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Request for comments:

This report is a draft that will be turned into an electronic book. Comments and suggested changes would be greatly appreciated. Please send any comments to Anthony H. Cordsman, Arleigh A. Burke Chair in Strategy, at acordesman@gmail.com.
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NON-REPORTING ON GOVERNANCE, RULE OF LAW, AND ECONOMIC STABILITY
The US is already at least six months behind in shaping an effective Transition in Afghanistan. It has not laid credible plans for the security, governance, and economic aspects of Transition. It has not made its level of future commitment clear to its allies or the Afghans, and it has failed dismally to convince the Congress and the American people that there is a credible reason to support Transition beyond the end of 2014.

The US has a long history of US failures to follow up effectively on major crisis and conflicts that dates back to at least Vietnam (Figure 1). These failures have been shaped by a repeated failure to develop credible plans and budget before such Transitions and to persuade the American people they a workable, affordable, and honestly effective as time goes buy.

**No One Follows Where No One Leads**

There are good reasons why a recent Washington Post poll found that 67% of Americans now feel the war is not worth fighting. (Figure 2). The Administration has provided little beyond empty rhetoric to explain the need Transition and show it can work. In spite of prodding by GAO that now goes back to the early years of the war, and have been a constant theme in GAO reporting since 2009, there are no credible plans, budgets, or measures of effectiveness dealing with either the civil or military side of the war, and no credible plans or funding profiles for transition.1

This is a Presidential responsibility that should have been met no later than late met decisively in 2012 to deal with the long lead times involved in translating plans into actions, the timing of the US budget cycle, and the need to persuade our allies and the Afghans.

At the same time, the lack of such an effort reflects a failure by the leader and ranking member of the Senate and the House and the armed services and Foreign Relations Committee in both House to demand credible plans, budget, accountability, and measures of effectiveness – to debate the need to sustain Transition and win Congressional and public consensus. Transition is not failing because of our military or the civilians serving in the field. It is failing because of a bipartisan lack of top-level leadership.2

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1 For a summary analysis, see GAO, *Afghanistan, Key Oversight Issues*, February 2012, GAO-13-218SP. Appendix VI (pp. 48-52) lists 37 separate studies by GAO reflecting the problems caused by a lack of transparency. Accountability, proper planning and budgeting, and measures of effectiveness issues since 2010.

2 See the warning about the resulting problems in the a introductory letter by the Special Inspector General for Afghan Reconstruction (SIGAR) in the July 30, 2013 *Quarterly Report to Congress,*
Figure 1: Real World Aid: Declare Victory and Leave? Development Assistance Levels Before and After Troop Reductions

Figure 2: 67% of Americans Day Afghan War Not Worth fighting

POLL Washington Post ABC News

Q: All in all, considering the costs to the United States vs. the benefits to the United States, do you think the war in Afghanistan has been worth fighting, or not?

Source: Washington Post, July 2013
Examining Afghanistan’s Strategic Priority

This does not mean that the US should support Transition after 2014. There is a need for an honest debate over the relative priorities and cost-benefits involved. The Strategic Choices and Management Review that Secretary Hagel briefed on July 31, 2013 illustrated just how careful we need to be in allocating troops and money.

Afghanistan has long lost its priority in the US effort to defeat the global threat of terrorism and extremism, and has only marginal strategic value relative to many other US commitments and priorities. It has to be shown that Afghan can and will meet their commitments to creating effective leadership, governance, security forces, and economic reform. It has to be shown that cutting US spending on the war from roughly $7 billion a month to somewhere approaching $5-$7 billion a year after 2014 is really worth a sum that will still total half or more of our entire security and foreign aid effort. Neither the President nor the Congress has gone beyond shallow political rhetoric, waving the “bloody shirt” of 9/11, and largely dishonest claims of progress in addressing these issues.

We need credibility, honesty, and transparency at an unclassified level to determine whether the sunk cost in lives and dollars is really worth it. None of that exists at any level of policymaking today. The irony is that if it did, studies like the New 1230 Report on Progress Toward Security and Stability in Afghanistan indicate that a successful Transition may be both possible and affordable – although the causes is far stronger in terms of military progress than in overall security and particular in leadership, governance, economics, and development.

Honest and Forthright Conditionality

This is also why we need to make it clear to Afghan – and to allies and other donors – that any continued major US effort at Transition will be conditional on Afghan progress in every key level. Like the need for effective planning and budgeting for Transition, this conditionality needs to be established now.

The Afghans need time enough to react. They need to put an end to their often grossly exaggerated opinion of their own strategic importance and feeling the US needs Afghanistan. They need to know that US demands are practical, there are credible standards and milestones, and the US and its allies will meet their commitment if the Afghan government meets its commitments.

To be specific,

- Afghan leaders need to understand that Karzai must go in 2014, that the election must produce a credible leader that will be both backed by an effective consensus of Afghan leaders and factions, and will be an effective partner in security, in creating effective governance and popular support, and will carry out effective use of aid money and economic reform. The standard for the election is not its honestly or inclusiveness. It is to find a leader who can actually lead and a structure of governance that can win popular support and the political side of a successful counterinsurgency,
• **There need to be credible plans for shaping Afghan security forces that can actually take more than cosmetic formal responsibility, hold all major population centers and key areas of the country, push insurgents toward reconciliation, and limit corruption and abuses** to the point where they – and far too many of Karzai’s civil appointments – are seen as a threat equal to the Taliban. This means full accountability and transparency in using advisors and partners, in the way money is spent, and in reporting on the effectiveness of Afghan forces in actually providing security and winning popular support rather than simply creating or sustain more forces.

• **There needs to be credible progress in provincial, district, and local governance and justice systems.** Tip O’Neil once said that, “all politics is local.” So is all counterinsurgency and political stability. The US and its allies largely failed to provide effective aid plans when they tried to force Afghans to do it “our way.” But, both donors and Afghans need to set credible and realistic standard for progress in having the Afghans “do it their way.” This does not mean continuing absurdly over-demanding standards in terms of freedom from power brokers, human rights, and corruption. But, it needs to be clear no aid money will go where reasonable standards are met in terms of accountable governance, prompt justice, policing, and limiting the abuse of authority.

• **There need to be credible plans and actions to ensure economic stability as military spending and aid are cut, and eventual move towards development.** Time is already running out in which to prepare for the level of coming cuts in military spending and aid, shift from failed overambitious project aid plans to providing economic stability during Transition, and from nonsense about a “New Silk road” to real world plans for development found on actual conditions in Afghanistan and Central Asia.

• **This requires common planning by the US, other donors, and the Afghan sat level that has never existed, and panning for limited aid, and it requires realistic levels of accountability and effectiveness reporting.** It requires the Afghans to meet the criteria for economy and other reforms they promised at the Tokyo conference in 2012 and failed dismally to meet at the follow up meeting on July 3, 2013. It requires that that flow of US aid be made conditional on transparent accountability and effectiveness measures. And. It requires more honest reporting by the Afghan government, outside experts like the World Bank and the successor to UNAMA, and -- above all -- by the US State Department and USAID.

It will be an inexcusable failure on the part of both the Administration and the leadership of Congress if Transition occurs without addressing these issues. The same will be true if OCO funds are eventually used as a Baseline slush fund or simply cut because there is no real Department of Defense or State plan for using OCO funds. Moreover, the US should only proceed with a Bilateral Security Agreement if it requires such plans and clear Afghan willingness to comply with US conditions for continued support.
Putting the New 1230 Report on Progress Toward Security and Stability in Afghanistan in Perspective

These points are an essential preface to the latest 1230 Report on Progress Toward Security and Stability in Afghanistan issued at the end of July. This semiannual report by the Department of Defense is the only credible report on the progress of the war, but it is an inherent failure because it focused on the military and the past—effectively ending its coverage three months behind the formal date any given report has been due. The sections on political, governance, rule of law, narcotics and aid have always bordered on propaganda and have become steadily less credible over the last two years.

This is the one existing document that could be used to make a credible case for Transition. Both the Bush and Obama Administration have blocked such efforts, and the leaders of Congress have failed to demand them. The end result is that the report has never properly addressed the range of real world problems affecting US efforts in the war, the conditions needed for Afghan success, provided a clear plan for the future, set forth meaningful plans for US spending and military/civil aid and advisory efforts. In recent years, it has also sometimes been politicized to remove embarrassing metrics and narratives (shades of the “follies” in Vietnam).3

As for other reporting, the Special Inspector General for Afghanistan (SIGAR), the GAO, the McMaster’s study on waste and corruption, and various other inspector generals have made devastating cases about past waste, fraud, and corruption, and warned repeatedly about the need for effective planning, measures of effectiveness, accountability, and transparency. Unfortunately, they cannot shape overall policy towards Transition and the future.

At a broader policy level, ISAF has sometimes provided useful briefings – and NTM-A has provide a range of systematic data on progress by the ANSF -- but efforts to provide a credible monthly summary of military developments have been blocked by the White House and ISAF has had growing reporting problems in covering military progress in the field.4 The State Department has never issued a meaningful report on its role in the war. The one USAID unclassified report on US aid was a largely dishonest morass of statistical claims that grossly exaggerate progress and implied aid was responsible for Afghan gains that were more the result of added security and favorable rainfall than aid.5

3 For example, maps showing progress in security, the quality of governance, and the impact of aid have been removed – in each case after a lack of expected progress from report to report.

4 ISAF is still trying to come to grips with the problems created by a focus on enemy initiated attacks and on tactical encounters rather than the overall progress of the ANSF versus the insurgents that led to a suspension of much of its public reporting in early 2013. The NTM-A make a major contribution to the 1230 report but has not followed up on the level of transparency it provided in NTM-A, Year in Review, November 2009 to November 2010.

5 See USAID, USAID in Afghanistan: Partnership, Progress, Perseverance, 2012. No data cover uncertainty and the dubious validity of most statistical claims. Key areas like the increase in agricultural output and GDP are indirectly linked to aid when the main causes are improved local security and good rains.
UNAMA has reported on civilian casualties and the UN has done some useful reporting on narcotics, but no useful reporting on economic development and aid. International organizations have done little better, with the exception of an underfunded effort by the World Bank to honestly assess the problems in the Afghan economy and Transition which badly needs the resources to improve it input data, more focus on security risks, and the ability to take account of corruption, waste and fraud, and capital flight.\(^6\) ANSO - the one NGO that did solid reporting on aid and security – now seems to lack the resources and access to continue its efforts and all of its public reporting has ended in an effort to cover up the often politically embarrassing data it provided.\(^7\)

**Recent Military Developments**

The July 2013 *Report on Progress Toward Security and Stability in Afghanistan* does not provide a comprehensive picture of developments in security. It repeats a past focus on tactical outcomes in the fighting rather than the overall success and failures of the insurgency in terms of political and influence, and makes no effort to provide a net assessment of the overall success of insurgent in key areas relative to the success and failures of Afghan forces and governance.

The analysis of the Taliban and threat is almost all tactical, and ignores the fact the insurgents can afford to wait out the departure of most US and allied forces, the political dimensions of the insurgency, its current areas of influence, and how the failures in GIRoA impact in given areas. The end result is a largely one-dimensional approach to a three dimensional problem although the narrative has usually been more nuanced than the graphics.

The new version of the report is at best ingenuous in focusing on the formal transfer of security to the ANSF rather than its actual capability to operate without US and ISAF support.\(^8\) As the rest of the report states, the ANSF is years away from being able to perform its missions on its own. At the same time, it is important to note that the insurgency is still relatively limited in terms of its capabilities.

Recent 1230 reports and unclassified ISAF reporting do not map insurgent areas of influence or Afghan government areas of control, and the July 1230 report does not do not provide a useful analytic description of General Dunford’s concept of a layered defense – a critical step forward in justifying continued US support of Transition.

The 1230 report does provide the data shown in Figure 4 that indicate data showing that most fighting is concentrated in the East and South, but no data on its outcome. It also

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\(^7\) The ANSO web site is closed. See the remarkable rationale for ending transparency –“‘All reports - including the daily threat warnings, incident databases, provincial analysis and quarterly data reports - remain freely available to registered NGO members only…INSO may periodically post thematic reports or special research projects where it sees fit,” and the resulting halt to all public reporting at the INSO web site: http://www.ngosafety.org/#!reports/c22ox.

\(^8\) See 1230 *Report*, July 2013, pp. 28-31
summarizes the key trends in fighting by region as follows in ways that make it clear that the insurgent elements do not control any significant population center.\(^9\)

**REGIONAL COMMAND – EAST:** Al Qaeda and other international terrorist organizations continue to exploit ungoverned spaces in the extreme northeastern portions of the country, but ISAF and ANSF pressure prevented significant expansion of these safe havens. Insurgents attempted to maintain their influence in Logar and Wardak Provinces along the primary approaches to Kabul from the south. ISAF and ANSF operations prevented insurgent expansion in the region, decreasing its use as a staging area for attacks on Kabul. Some districts bordering Highway 1, which were transitioned as part of tranche four, will likely continue to be challenged by insurgent attempts to sever the main line of communication to Kabul from the south; of particular concern due to the high insurgent presence there are several districts in Ghazni Province.

**REGIONAL COMMAND – SOUTH:** Much of the fighting in RC-S took place in just three districts – Zharay, Panjwa’i, and Maiwand. These are some of the most contested districts in the country, constituting a significant proportion of attacks nationwide. With implementation of tranche four, 70 percent of RC-S’s population now resides in areas at various stages of transition to Afghan security lead.

The Taliban demonstrated a limited ability to affect large provincial population centers. EIAs in Kandahar City, Tarin Kowt, and Qalat decreased by 30 percent in comparison to the same period last year and generated 43 percent fewer civilian casualties. Kandahar City alone experienced a 50 percent decrease in EIAs when compared to the same period last year. Despite these trends, high profile attacks (HPAs) remain a persistent threat in RC-S.

Insurgent efforts remained focused on Zharay, Panjwa’i, and Maiwand districts in an effort to reestablish facilitation lines into Kandahar City, reclaim safe havens lost during the 2012 fighting season, and counter recurring ANSF-ISAF operations. These three districts are home to less than one percent of the total Afghan population, but accounted for nearly eight percent of nationwide EIAs and more than seven percent of nationwide direct fire (DF) events during the reporting period. Insurgents will likely continue efforts to gain access to Kandahar City and its surrounding districts over the fighting season. Improvements in ANSF capabilities and increased ALP presence have forced Kandahar-based insurgents to struggle to regain influence in the province.

Taliban leadership increased operations within Uruzgan Province during the reporting period. The ANSF have been persistently challenged in rural districts in Uruzgan, and in some cases, have consolidated to more defendable positions following coalition security-lead handover. Zabul Province remains an insurgent facilitation zone; the majority of insurgent activity within Zabul is designed to maintain ANSF and ISAF focus on key transit routes. Until recently, most districts in Zabul Province lacked a governor, resulting in a lag in governance throughout the province. Despite recent positive developments, local attitudes toward governance remain stagnant, with only fair to poor ratings; approval of GIRoA as a whole remains low.

**REGIONAL COMMAND – WEST:** The majority of the insurgent activity in RC-W continues to be located along Highway 1 in both the northern (Badghis Province) and southern (Farah Province) parts of the RC, and likely represents a mixture of insurgent and criminal activity. Successful targeting of insurgent commanders throughout the region pushed the Taliban, the Herat Insurgent Faction, and midlevel fighters out of the area and into surrounding countries and the rural portions of Muqur, Murghab and Jawand districts in Badghis Province. Much of the insurgent activity in the southern part of RC-W was spillover from the more violent districts in RC-SW. Insurgent leaders and fighters continued to execute direct fire and IED attacks against ANSF to maintain relevance, influence, and freedom of movement. Within RC-W, insurgents managed to expand their foothold in the southeastern part of Farah and southern Herat, while their efforts in the rest of the RC were not as effective. Insurgents have concentrated their operational zones around ISAF bases, particularly those in Shindand District. In Badghis Province, insurgents

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\(^9\) Excerpted from the threat analysis portions of the July 2013 report, pp. 23-27. These descriptions cover only insurgent activity and do not include the summary descriptions of ISAF and ANSF activity.
have focused on disrupting ANSF freedom of movement and delaying the completion of Highway 1; they have also continued to expand their safe havens along the Turkmen/Afghan border. Continued harassment of isolated, poorly supplied ANSF elements in Badghis Province resulted in an increase in ALP and ANA defections.

Although Ghor Province has experienced limited kinetic activity, insurgents continued to exploit the minimal presence of ISAF and ANSF in the province to maintain safe haven and ancillary facilitation routes. Insurgents in Ghor Province will continue to be marginally effective in exploiting both historic tribal tensions and local discontent with GIRoA’s lack of development projects in the province.

**REGIONAL COMMAND – NORTH:** RC-N experienced more kinetic activity during the reporting period than it did during the corresponding period last year, likely attributable to successful ANSF and ISAF operations along key lines of communication in the Kunduz-Baghlan corridor, west of Mazar-e Sharif, and in Faryab Province. The overall security situation in the RC improved, as insurgent activity was generally isolated to areas outside of population centers. Insurgents continued to focus on HPAs, assassinations of GIRoA officials, and IED attacks.

**REGIONAL COMMAND – SOUTHWEST:** Six of the ten most violent districts in the country were located in RC-SW. Nahr-e Saraj, where less than 0.5 percent of the Afghan population resides, is the most violent district in Afghanistan, generating a significant portion of nationwide EIAs.

**REGIONAL COMMAND – CAPITAL:** Kabul is one of the least violent areas of the country, with some of the best ANSF units providing security. Improved capability and cooperation between Afghan security elements continues to suppress insurgent activity within Kabul Province; however, the few successful suicide attacks that occur in the capital will continue to draw a disproportionate amount of international media attention.

These points are critical in understanding the impact of the failures of the surge to produce significant benefits that are shown in the data on enemy activity and casualties later in this analysis. They are equally critical in assessing the ability to the ANSF to provide security after 2014 if the most combat capable and vital security elements get continuing outside funding, partnering, and enablers, if they have effective political leadership, if the quality of governance wins popular support, and if the economy is stable enough to win popular support for both governance and security.
Figure 3: Formal Transfers of Security Do Not Mean Real ANSF Security Capability: Each Tranche Gave ANSF responsibility for Higher Risk Areas With Less Overall Ability to Ensure Security

*White Areas Show Fifth Tranche and Were Assessed as Highest Risk areas on Transfer*

Source: ISAF, March 2013. Also see the July 1230 report, pp. 28-31.
Figure 4: Regional Patterns in Deaths and Injuries: 2009 – 2013

The 1230 report states that there has been no major progress in reducing Taliban and insurgent activity, although the various insurgent elements does most fighting in a limited number of areas and do not control any major population centers. It also does warn that shadow governments exist in every province, but no progress has been in reducing enemy sanctuaries.

There are two sets of polls on security that seem to be reassuring but present major problems. As is shown in Figure 5, a poll of women’s feeling regarding security is mildly reassuring, but a national poll is virtually meaningless because it buries for results in areas with higher levels of conflict in the overall perceptions of the vast majority in areas where little fighting takes place. If anything, the negatives are surprisingly high, given the fact many women lack mobility, are not the subject of insurgent attacks, and are in the more secure population centers.

The poll results shown in Figure 6, present a different set of problems. They compare the worst period of insurgent influence in 2008 to a precampaign season set of perceptions in March 2013. They also measure perceptions of the ANA on the basis of Afghans, who generally had absolutely no clear knowledge of its performance on dependence on outside support, and the visibility of the ANP and not its effectiveness. As the later reporting on the limits to the ANA and the corruption and problems in the ANP makes clear, this kind of “feel good polling” borders on the analytically absurd.
Figure 5: Perceptions of Security *Seem* to be Improving on a National Average Level

Mantaqa is Pashto for “local area.”

United Nations Assistance Mission in Afghanistan, AFGHANISTAN MID-YEAR REPORT 2013 PROTECTION OF CIVILIANS IN ARMED CONFLICT, Kabul, Afghanistan, July 2013, pp. 174-175
Figure 6: Perceptions of ANSF Seem to be Improving on a National Average Level

**Q: DOES THE NATIONAL ARMY NEED THE HELP OF THE FOREIGN FORCES OR IS IT CAPABLE OF OPERATING ON ITS OWN?**
A: Capable as it is / Capable, but needs resources

Sep 2008 | Mar 2013
---|---
United Nations Assistance Mission in Afghanistan, AFGHANISTAN MID-YEAR REPORT 2013 PROTECTION OF CIVILIANS IN ARMED CONFLICT, Kabul, Afghanistan, July 2013, p. 45
Worsening Levels of Violence

In contrast to these meaningless (or deliberately misleading) polling data, all of the data the 1230 report, UN data, and recent ISAF data provide show a steadily rising level of violence. Figure 7 shows there has been no meaningful cut in insurgent activity even at the tactical level and that the past surge in Afghanistan has failed dismally by the standards set during the surge in Iraq.

As Figure 8 indicates, the July 2013 1230 report shows that a once highly touted downward trend in enemy initiated attacks (EIA) did not, and does not, exist. Even if it did, it is important to note that this is the equivalent of a Vietnam follies metric. In this case, a dip in EIA data would represent a largely meaningless trend since insurgent do not have to initiate attacks to infiltrate and now have an incentive to do so before US and other ISAF forces largely left. The EIA metric may have served a propaganda purpose in trying to justify the surge but is now valuable only to the extent it shows that the surge failed to do more than halt insurgent momentum at the tactical level.

As the following trends in casualty data show, insurgent activity is rising in ways that are not addressed in the 1230 report. This rise in insurgent activity does not seem critical enough to indicate the ANSF cannot be successful in Transition, but the fact the 1230 report does not address it is as disturbing as its failure to provide any analysis of the

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10 The July 1230 report states that (pp. 19-20), Since the nature of the conflict has evolved, a tally of EIAs is not the most complete measure of the campaign's progress. At a time when more than 80 percent of EIAs are happening in areas where less than 20 percent of Afghans live, this single facet of the campaign is not particularly useful in evaluating progress against the insurgency. A major ANSF operation, such as KALAK HODE VI, will result in a spike in EIA because ISAF and ANSF are aggressively pursuing the insurgency. Likewise, the insurgency can expand its influence and strength in many ways that do not involve increased EIAs such as kidnappings, intimidation tactics and assassinations. The insurgency also uses mosques and networks of familial, tribal and ideological sympathizers to exert influence in areas otherwise controlled by the ANSF and ISAF.

The capabilities of the ANSF, the security of population centers and progress in governance and development are far more important to success in Afghanistan than the total number of EIAs. EIA trends, localized EIA historical comparisons and a large number of other related metrics are still accurate and are used throughout this report—but nationwide EIA totals, or historical comparisons of these totals, will no longer be a main metric of success in Afghanistan.

In January 2013, ISAF discovered that a number of EIAs reported from independent ANSF operations had not been included in its database. These EIAs occurred throughout 2012, although most occurred towards the end of the year. The ANSF had accurately reported this data, but ISAF mistakenly did not enter the data into its main EIA database. An internal audit resulted in a retroactive correction of 2012 EIA totals, from being down 7 percent compared to 2011 to no change. The error revealed by the discovery in January has since been corrected, and all EIA-related data used in this report uses this corrected data. This error did slightly affect the data provided in the last 1230 report, but did not impact any of the broader trends discussed therein.

Finally, during the reporting period, ISAF re-assessed its insider attacks historical database to identify attacks that were actually insider attacks but had been incorrectly categorized. Finally, the review found 11 insider attacks that had previously been miscategorized.
trends in insurgent influence, exaggerate the meaning of the formal transfer of responsibility, take account of insurgent ability to wait out ISAF withdrawal, and assess GIRoA success in winning popular support in combat and high risk areas.
Figure 7: What is the Real Security Situation? Impact of Surge in Iraq vs. Surge in Afghanistan

Figure 8: Number of Enemy Initiated Attacks Has Recovered Since the “Surge”: No Progress in reducing Enemy Initiated Attacks in First Six Months of 2013 versus First Six Months of 2012

Sharply Rising Casualty Levels

The attached report on Transition in Afghanistan: 2009-2013 also shows that casualty levels are rising, but the seriousness of what is happening is not really discussed properly or honestly. By coincidence, a UN report on casualty trends came out at virtually the same time as the 1230 report and it provides warnings that Transition planning clearly needs to address.

- **Figure 9** shows that the US and ISAF are now taking minimal casualties but that ANSF casualties are rising sharply and totally military casualties rose steadily during 2010-2013 in spite of the surge. Moreover, some reporting has a disturbing tendency to see higher casualties as a measure of effectiveness – particularly in the case of the Afghan police which are a far less effective force than the ANA. One sometimes has to wonder if ISAF is going to start rating 100% casualties as 100% mission effective.

- **Figure 10** shows that there has been a steady rise in civilian killed and injured, again without any positive impact by the surge.

- **Figure 11** does show a positive trend in terms of a drop in ANSF and ISAF as causes of civilian casualties and that the insurgent are responsible for a steadily rising share of killings – but this is scarcely an indication that the insurgents are being defeated.

- **Figure 12** shows resurgence in IED killings and a deeply disturbing rise in targeted killings of key Afghan official and leaders, as well as killing associated with a rising number of insurgent attacks on the ALP.

While it is too early to be certain, the shift to Afghan operations, the new insurgent focus on the ANSF and targeted killings, and better security measures seem to have sharply cut insider attacks, which previously rose sharply during 2008-2012.11

- **Figure 13** shows there is no significant change in the ratio of killed to injured.

- **Figure 14** shows that ISAF casualty data seem to broadly coincide with UN data, although the ISAF data only go as far a March. Once again, the percentage of insurgent inflicted casualties is rising – a good thing in terms of ISAF/ANSF restraint but a warning the insurgents are scarcely being defeated.

Like the previous data on combat activity, the trends are not positive, and the tendency of US and ISAF sources to “spin” them disguise level of insurgent resilience and capability that is not described properly in the 1230 report. However, the overall levels of casualties are still limited enough to indicate that the ANSF may be able to successfully compete transition with the proper internal leadership and outside support and funding.

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Figure 9: Military Casualties Are Rising *Very* Sharply and Are Now Largely Afghan Driven: ANSF and ISAF KIAs, January 2010 – March, 2013

Figure 10: UNAMA: Civilian Deaths and Injuries: January to June: 2009 – 2013

United Nations Assistance Mission in Afghanistan, AFGHANISTAN MID-YEAR REPORT 2013 PROTECTION OF CIVILIANS IN ARMED CONFLICT, Kabul, Afghanistan, July 2013, p. 3
Figure 11: UNAMA: Civilian Deaths by Parties to the Conflict: January to June: 2009 – 2013

United Nations Assistance Mission in Afghanistan, AFGHANISTAN MID-YEAR REPORT 2013 PROTECTION OF CIVILIANS IN ARMED CONFLICT, Kabul, Afghanistan, July 2013, p. 5
176 percent increase in civilian casualties resulting from Anti-Government Elements initiating attacks against ANA, ANP and ALP locations. UNAMA documented 93 civilian deaths and 399 injuries (492 civilian casualties) during such attacks in the first six months of 2013 compared to the same period in 2012.

Within these figures, the most dramatic increase is attacks against ALP that also caused civilian casualties. In 2013, UNAMA documented 18 attacks initiated by Anti-Government Elements targeting ALP, which resulted in 19 civilian deaths and 162 injured (180 civilian casualties), a 1,900 percent increase from 2012.
Figure 13: UNAMA: Civilian Deaths and Injuries by Anti-Government Elements: January to June: 2009 – 2013

United Nations Assistance Mission in Afghanistan, AFGHANISTAN MID-YEAR REPORT 2013 PROTECTION OF CIVILIANS IN ARMED CONFLICT, Kabul, Afghanistan, July 2013, p. 11
Figure 14: UNAMA: Civilian Deaths and Injuries by Anti-Government Elements: January to June: 2009 – 2013

Figure 15: US/ISAF Civilian Casualty Data Broadly Track with UNAMA’s: Show Total Casualties Rising but Insurgent Driven

Mixed Progress in the ANSF

The data on the ANSF are mixed, the 1230 report does a good job of address the fact the ANSF are making progress but still need substantial outside support. It also address the problem of corruption and states in passing that the ANA and ANP risk becoming polarized on ethnic lines if the 2014 election does not produce real unity.

For all the reasons cited earlier, the 1230 report does not provide any clear plan for the future. It also does not really explain the reasons for the problems in the ANSF.

The US made decisions during the first eight years of the war that ensured there were insufficient forces to deal with the insurgency from 2002-2008. This changed in 2009-2010, but only until President Obama set a 2014 deadline. During 2011-2012, his decision had the result that the working plan went from creating an effective ANSF during 2014-2018 – where cost and manpower constraints were seen as conditions based -- to Transition in 2014 with limited (and still totally undefined) outside support and a somewhat mythical budget plan totaling $4.1 billion a year based on a cost model that never seems to have serious review and where no clear progress has been made since the Chicago conference in 2012.

- **Figure 16** shows the degree to which the US military build-up failed to keep up with the return of the Taliban and the rise of the insurgency as the insurgents steadily gained influence during 2002-2008.

- **Figure 17** shows how long the US military aid effort to the ANSF lagged in responding to the insurgent build-up, and how erratic funding was during the key years before 2009 – funding problems that delayed the deployment of effective training and advisory resources to 2010.

- **Figure 18** shows how badly the initial development of the ANA lagged as a result – almost solely because of decisions made in Washington over-ruling the advice of past ambassadors and ISAF commanders. It also shows how mythical the 352,000 figure is. In the real world, the units really capable of counter insurgency warfare made up a little more than half the total – less a highly corrupt and often ineffective ANP.12

- **Figure 19** shows the rising role of the ANSF in broad terms. It again shows the rising level of ANSF military casualties, but also shows the shift in focus from ISAF to ANSF targets in the number of enemy EIAs and the shift in the balance of total ANSF versus ISAF forces. The 12340 report indicates that, “ISAF’s primary focus has largely transitioned from directly fighting the insurgency to training, advising and assisting the Afghan National Security Forces (ANSF) in their efforts to hold and build upon these gains, enabling a U.S. force reduction of roughly 34,000 personnel—half the current force in Afghanistan—by February 2014.”

12 Like previous 1230 reports, the July report is frank about the acute problems in corruption in the MoD, MOI, ANA and ANP. See pages 5-7, 50-51, 55-56, 77, 79, 84, 86, 99, 110, 122-124, 132-133, 137-138, 143-146.
• In spite of these problems, **Figure 20** provides an impressive picture of the rise in ANSF capabilities and ability to take the lead, although it clearly warns Afghan forces are not ready and need sustained outside support.

• **Figure 21** shows, however, that the ANA portion of the capable force still has critical attrition and drop out problems.

• **Figure 22** shows why General Mattis and General Allen advised a continued US advisory presence after 2014 of some 13,600 men and why NTM-A and ISAF see some 2,000-2,500 German and Italian advisors in the north and west as critical. The US and other ISAF advisory and partnership role is having a major impact but is years away from being complete.

• **Figure 23** shows the growth of the Afghan Local Police, which – like the APPF -- are not part of the total of 352,000 men, counted in the 352,000 total and does not seem to be funded in the forces reviewed at the Chicago conference in 2012. The 1230 report covers the force in some detail in pages 99-102: “As of March 31, 2013, the MoI had approved 169 districts for ALP development, an increase of 33 from the previous cycle. Of these 169 districts, 102 have been validated by local shuras and the MoI, a 40 percent increase from the previous reporting period. The total ALP force of 21,958 ALP personnel as of March 2013 represents a 33 percent increase from the previous reporting period, with an overall growth of 5,484 ALP guardians. The ALP is expected to reach 23,000 personnel by end of July 2013 and 30,000 by December 2015.”

ISAF briefings indicate that the ALP is still very much in development, and its post-2014 capabilities are difficult to predict. It has, however, become a critical component of ISAF estimates that the ANSG can hold populated areas, key LOCs, and existing terrain through layered defense by elements of the ANA, ANP, and ALP.

• **Figure 24** shows the current annual operating costs of the ANA and ANP equal some $2.7 billion. No data are available in the 1230, ISAF, and NTM-A unclassified reporting on the future costs, or total costs including aid not shown in these totals. Figures like $4.1 billion a year have been mentioned for the post 2014 period, but NTM-A put the needed funding at more than $5 billion annual early in 2013.

• **Figure 25** shows a GAO estimate of the future cost of the ANSF less the Afghan Local Police. The GAO warns that it is unclear where the funding would come from and that the projected funding/costs will probably fall well below the actual requirement. There is no way to tell. The reporting on the results of the Chicago Conference in 2012 was so vague and general as to be virtually meaningless, and while ISAF experts have said there was a detail cost model used in estimating costs and financing of the ANSF before the Chicago Conference, there is no indication cost estimation was more than a guesstimate or what NTM-A and given elements of the ANSF now plan to spend or get as Afghan funding and aid.

In summary, these are parts of the July 2013 report that reflect real progress in developing the Afghan National Army, but warn that ethnic, sectarian and regional
differences may be are key problem and that annual attrition is a critical problem. The data on the police are reassuring on manning, but highlight corruption, ineffectiveness, and power brokering. The value of the ANP in anything but limited “hold” missions seems uncertain, as are political alignments, and free from corruption and ties to criminal networks.

This raises serious issues about the value of going to 352,000 men with so many police and dropouts -- see the break out in the attached PDF.

The discussion of the Afghan Public Protection Force (APPF) -- an MoI-managed State Owned Enterprise by Presidential Decree to replace private security forces -- APPF does not reflect the problems uncovered in recent SIGAR reporting and puts a positive spin on the serious problems in the APPF.13

What is really critical, however, is the set of problems laid out in Figure 25. There is no plan laid out for the future funding and development of the ANSF after end 2014, no plan for the US forces that will remain, or for allied force elements. The only thing clear is that US forces now in country will be cut in half (-34,000) by next spring.

As General Dunford has made clear – like General Allen and General Mattis before him – the military keys to a successful Transition will be to give the ANSF the proper funding, the proper mix of trainers, and enablers, and the proper priority to the ANA. At the same time, they will be to set clear conditions for US and allied support to the ANSF which ensure it will be used effectively, that money and partners are used honestly and with the proper priority, and that a future Afghan leaders doe not – like Karzai – put the priorities of power brokering and influence over security and the welfare of the Afghan people.

Here, the US needs to understand that the 50% option is no better than the zero option. It is far easier to begin well, with the more resource and cut them than insufficient resources and fail. It is also critical to make conditionality clear. It should be clear that the Afghan desire for modern armor and air forces the country does not now need, that the US will not fuel local feuding by agreeing to security guarantees against Pakistan, and that a future Afghan government must not try to bargain of the basis of a level of Afghan strategic value to the US that does not and will not exist.

Figure 16: The Slow – Taliban Enabling – Build Up or US Forces in Afghanistan versus the Initial Withdrawal and Surge in Iraq: US Boots on the Ground 2001-2010

Source: Congressional Research Service
Figure 17: the Slow and Erratic Funding of US Aid to the ANSF

Special Inspector General for Afghanistan Reconstruction, Quarterly Report to the United States Congress July 30, 2013, pp. 80 and 81
Figure 18: ANSF Manning is Up, But Only Half is a Fighting Force

As of 7 May 2011

<table>
<thead>
<tr>
<th>Force Element</th>
<th>Manpower Goal End 2012</th>
<th>% of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>MOD</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>ANA</td>
<td>172,055</td>
<td>49%</td>
</tr>
<tr>
<td>AAF</td>
<td>7,639</td>
<td>2%</td>
</tr>
<tr>
<td>Subtotal</td>
<td>195,000</td>
<td>51%</td>
</tr>
<tr>
<td>MOI</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>ANGOP</td>
<td>14,451.7</td>
<td>4%</td>
</tr>
<tr>
<td>AUP</td>
<td>110,279</td>
<td>31%</td>
</tr>
<tr>
<td>ABP</td>
<td>23,090</td>
<td>7%</td>
</tr>
<tr>
<td>Subtotal</td>
<td>157,000</td>
<td>45%</td>
</tr>
<tr>
<td>CNPA</td>
<td>2,986.7</td>
<td>0.8%</td>
</tr>
<tr>
<td>ALP-Militias</td>
<td>30,000-40,000</td>
<td>NA</td>
</tr>
<tr>
<td>APPF</td>
<td>11,000-23,000</td>
<td>NA</td>
</tr>
</tbody>
</table>

Source: US experts
Figure 19: The Burden of Fighting and Casualties Has Shifted to the ANSF

ISAF versus ANSF Killed in Action

EIAs involving ISAF versus EIAs involving the ANSF, March 2011 – March 2013

United Nations Assistance Mission in Afghanistan, AFGHANISTAN MID-YEAR REPORT 2013 PROTECTION OF CIVILIANS IN ARMED CONFLICT, Kabul, Afghanistan, July 2013, pp. 10, 11
Figure 20: Real Progress in ANSF-Led Operations

<table>
<thead>
<tr>
<th>Operational Category</th>
<th>Oct-12</th>
<th>Nov-12</th>
<th>Dec-12</th>
<th>Jan-13</th>
<th>Feb-13</th>
<th>Mar-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISAF Unilateral Military Ops</td>
<td>1,435</td>
<td>1,124</td>
<td>1,252</td>
<td>1,320</td>
<td>1,848</td>
<td>1,852</td>
</tr>
<tr>
<td>ISAF Unilateral Police Ops</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ISAF Led Unilateral Ops (Total)</strong></td>
<td>5,345</td>
<td>3,579</td>
<td>20,513</td>
<td>31,247</td>
<td>24,140</td>
<td>30,734</td>
</tr>
<tr>
<td>ANA Unilateral</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>18,768</td>
</tr>
<tr>
<td>ANP Unilateral</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>11,966</td>
</tr>
<tr>
<td><strong>ANSF Led Unilateral (Total)</strong></td>
<td>4,962</td>
<td>1,537</td>
<td>1,676</td>
<td>1,814</td>
<td>2,282</td>
<td>3,166</td>
</tr>
<tr>
<td>ISAF Led Combined (ANA)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>316</td>
</tr>
<tr>
<td>ISAF Led Combined (ANP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>0</td>
</tr>
<tr>
<td><strong>ISAF Led Combined/Enabled Ops (Total)</strong></td>
<td>410</td>
<td>400</td>
<td>1,291</td>
<td>1,871</td>
<td>1,594</td>
<td>1,588</td>
</tr>
<tr>
<td>ANA Led Combined</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>956</td>
</tr>
<tr>
<td>ANA Led Enabled</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>332</td>
</tr>
<tr>
<td><strong>ANA Led Combined/Enabled Ops (Total)</strong></td>
<td>410</td>
<td>400</td>
<td>1,291</td>
<td>1,871</td>
<td>1,594</td>
<td>1,588</td>
</tr>
<tr>
<td>ANP Led Combined</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>183</td>
</tr>
<tr>
<td>ANP Led Enabled</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>183</td>
</tr>
<tr>
<td><strong>ANP Led Combined/Enabled Ops (Total)</strong></td>
<td>410</td>
<td>400</td>
<td>1,291</td>
<td>1,871</td>
<td>1,594</td>
<td>1,588</td>
</tr>
<tr>
<td>ANSF Led Combined/Enabled Ops (Total)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1,471</td>
</tr>
<tr>
<td>Total Ops</td>
<td>9,152</td>
<td>6,640</td>
<td>24,732</td>
<td>36,252</td>
<td>29,864</td>
<td>34,373</td>
</tr>
<tr>
<td>Total ISAF Ops</td>
<td>3,397</td>
<td>2,661</td>
<td>2,928</td>
<td>3,134</td>
<td>4,130</td>
<td>2,168</td>
</tr>
<tr>
<td>Total ANSF Ops</td>
<td>5,755</td>
<td>3,979</td>
<td>21,804</td>
<td>33,118</td>
<td>25,734</td>
<td>32,205</td>
</tr>
<tr>
<td>% of Total Ops that are ISAF Led</td>
<td>37%</td>
<td>40%</td>
<td>11%</td>
<td>9%</td>
<td>14%</td>
<td>6%</td>
</tr>
<tr>
<td>% of Total Ops that are ANSF Led</td>
<td>63%</td>
<td>60%</td>
<td>88%</td>
<td>91%</td>
<td>86%</td>
<td>94%</td>
</tr>
</tbody>
</table>

Operational levels include routine, Patoun, Tokiy, Kandak, and Above Kandak.


Colors scheme: Coalition is blue, ANP & ANA is green, combined is purple, and orange is summary statistics.

Note 1: In December 2012 IJC issued a FRAGO requiring all forces to report more categories of operations; see rise in total ops in DEC 2012.
Note 2: In March 2013 IJC began publishing these new operational permutations with greater specificity, e.g., ANA and ANP operations could be unilaterral, enabled, or combined, and thus ANA/ANP led or ISAF led.

Figure 21: But, ANA Attrition and Need for Enablers Remain Critical Problems

Attrition per Month

<table>
<thead>
<tr>
<th></th>
<th>Sep-12</th>
<th>Oct-12</th>
<th>Nov-12</th>
<th>Dec-12</th>
<th>Jan-13</th>
<th>Feb-13</th>
<th>Mar-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANA</td>
<td>3.0%</td>
<td>3.5%</td>
<td>3.5%</td>
<td>2.6%</td>
<td>4.1%</td>
<td>2.9%</td>
<td>2.5%</td>
</tr>
<tr>
<td>AAF</td>
<td>0.3%</td>
<td>1.3%</td>
<td>1.6%</td>
<td>1.8%</td>
<td>1.8%</td>
<td>1.2%</td>
<td>1.1%</td>
</tr>
<tr>
<td>Goal</td>
<td>1.4%</td>
<td>1.4%</td>
<td>1.4%</td>
<td>1.4%</td>
<td>1.4%</td>
<td>1.4%</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

Attrition within the ANA continues to be a significant challenge, as continued high attrition increases the overall cost of sustaining the force and creates a burden on recruiting and training structures. The ANA attrition rate remained well above the 1.4 percent monthly goal, reaching 4.1 percent in one month during this reporting period. Attrition fell to 2.5 percent in March. Since many of the underlying issues with attrition pertain to leadership, the MoD formed an evaluation commission to assess more than 500 commanders, and if need be, replace unsatisfactory leaders from battalion through corps levels. The evaluation commission has identified more than 30 poorly performing commanders; approximately 10 of these commanders have been re-assigned.

ISAF continues to work with the MoD to identify root causes and develop initiatives to reduce overall attrition. The high ANA attrition rate is undermining attempts to develop a trained and assigned outside of their given specialty. ISAF is continuing to work with the ANA on this issue, but it will not be a short-term fix… The current challenges with ANA fielding stem from the specialized and technical nature of the units to be generated. The need to train technical soldiers, NCOs, and officers effectively and to bring them together to form an integrated and collectively coherent kandak impacts all aspects of the recruiting, training, and fielding pipeline. The equipping of those units to field in this final stage of the fielding process will be a challenge.

NTM-A requires 2,135 trainers according to NATO Combined Joint Statement of Requirements (CJSOR) version 12.5 of which 1,941 are in place. Despite the current shortage of CJSOR c12.5 required trainers, NTM-A assesses that it can fully accomplish its mission with the current number of trainers. As specific capability milestones are reached for a training mission, personnel are reduced at those training sites, and in some cases the training mission is transitioned to the ANSF. (p. 60)

Figure 23: The Afghan Local Police: A Critical Force Element Outside the 352,000 Total for the ANSF and Evidently Outside the Chicago Conference Agreement on Transition and Post 2014 Funding for the ANSF

<table>
<thead>
<tr>
<th>ALP and VSO Districts</th>
<th>Oct-12</th>
<th>Nov-12</th>
<th>Dec-12</th>
<th>Jan-13</th>
<th>Feb-13</th>
<th>Mar-13</th>
</tr>
</thead>
<tbody>
<tr>
<td>VSO Districts--Validated</td>
<td>82</td>
<td>89</td>
<td>92</td>
<td>95</td>
<td>97</td>
<td>104</td>
</tr>
<tr>
<td>VSO Districts--Other</td>
<td>54</td>
<td>47</td>
<td>50</td>
<td>47</td>
<td>72</td>
<td>65</td>
</tr>
<tr>
<td>VSO Districts--Total</td>
<td>136</td>
<td>136</td>
<td>142</td>
<td>142</td>
<td>169</td>
<td>169</td>
</tr>
<tr>
<td>ALP on Hand</td>
<td>17,142</td>
<td>17,514</td>
<td>18,496</td>
<td>19,851</td>
<td>20,810</td>
<td>21,958</td>
</tr>
</tbody>
</table>

Source: NSOCC-A, March 2013; ALP on Hand numbers from December - March subject to further update.

Figure 24: $2.7 Billion in Annual Operating Expenses: Funding Execution for the ANA and ANP

ANP: Funding Execution for the Afghan National Police for FY 1392 (as of 4 March 2013).

<table>
<thead>
<tr>
<th>Fund Codes</th>
<th>Total Budget (All Fund Sources)</th>
<th>GiroA Expended</th>
<th>LOTFA Expended</th>
<th>CSTC-A Expended</th>
<th>Expenditure Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary/Incentives/RoI</td>
<td>$714,250,916</td>
<td>$16,713,842</td>
<td>$77,927,922</td>
<td>$6,227,376</td>
<td>14%</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>$347,598,886</td>
<td>$2,146,624</td>
<td>-</td>
<td>-</td>
<td>1%</td>
</tr>
<tr>
<td>Assets</td>
<td>$48,333,214</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>0%</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>$1,110,179,00</td>
<td>$18,852,276</td>
<td>$77,927,922</td>
<td>$6,227,376</td>
<td>9%</td>
</tr>
</tbody>
</table>


ANA: Funding Execution for the Afghan National Army for FY 1392 (as of 3 March 2013)

<table>
<thead>
<tr>
<th>Fund Codes</th>
<th>FY 1392 ANA Status of Funds - Overall (CSTC-A)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and Salary</td>
<td>Committed</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>$87,139,372</td>
</tr>
<tr>
<td>Assets</td>
<td>$53,560,456</td>
</tr>
<tr>
<td><strong>CSTC-A TOTAL</strong></td>
<td>$1,260,225,337</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Codes</th>
<th>FY 1392 ANA Status of Funds - Overall (GiroA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and Salary</td>
<td>Committed</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>$92,287,666</td>
</tr>
<tr>
<td>Assets</td>
<td>$2,971,624</td>
</tr>
<tr>
<td><strong>GiroA TOTAL</strong></td>
<td>$256,328,382</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fund Codes</th>
<th>FY 1392 ANA Status of Funds - Overall (CSTC-A &amp; GiroA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wages and Salary</td>
<td>Committed</td>
</tr>
<tr>
<td>Goods and Services</td>
<td>$535,026,994</td>
</tr>
<tr>
<td>Assets</td>
<td>$38,160,677</td>
</tr>
<tr>
<td><strong>CSTC-A TOTAL</strong></td>
<td>$1,516,636,922</td>
</tr>
</tbody>
</table>
Figure 25: Projected Afghan Self-Financing and Donor Support for ANSF 2005-2012

...donors funded about 95 percent ($33.7 billion) of Afghanistan’s total security expenditures, with the United States funding approximately 91 percent ($32.4 billion) of that amount from 2006 through 2011. On the basis of projections of U.S. and other donor support for ANSF for fiscal years 2012 through 2017, we estimate that there will be a gap each year from 2015 through 2017 between ANSF costs and donor pledges if additional contributions are not made. According to State, excluding Afghan and U.S. funds, the international community has pledged over $1 billion annually to support ANSF from 2015 through 2017.

GAO: Although DOD has developed ANSF cost estimates beyond 2014, it has not provided its long-term cost estimates for sustaining ANSF in its semiannual reports to Congress. Our analysis of DOD data estimates the cost of continuing to support ANSF from 2013 through 2017 over $25 billion, raising concerns about the sustainability of ANSF.

We previously recommended, and Congress mandated, that DOD report to Congress about the long-term cost to sustain ANSF. While DOD’s semiannual reports issued to date include information on current or upcoming fiscal year funding requirements for ANSF and donor contributions, estimates for long-term costs are absent. DOD stated that because the long-term ANSF cost estimates depend on a constantly changing operational environment, it provides cost information to Congress through briefings and testimony, as appropriate. This mechanism, however, does not allow for independent assessment of DOD’s estimates to assist Congress as it considers future budget decisions.

Oversight Questions
1. If the ANSF force size does not decrease as expected, what are the alternative cost estimates and sources of funding for a larger force?
2. To what extent are the United States and the international community identifying additional cost savings for ANSF?
3. To what extent have the United States and the international community developed plans to cover possible ANSF funding gaps?

Non-Reporting on Governance, Rule of Law, and Economic Stability

There is little point in parsing out the civil portions of the 1230 report. The report does highlight the problems in the Karzai regime and the lack of support for an effectiveness strategic partnership, the problems in corruption, and the reasons why Afghans need better provincial and local governance and control of aid and their own government funds.

The need for effective leadership, economic reform, and the reduction of corruption is highlighted. The recent problems with Karzai and the limits to Pakistani cooperation are laid out in detail. The lack of effective efforts to deal with corruption, narcotics, and power brokers is mentioned, but the failure of the July 3 conference to show Afghanistan can meet its commitments to reform is not mentioned because the report’s cutoff date is March 2013.

What is lacking is a meaningful analysis of the economy and the economic risks of Transition. One key example of the failure to come to grips with the real-world risks economics and aid pose to Transition is a claim of 11% GDP growth in 2012 that ignores the fact almost all of the growth came from better annual rainfall and its impact on agriculture. The World Bank is far more honest in noting that, “Real GDP growth increased from 7.3% in 2011 to 11.8% in 2012, thanks to favorable weather conditions and an exceptional harvest. Typically, agriculture accounts for one-fourth to one-third of GDP…” 14

The report focuses on efforts to increase revenue generation and does not present any estimate of the economic of transition, the impact of cutting military and aid spending, and the adequate of aid plans to deal with the need for economic stability during 2014-2018. 15

The report does highlight serious GIRoA problems in planning, spending, and managing money and the probable cut in future growth from coming aid and military sending cuts but provides no real detail. In general, however, it fails to address any of the problems in aid activities raised in reports by SIGAR and GAO, the lack of any plans and effectiveness reporting, and the practical justification and probable impact of the current emphasis on uncoordinated project aid efforts.

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15 See July 2013 1230 Report, pages 131-133.
The report does make the following statement about the economy, but then becomes a list of statistically uncertain measures of past progress and a shopping list of USAID plans and spending:  

According to the World Bank, real GDP growth for Afghanistan this year is projected to be robust, at 10 to 11 percent, but is expected to drop in the coming years, from the decade average of nine percent annually to more a more modest range of five to seven percent a year. Economic growth prospects will depend on a number of factors, including: the security environment, improvements in the business climate, the performance of the agriculture and mining sectors, and the trajectory of international assistance. The government has continued to effectively manage core inflation and keep it within the IMF targets. Based on the Kabul Consumer Price Index (CPI), the annualized inflation rate for FY2012 of 6.6 percent was well below the FY2011/12 rate of 13.6 percent. During the same period, the annualized inflation rate for food and non-food were 2.9 percent and 9.2 percent respectively.  

It has been estimated that two to three basis points of growth are attributed to the presence of the coalition forces in Afghanistan. However, one major driver of the GDP growth rate appears to be the very high level of international funding that is transferred into the Afghan economy for services such as transportation and logistics and when it covers Afghan civil service or other labor costs, such as ANSF costs. The Afghan economy’s growth rate would likely be adversely affected if a reduction in donor funding was to occur precipitously to any significant degree. These macro factors place increased pressure on the Afghan government to identify alternative areas of potential growth and to comply with the benchmarks agreed to at the Tokyo Conference to ensure continued funding commitments. Afghanistan must achieve a series of results within specific, pre-agreed priority areas in order to maintain the flow of the four-year, $16B in commitments through 2015 made by the international donor community (donors) for development, approximately $4B each year.  

Afghanistan remains a very poor country with a growing youth population and increased public expectations government delivery of services, putting pressure on the government to provide a suitable enabling business environment to gain the confidence of Afghans and investors to develop a tax base to foster additional revenues. 52 percent of development budget, or $1.04B of the $2B in FY2012 funds carried on the government’s books, is executed. The FY2013 national budget is $6.8B, with the development approximately $3.2B (adding $2.2B to the development portion of the national budget.) This will pose a significant challenge in planning, prioritization, contracting, program management, and overall financial management. Progress has been made in many areas; however, service delivery has not yet achieved a level that will bring about a consensus belief in the government and financial sustainability. Comprehensive progress is not likely for a number of years. Donors have collectively provided funding and technical expertise in significant areas, advancing Afghanistan’s overall level of capacity. Programs and projects undertaken in several fundamental areas include: building governmental capacity; jump-starting and growing the economic base; developing infrastructure; building a self-sustaining security

The lack of clear aid plans, the waste of vast amounts of money, and the constant program turbulence show in Figure 26 and Figure 27 is never addressed. The section on USAID has no plan to ensure economic stability during transition and does not address SIGAR’s question about managing aid money once almost all US government teams are go or tied to the embassy. There is no meaningful discussion of the US aid program for transition, and the key measure of effectiveness for both GIROA and USAID seems to be how fact it can spend its budget. This is a major failing in light of the current dependence on aid shown in the attached PDF.

The report also does not address the seriousness of the problems in phasing out of the Afghan economic and government budget dependence on outside aid shown in Figure 28 and Figure 29. It is notable that the data in Figure 28 and Figure 29 only cover outside aid and not the impact of in-country military spending.

These data shortfalls make the fact that Afghan budget spending has been some seven times greater than Afghan revenues even more important. The same is true of the need for a far more reliable and realistic assessment of the impact of Transition on the total Afghan economy – an assessment where the World Bank has made progress, but progress severely limited by the lack of reliable data on total military spending in country, unemployment and underemployment, the amount of aid that actually enters and then stays in Afghanistan, corruption, narcotics, and other key aspects of its present economic assessments.

It is far from clear that the Afghan economy as whole will suffer critically because much of it has never benefit from aid or in-country military spending, but the counterinsurgency, broader security, governance, and development efforts will be far more affected by the monetary sectors of the economy, as will the pressures to expand the narco-economy as aid and outside military spending fall.

The 1230 Report is all too typical of US government reporting and analysis that now focuses far too much on best cases and on Afghanistan’s long-term potential, and not on Afghanistan’s problems during Transition. An April 2013 report by the World Bank does find a number of positive trends, but it also warns that,

*The transition process exposes Afghanistan to a number of serious risks,* such as rising financing for public service provision. Security considerations aside, promoting sources of inclusive economic growth, especially agriculture, and strengthening domestic revenue mobilization will be important to mitigate some of these risks. In particular, a stronger reform effort in areas such as tax policy and customs is required to safeguard past gains in development. Finally, improvements in the legal and regulatory environment of mining could help to secure planned investment.

... A worsening security situation and heightened perceptions of uncertainty is affecting new investment. The number of newly registered firms declined by 8 percent in 2012 (Jan-Dec). In particular the construction sector experienced slower company growth: only 1,760 new firms were registered in 2012 compared to 2,630 in 2011.

... Exports, estimated at US $2.6 billion, declined by 5 percent in 2012, in spite of a weakening currency. In contrast, total imports increased by approximately 5 percent, to US$11.2 billion in 2012, leading to a higher nominal trade deficit, of US$8.5 billion in 2012.4 The Afghan export base has relatively few tradable products and these are heavily concentrated in a few markets. Dry fruits, which account for around one-third of official exports, declined by 21 percent. Carpet exports, another major export item, nearly halved to US$23 million in 2012.

... Afghanistan’s external position in 2012 remains weak. The huge trade deficit of 43 percent of GDP was offset by large transfers—mainly foreign aid inflows—in the current account.

... The exchange rate depreciated by 8 percent in 2012. The Afghani, which averaged Afs 47.9 to the US dollar in 2011, depreciated to Afs 51.8/US$1.00 in 2012. The depreciation was likely driven by increased uncertainty over security and the business environment, as reflected in increased demand for foreign exchange at the Central Bank auctions.

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The aftermath of the Kabul Bank crisis is still affecting money growth. Broad money (M2) declined from 38.2 percent of GDP to around 33 percent in 2012 after the Kabul Bank crisis had shaken Afghanistan’s nascent financial sector. Transferable/demand deposits which grew at an average 80 percent between 2005 and 2009 have slowed to an average 12.5 percent over the past three years.

**Economic growth is expected to slow in 2013 and 2014.** Political and security uncertainties during the transition period will continue to take a toll on business confidence and investment. Increased public spending, however, will continue to fuel demand for services and construction through 2013. Mining should contribute more noticeably to growth with the increase in oil production in Amu Darya. However, moderate rainfalls earlier this year will likely bring a reduction in this year’s harvest to a more ordinary output level and slow GDP growth to 3.1 percent in 2013. Assuming favorable weather conditions and peaceful elections, growth could pick up in 2014.

These developments are in line with medium-term projections. The withdrawal of international troops is associated with a decline in security and civilian aid. **Projections suggest that even with favorable assumptions, which hinge on good progress in mining and a relative stable security environment, real GDP growth may fall from the average of 10 percent per year experienced over the past decade to 4-6 percent during 2011-2018.** Given Afghanistan’s annual population growth of 2.8 percent, this would mean only limited improvement in average per-capita income, continuing high rates of underemployment and little progress in reducing poverty. Only growth at the upper level of the range of plausible scenarios would enable Afghanistan to meaningfully reduce poverty and achieve higher per-capita incomes. For example, with real GDP growth of 6 percent per year, average per-capita income—currently one of the world’s lowest, at US$528 dollars—would take 22 years, or about a generation, to double.

In spite of the relatively optimistic growth prospects, **Afghanistan’s economy is exposed to some serious risks which need to be carefully managed.** First and foremost, there is a lot of uncertainty attached to the upcoming elections in 2014 and the impact of the transition process on Afghanistan’s security situation. The fragile security environment has been the single most binding constraint to private-sector investment and private-sector-led growth. Continued violence, economic crime and systemic corruption also have often undermined progress in Afghanistan’s governance and state-building agenda. Much will depend, therefore, on Afghanistan’s success in achieving peace, stability and reconciliation. Without it, the above-mentioned growth prospects will not materialize.

**Substantial risks lie in rising fiscal financing needs.** Ongoing analysis projects revenues to reach more than 16 percent of GDP by fiscal 2022 (from current levels of 11 percent). However, expenditures are expected to grow much faster. Total government spending could rise to 39 percent of GDP over the next ten years, and potentially even higher in many of the intervening years... (The increase in expenditure is largely a result of rising security spending for both operations and maintenance (O&M) and wages for the army and police, which are currently funded by donors outside of the budget. But it will also be driven by non-security spending, which will increase due to additional O&M liabilities associated with the handover of donor-built assets and with a rising government payroll, as the pay and grading (P&G) reform is completed and some additional expenditure is taken on to develop a senior civil service cadre at higher wages. Security spending is projected to be more than 15.2 percent of GDP in fiscal 2022 (about as much as total projected domestic revenue in that year), the civilian wage bill 4.8 percent, and the civilian non-wage O&M bill 7.2 percent.

**Moreover, risks lie in the uneven distribution of aid impact.** Aid has not been evenly spread across the country. Because of the choices made by donors, and the predominant role of stabilization and military spending, the conflict-affected provinces have had significantly higher per-capita aid than the more peaceful (and often poorer) provinces. As a result, the slowdown in aid is likely to be felt more acutely in the conflict-affected areas and in urban centers, most likely through a loss of wage-labor opportunities as military bases and provincial reconstruction teams (PRTs) close. In urban centers, such as Kabul, wage levels of higher-qualified people might...
decline due to fewer opportunities in donor-financed projects. At present, with seven out of 30 PRTs closed, the available analysis and data do not suggest any significant impact, or it might be too small to influence (available) economic aggregates. Nevertheless, there are considerable political economy risks that deserve constant attention.

It is clear from the World Bank’s estimate of the potential funding gap shown in Figure 30 that the resulting shortfall could affect both the Afghan GDP in negative ways and particularly its leadership, security and modern economic elites. It is also clear that the coming cuts in military spending and aid will affect a far weaker and more aid dependent economy than most of the other recent cases where aid was cut back after Transition shown in Figure 31.

In summary, the 1230 report provides no clear basis for expecting progress in leadership, governance and dealing with corruption. The economic, governance, and aid analysis is largely self-serving and superficial, and does not address key problems in Transition.

Even if one ignores the strategic issues involved, and human casualties, the potential cost in dollars is staggering, as the introduction to the July 30, 2013 report by SIGAR notes,

I believe the United States cannot achieve its objectives unless the execution of its policies receives at least as much attention as the intent behind them. For example, the policy objective of creating a robust Afghan army that will provide national security in lieu of Coalition forces, while admirable, will remain hollow unless Washington pays equal attention to proper contracting and procurement activities to sustain those forces. SIGAR is well aware of the wartime environment in which contractors are operating in Afghanistan, but this can neither explain the disconnect nor excuse the failure.

…Despite the pending U.S. troop drawdown and Afghanistan’s political and security transitions being less than a year away, the reconstruction continues and billions remain at risk due to contracting and procurement challenges. Federal agencies have requested more than $10.7 billion for Afghanistan reconstruction programs in the Fiscal Year 2014 budget, and the United States has pledged to provide many billions more for years to come. Much of these funds will be awarded to contractors, and unless the U.S. government improves its contract-oversight policies and practices, far too much will be wasted. As SIGAR proceeds with its audits, inspections, investigations, and special projects in Afghanistan, we will be vigilant in calling out poor management and inadequate contract oversight, and in suggesting ways that accountability might be improved.

As the GAO has repeatedly pointed out in in its reporting on the Afghan conflict and Transition, the civil side of the Transition effort has gone on year after year without credible plans, transparency, accountability, and effectiveness measures. 18 Detailed planning for every aspect of the shift to Transition coming in FY2015 needed to be largely complete and subject to negotiation and clearly stated conditions last fall. Instead, there seem to be no credible plans for even the present side of the civil aid effort.

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18 See GAO, Afghanistan, Key Oversight Issues, February 2012, GAO-13-218SP. Once again, the need for such efforts has been clear for over a decade. More recently, Appendix VI of the previously cited report (pp. 48-52) lists 37 separate studies by GAO reflecting the problems caused by a lack of transparency, Accountability, proper planning and budgeting, and measures of effectiveness issues since 210
Figure 26: Trend in Total Cost and Annual Turbulence in Overall US Aid Appropriations

Special Inspector General for Afghanistan Reconstruction, Quarterly Report to the United States Congress July 30, 2013, pp. 78 and 79.
Figure 28: Slow Build Up and Annual Turbulence in US Economic Aid Appropriations (ESF and CERP)

[Graph depicting ESF and CERP appropriations and funds comparison]

Special Inspector General for Afghanistan Reconstruction, Quarterly Report to the United States Congress July 30, 2013, pp. 82 and 86
Figure 28: Afghan Public Expenditure Crisis: Recent Spending More than 8 Times Domestic Revenues

Public Expenditures: 2006-2011 (US$ Billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Afghan funded expenditures</th>
<th>Other donor funded expenditures</th>
<th>U.S. funded expenditures</th>
<th>Total public expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$0.71</td>
<td>$1.56</td>
<td>$3.55</td>
<td>$5.81</td>
</tr>
<tr>
<td>2007</td>
<td>$0.74</td>
<td>$3.04</td>
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<td>2008</td>
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<td>2009</td>
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<td>$3.51</td>
<td>$6.07</td>
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<tr>
<td>2010</td>
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<td>$3.69</td>
<td>$6.68</td>
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<tr>
<td>2011</td>
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<td>$3.92</td>
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<tr>
<td>Totals</td>
<td></td>
<td></td>
<td></td>
<td>$72.89</td>
</tr>
</tbody>
</table>

Domestic Revenues: 2006-2011 (US$ Billions)

Note: The GAO states that,
Afghanistan’s domestic revenues funded about 10 percent of its estimated total public expenditures from 2006 to 2011. Domestic revenue grew from $0.6 billion to $2.0 billion from 2006 to 2011 (see fig. 9), an increase of over 230 percent. At the same time, Afghanistan’s estimated total public expenditures grew from $5.8 billion to $17.4 billion, an increase of over 200 percent, maintaining a gap between revenues and expenditures. Donors funded approximately 90 percent of Afghanistan’s estimated total public expenditures from 2006 to 2011, with the United States providing 64 percent of that amount...

The United States funded an estimated 91 percent of Afghanistan’s total security expenditures and about 37 percent of Afghanistan’s total nonsecurity expenditures between 2006 to 2011. In numerous reports and congressional briefings, we have raised concerns about Afghanistan’s inability to fund planned government expenditures without foreign assistance and raised questions about the sustainability of U.S.-funded road, agriculture, and water infrastructure development projects, as well as Afghanistan’s ability to sustain its national security forces.
Donors funded, on average, 56 percent of Afghanistan’s on-budget expenditures and 100 percent of its off-budget expenditures. Between 2006 and 2011 about 79 percent of Afghanistan’s estimated $73 billion in total public expenditures were “off-budget”—that is, funded by the international community outside of the Afghan national budget, such as equipment for Afghan National Security Forces. The remaining expenditures were “on budget” that is, within the government’s budget and funded by domestic revenues and donor contributions. As a result, a majority of Afghanistan’s total public expenditures were outside the direct control of the Afghan government.

The international community has pledged to continue to support Afghanistan through 2017 if certain metrics regarding reform in Afghanistan are met. Given Afghanistan’s future revenue generation projections and expenditures, the country will likely continue to be reliant on the donor community through at least 2024. In July 2012, the international community committed to providing over $16 billion for Afghanistan’s economic development through 2015. The community also committed to sustaining support, through 2017, at or near the levels of the past decade to respond to the fiscal gap estimated by the World Bank and the Afghan government.

Figure 29: An Afghan Economy Driven by Aid, Military Spending, and Narcotics

**Outside Aid Spending Drives GDP After 2003/2004***

Real GDP growth increased from 7.3 percent in 2011 to an estimated 11.8 percent in 2012, thanks to favorable weather conditions and an exceptional harvest. Typically, agriculture accounts for one-fourth to one-third of GDP, depending on annual output.

Ongoing analysis projects revenues to reach more than 16 percent of GDP by fiscal 2022 (from current levels of 11 percent). However, expenditures are expected to grow much faster. Total government spending could rise to 39 percent of GDP over the next ten years, and potentially even higher in many of the intervening years. The increase in expenditure is largely a result of rising security spending for both operations and maintenance (O&M) and wages for the army and police, which are currently funded by donors outside of the budget. But it will also be driven by non-security spending, which will increase due to additional O&M liabilities associated with the handover of donor-built assets and with a rising government payroll, as the pay and grading (P&G) reform is completed and some additional expenditure is taken on to develop a senior civil service cadre at higher wages. Security spending is projected to be more than 15.2 percent of GDP in fiscal 2022 (about as much as total projected domestic revenue in that year), the civilian wage bill 4.8 percent, and the civilian nonwage O&M bill 7.2 percent.

Moreover, risks lie in the uneven distribution of aid impact. Aid has not been evenly spread across the country. Because of the choices made by donors, and the predominant role of stabilization and military spending, the conflict-affected provinces have had significantly higher per-capita aid than the more peaceful (and often poorer) provinces. As a result, the slowdown in aid is likely to be felt more acutely in the conflict-affected areas and in urban centers, most likely through a loss of wage-labor opportunities as military bases and provincial reconstruction teams (PRTs) close. In urban centers, such as Kabul, wage levels of higher-qualified people might decline due to fewer opportunities in donor-financed projects. At present, with seven out of 30 PRTs closed, the available analysis and data do not suggest any significant impact, or it might be too small to influence (available) economic aggregates. Nevertheless, there are considerable political economy risks that deserve constant attention.

Sources: World Bank, Afghanistan Economic Update, World Bank 77083, April 2013, pp. 3-5.
Figure 31: Repeating a Warning: Declare Victory and Leave? Development Assistance Levels Before and After Troop Reductions

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

Summing Up

There may be a case for delaying a formal agreement on set of Bilateral Security Agreements with Afghanistan until the US can see the result of the 2014 election. Even so, the US will be far better off if the Afghan election is held under circumstance where the Afghan people know what US plans and conditions really are; if Transition proceeds on the basis of plans, budgets and transparency that have Congressional and popular support; and if the Administration, Congress, and American people have agreed that the war has sufficient strategic value and cost-benefits to justify a successful Transition. None of these conditions are currently being met.

To put it bluntly, the time to meet them is long overdue. So is the time for a fully coordinated set of civil-military plans, a single budget for the war rather than vague departmental OCO budgets, and full transparency and accountability. A decade is far too long to wait. If the Administration cannot meet these conditions by mid-September, the Congress should make all of them a legislative requirement as part of its action on the FY2014 budget request.
For detailed analysis of the problems in Transition and assessing the war in Afghanistan see:


The Afghan War in 2013: Meeting the Challenges of Transition:


- **Volume I: Leadership and Governance**: This volume provides a warning that the growing challenges posed by the absence of strong Afghan leadership, the coming election, and problems in governance at every level present as much of a challenge to successful Transition as do the insurgents. Volume I warns that Afghans must take more responsibility for their own destiny and do so almost immediately after the spring 2014 election. It also warns that aid and military support must be conditional enough to push the Afghans toward real progress. To download the PDF of Volume I, click here [http://csis.org/files/publication/130326_afghan_war_in_2013_vol_I.pdf](http://csis.org/files/publication/130326_afghan_war_in_2013_vol_I.pdf).

- **Volume II: Aid and Economics**: This volume challenges assumptions that Afghanistan does not face a major crisis in aid and in its economy as US and ISAF troops largely withdraw. Volume II warns that the economic threat to Transition is also all too real. It also indicates, however, that Afghanistan may well be able to succeed if it lives up to the pledges of reform that it has already made; if donors hold the Afghan government accountable for its actions; and if donors live up to their pledges. It calls for major improvements in the quality of the current level of economic analysis, and in the way aid is planned, managed, and subjected to meaningful measures of effectiveness. To download the PDF of Volume II, click here [http://csis.org/files/publication/130327_afghan_war_in_2013_vol_II.pdf](http://csis.org/files/publication/130327_afghan_war_in_2013_vol_II.pdf).

- **Volume III: SECURITY AND THE ANSF**: This volume addresses the major problems that created misleading and politicized reporting on the security situation in Afghanistan through February 2013. It highlights the reforms needed to produce honest and transparent reporting of the security situation, including changes in the way progress is managed and reported by the various elements of the ANSF. At the same time, Volume III demonstrates there are real signs of progress, and a shift to a layered defense may allow the ANSF to successfully carry out transition if they focus on real security needs, are given sufficient outside aid, and if the US and its allies provide the mix of post-2014 advisors, partners, and enablers the ANSF will still need. To download the PDF of Volume III, click here [http://csis.org/files/publication/130327_afghan_war_in_2013_vol_III.pdf](http://csis.org/files/publication/130327_afghan_war_in_2013_vol_III.pdf).