sector Growth: Strategic Infrastructure Priorities

- Strategic
- Foundational
- Executable
- Sustainable

- Catalytic for Private Sector Growth
- Major Near to Mid-Term COIN Impact
- Resource Corridors, KTDs, Major Cities
- **Funded or Likely to be Funded**

Source: US Experts
Private Sector Growth: Seven Lines of Basic Infrastructure

Source: US Experts
Private Sector Growth: River Basins, Ongoing & Planned Water Infrastructure

- 16 existing dams not shown
- 10-15 other dams--held up by transboundary issues--not shown
- River basin master plans under way; completion ≈ 2014-15

Source: US Experts
## Private Sector Growth: Oil & Gas

### 5 Major Hydrocarbon Basins

<table>
<thead>
<tr>
<th>Basin</th>
<th>Area (km²)</th>
<th>Crude Oil Potential (MBO)</th>
<th>Natural Gas Potential (TCF)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amu Darya</td>
<td>57,000</td>
<td>76</td>
<td>8</td>
</tr>
<tr>
<td>Afghan Tajik</td>
<td>31,000</td>
<td>1,800</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>35,000</td>
<td>1,600</td>
<td></td>
</tr>
<tr>
<td>Helmand</td>
<td>131,000</td>
<td>TBD</td>
<td>Exploring Required</td>
</tr>
<tr>
<td>Tirpul</td>
<td>26,000</td>
<td>27</td>
<td></td>
</tr>
<tr>
<td>Katawaz</td>
<td>40,000</td>
<td>Exploring Required</td>
<td></td>
</tr>
</tbody>
</table>

Source: US Experts
Private Sector Growth: Telecommunications Backbone

**Strategy:**

Pursue, coordinate & synchronize programs from all sources to build a robust broadband terrestrial network for socio-economic development and improved governance.

- Ring Road
- External Access
- Center of Country
- Provide infrastructure to support 4G wireless & internet access

**Status:**

Funded OFC projects:

- US – Mar 2012 Kandahar – Shindand
- World Bank 2014
  - Parwan – Bamiyan – Chagcharan
  - Bamiyan – Nili
  - Mazar – Kunduz – Faizabad
- GRoA – 2016 Maimanah – Qal‘ah-ye Now
  - Sept 2011 Kandahar Ghazni
  - Sept 2011 Turkmenistan bypass
  - Sept 2011 NE Power Line

World bank to work closely with MCIT & Ministry of Public Works to plan/fund Phase 2 coincident with road construction

Source: US Experts
Private Sector Growth: Industrial Parks

The success of industrial parks is closely tied to infrastructure.

**KABUL:** Bagrami-I fully functioning. Bagrami-II demand outstrips existing plans.

**MAZAR-e-SHARIF:** < 20% full. Completed for over a year. Interest reviving based on power transmission agreement.

**KANDAHAR:** Power in place. Business developing.

**JALALABAD:** Empty. Completed a year ago. No power, water, or industrial water treatment.

Source: US Experts
“Hold, Build, and Transition”

Aid Funds Are To Be Reduced and Cuts Could Trigger a Crisis or Recession
Development: Growing Progress

• 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

<table>
<thead>
<tr>
<th>Population</th>
<th>Afghanistan</th>
<th>Pakistan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Life Expectancy</strong></td>
<td>44.7 years</td>
<td>65.6 years</td>
</tr>
<tr>
<td><strong>% 0-14 Years</strong></td>
<td>42.9%</td>
<td>36%</td>
</tr>
<tr>
<td><strong>Growth Rate</strong></td>
<td>2.47%</td>
<td>1.51%</td>
</tr>
<tr>
<td><strong>Urbanization Rate</strong></td>
<td>5.4%</td>
<td>3%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ethnic Groups</th>
<th>Afghanistan</th>
<th>Pakistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>42% Pashtun</td>
<td></td>
<td>44.7% Punjabi</td>
</tr>
<tr>
<td>27% Tajik</td>
<td></td>
<td>15.4% Pashtun</td>
</tr>
<tr>
<td>9% Hazara</td>
<td></td>
<td>14.1% Sindhi</td>
</tr>
<tr>
<td>4% Aimak</td>
<td></td>
<td>8.4% Sariaki</td>
</tr>
<tr>
<td>3% Turkmen</td>
<td></td>
<td>7.6% Muhairs</td>
</tr>
<tr>
<td>2% Baluch</td>
<td></td>
<td>3.6% Baluchi</td>
</tr>
<tr>
<td>4% Other</td>
<td></td>
<td>6.3% Other</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sects</th>
<th>Afghanistan</th>
<th>Pakistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>80% Sunni</td>
<td></td>
<td>75% Sunni</td>
</tr>
<tr>
<td>19% Shi’ite</td>
<td></td>
<td>20% Shi’ite</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Literacy</th>
<th>Afghanistan</th>
<th>Pakistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>28.1%</td>
<td></td>
<td>49.9%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Economy</th>
<th>Afghanistan</th>
<th>Pakistan</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>$23.5 Billion</td>
<td>$449.3 Billion</td>
</tr>
<tr>
<td>GDP Rank</td>
<td>113th</td>
<td>28th</td>
</tr>
<tr>
<td>Per Capita Income</td>
<td>$800</td>
<td>$2,600</td>
</tr>
<tr>
<td>Per Capita Rank</td>
<td>219th</td>
<td>170th</td>
</tr>
<tr>
<td>Unemployment</td>
<td>3.5%</td>
<td>14%</td>
</tr>
<tr>
<td>Labor Force 15 Million</td>
<td></td>
<td>53.8 Million</td>
</tr>
<tr>
<td>Structure</td>
<td>31% Agriculture</td>
<td>43% Agriculture</td>
</tr>
<tr>
<td></td>
<td>26% Industry</td>
<td>20.3% Industry</td>
</tr>
<tr>
<td></td>
<td>43% Services</td>
<td>36.6% Services</td>
</tr>
</tbody>
</table>

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

Coping With Impossible Goals

Anticipated funding and expected expenditures, 2008-2013

Dollars in billions

Cumulative budget shortfall $18.6

- Assistance from donors
- Domestic revenue
- Total expenditures
- Projected

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

Source: GAO, 10-655R, June 15, 2010
Transitioning Out of Mission Impossible to “Afghan Right”

GIRoA Spending Expectations Inconsistent with Future Budget Restrictions

- **Request ANDS Resource Ceiling**
  - Source: GIRoA 1389 Budget, (Total Pending = Operational Budget + Development Budget)
- **GIRoA Estimated Total Spending**
  - (On Budget NOT INCLUDING ANSF Spending)
  - Source: Afghan National Development Strategy 2008-2013, (Budgeted Core + External Expenditure)

Coping With Impossible Dreams

Timeline of Selected Documents

- Bonn Agreement
- SHAPE OPLAN (2003)
- Operation Enduring Freedom Campaign Plan
- NATO OPLAN
- SHAPE OPLAN (2006)
- Afghan Compact
- Afghan National Development Strategy
- London Conference Communiqué
- Afghanistan Pakistan Regional Stabilization Strategy
- NATO Comprehensive Strategic Political Military Plan
- ISAF OPLAN
- U.S. Strategy for Afghanistan and Pakistan
- National Security Council Strategic Implementation Plan
- Integrated Civilian Military Campaign Plan
- Commander’s Assessment

Source: GAO, 10-655R, June 15, 2010
“Hold, Build, and Transition”

Many Existing Priorities Are Decoupled from Resources and Transition and Real World Transition Plans Are Critical
Stabilization vs. Development

**Stabilization Efforts:**
Through the use of the District Stability Framework, identify the root causes of instability and quickly apply resources to mitigate their effects.

- Support GIRoA Governance and Rule of Law at District Level
- Food Security and Subsistence Farming
- Short Term, Income Generating Activities
- Small Scale, Community Based Infrastructure Projects
- Establishment of Basic Services

**Long-Term Development Efforts:**
In secure areas, help the Afghan people prepare a sustainable development strategy and support their efforts to pursue it directly and through other donors & private investors.

- Implementation of Sub-National Governance Policy/Coordination of Formal and Informal Justice
- Commercial Agriculture Sector and Value Chains
- Business Climate that encourages Private Sector Investment
- Regional, Large-Scale Infrastructure Projects
- Connection of National Level Ministries to the District

USAID’s Uncertain 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, 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.

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

UNDAF, 2010, Annex B
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.

Source: http://www.wfp.org/countries/afghanistan
A “Rich” Future? Mining Potential

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

<table>
<thead>
<tr>
<th>Mineral</th>
<th>Amount (Tonnes)</th>
<th>Value ($ Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Iron</td>
<td>1,490,944,000</td>
<td>420.85</td>
</tr>
<tr>
<td>Copper</td>
<td>40,895,800</td>
<td>274.00</td>
</tr>
<tr>
<td>Niobium</td>
<td>3,500,000</td>
<td>81.20</td>
</tr>
<tr>
<td>Cobalt</td>
<td>600,000</td>
<td>50.82</td>
</tr>
<tr>
<td>Gold</td>
<td>685</td>
<td>25.00</td>
</tr>
<tr>
<td>Molybdenum</td>
<td>724,010</td>
<td>23.89</td>
</tr>
<tr>
<td>Rare earth elements</td>
<td>1,400,000</td>
<td>7.41</td>
</tr>
<tr>
<td>Asbestos</td>
<td>13,365,563</td>
<td>6.32</td>
</tr>
<tr>
<td>Silver</td>
<td>9,067</td>
<td>5.34</td>
</tr>
<tr>
<td>Potash</td>
<td>27,513,690</td>
<td>5.09</td>
</tr>
<tr>
<td>Aluminum</td>
<td>2,290,175</td>
<td>4.43</td>
</tr>
<tr>
<td>Graphite</td>
<td>1,055,223</td>
<td>0.67</td>
</tr>
<tr>
<td>Lapis lazuli</td>
<td>1,300</td>
<td>0.85</td>
</tr>
<tr>
<td>Fluorite/fluorspar</td>
<td>8,791,000</td>
<td>0.64</td>
</tr>
<tr>
<td>Phosphorus</td>
<td>6,200,000</td>
<td>0.58</td>
</tr>
<tr>
<td>Lead and zinc</td>
<td>243,900</td>
<td>0.55</td>
</tr>
<tr>
<td>Mercury</td>
<td>32,234</td>
<td>0.50</td>
</tr>
<tr>
<td>Strontium</td>
<td>329,100</td>
<td>0.41</td>
</tr>
<tr>
<td>Sulfur</td>
<td>6,450,000</td>
<td>0.23</td>
</tr>
<tr>
<td>Talc</td>
<td>1,250,000</td>
<td>0.16</td>
</tr>
<tr>
<td>Magnetite</td>
<td>31,200</td>
<td>0.16</td>
</tr>
<tr>
<td>Kazakh</td>
<td>—</td>
<td>0.05</td>
</tr>
</tbody>
</table>

Total Estimated Value: 908.95

Note: Potential resources identified during TFSO visits.
Source: DOD/TFSO, response to SIGAR data call, 7/14/2010.

MINERAL RESOURCES (FUEL): ESTIMATES OF POTENTIAL CURRENT VALUE

<table>
<thead>
<tr>
<th>Resource</th>
<th>Primary Location</th>
<th>Quantity</th>
<th>Potential Value ($ Billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crude oil</td>
<td>Afghan-Tajik Basin</td>
<td>1.596 billion barrels</td>
<td>$123.2 (at $77.19/barrel)</td>
</tr>
<tr>
<td>Natural gas</td>
<td>Amu Darya Basin</td>
<td>15.067 billion cubic feet</td>
<td>$56.3 (at $3.58/MMBtu)</td>
</tr>
<tr>
<td>Natural gas liquids</td>
<td>Amu Darya Basin</td>
<td>562 million barrels</td>
<td>$43.4 (at $77.19/barrel)</td>
</tr>
</tbody>
</table>

Total: $222.9

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