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Afghanistan and “Failed State Wars”: The Need for a Realistic Transition

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Key Lessons of “Failed State” Wars

Key Failures in USG Efforts

1. Policy level comes to focus on spin, lack of objective analysis and transparency, compartmentation. Congress goes for partisan and member advantage.
2. **Denial of complexity, need for net assessment.** Focus on hostile forces rather than overall security situation.
3. Lack of meaningful integrated civil-military planning
4. Poor accounting and conditionality, lack of measures of effectiveness, focus on past waste rather than future needs and effectiveness.
5. Military reverts to focus on tactical success, short-term civil buy offs.
6. Focus on force generation rather than combat effectiveness. Rush in too late, leave too early; don't provide combat advisors, erratic programs and funding, lack of conditionality
7. Civil side pursues illusions of progress, tries to reform everything, then reverts to project aid that often ignores security and fighting.
8. We lie when we say we'll focus on letting them do it their way, helping them evolve their civil and security systems on their terms.
9. Efforts at improving fiscal management, counter corruption, rule of law, police reform reflect our goals and culture, often do more harm than good
10. High rotation rates, new policies: Every year is the first year. Fail to develop and retain core expertise in economic planning, state politics, governance reform, and security reform.
11. Erratic swings in funding. Emphasis on budget execution rather than effectiveness
12. We "take note of lessons" after the crisis, fail to learn from the past.

The Four Threats That Drive Serious Terrorism and Insurgency (In Order of Priority)

- **1. Host Country Government and Security Forces:** Authoritarianism, failure to cope with internal divisions, poor governance and corruption, failed economy development and equity, population pressure and youth bulge, repression and violence by internal security forces, traditional and corrupt military.
- **2. The Overt “Threat”:** Moderate and peaceful beginnings shift to extreme and violent movements that feed on the civil-military divisions and failures of the host country governments.
- **3. The U.S. Threat to the U.S.:** Relearn counterinsurgency yet again. Separate military (tactical) and civil (project-oriented development) efforts. Threat oriented and downplay Host Country problems. No meaningful overall civil-military plan or net assessment. Rapid rotations with limited expertise. Cycle of denial, flood resources, rush to generate Host country forces, then leave too soon. “Take note” of lessons, then ignore.
- **4. Other Nations: Allied, Neutral, Hostile:** Allied limits to engagement, national caveats, demands; neutral interference for competing national interests, hostile action because anti-U.S., support overt threat, opposing national interests.

Uncertain Outside Claims of Success versus Very Different Afghan Perceptions

The Uncertain State of “Progress”

- **UN Human development data reflect progress, but also serious limits to that progress, and input data are very uncertain.**
- **World Bank estimates poverty increasing.**
- **Security remains a key problem.**
- **Far too much US, NGO, and other reporting accepts “best case” estimates and polls without validating data or methodology.**
- **Data on Progress in life expectancy, education, medical services raise major questions about quality of data.**
- **Critical near term challenges in revenues, job creation, electric power, agriculture, and roads.**
- **Need to maintain and recover. No major near-term development options before 2020.**
- **More than a decade of war has gone on with no meaningful estimates of the effectiveness of aid and only suspect accounting.**
- **Military and aid spending has often been driving factors in increase in corruption and distorting economy to dependence on outside spending.**



NON SENSITIVE RELEASABLE TO THE PUBLIC

ISAF/RS Contributions

Infrastructure [Slides 25-28]	Taliban 2001	Now
Roadways/Paved Roads	18,000km/60 km	42,150km/1 2,350km
Access to Reliable Electricity	6%	28%
TV/Radio Stations	None/3	50/150
Internet Users	None	6,000,000+
Cell Phone Subscribers	25,000	22,000,000+



Vehicles & Equipment [Slides 18-20]	Taliban 2001	Now
Military Aircraft	51	106
Ground Fighting Vehicles	600	21,017
Ground Support Vehicles	UNK	81,141
Howitzer	UNK	176

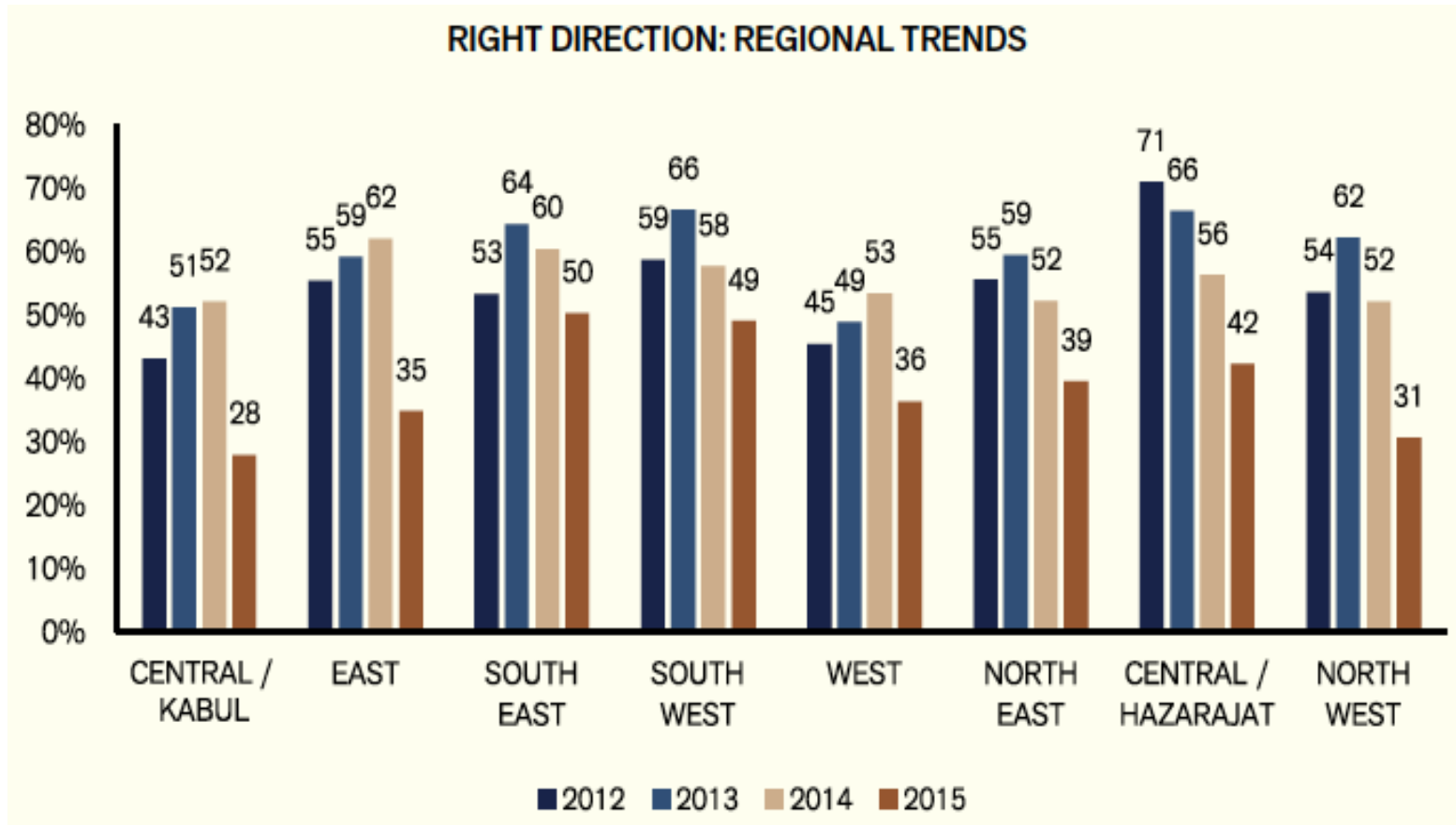


Human Capital [Slide 24]	Taliban 2001	Now
Schools	1,000	14,000+
Teachers	20,000	186,000+
Students in Primary & Secondary Schools % Who Are Females	<900,000 Almost None	8 M + 36%
Students Enrolled in Universities	UNK	150,000+
Literacy Rate	12%	39%



Indicators of Progress [Slides 5-6, 21-23]	Taliban 2001	Now
GDP (USD per Capita)	\$186.00	\$688.00+
Access to Clean Water	22%	64%
Passenger Cars (p/1000)	0.5	20
Commercial Overflights & Landings (Daily)	None	756
Refugees	>3,5 M	<2,7 M
Healthcare Access/Facilities	9%/498	60%/2507
Life Expectancy	43	64

Major Declines in Perception Things Are Going Right: North, Northwest, and East



The regions of the country that report the lowest levels of optimism are the Central/Kabul (27.8%) and North West (30.5%) regions. Of all regions in Afghanistan, these two regions also experienced the greatest decrease in optimism since 2014). Within these regions, the provinces that experienced the greatest declines are Farah (down 35.2 percentage points to 28.9%), Kabul (down 32.3 percentage points to 22.5%), Sari-i-Pul (down 30.7 percentage points to 23.4%), and Nangarhar (down 30.3 percentage points to 30.0%). Notably, these provinces were among those that reported the highest rates of optimism in 2014. This year, the provinces that report the highest levels of optimism about the overall direction of the country are Helmand (62.1%), Khost (58.7%), and Paktika (54.7%).

Security and Economy as Key Reasons Things Are Going Wrong

REASONS: WRONG DIRECTION



REASONS: WRONG DIRECTION BY YEAR

	2007	2008	2009	2010	2011	2012	2013	2014	2015
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
INSECURITY	48	50	42	44	45	38	24	38	45
UNEMPLOYMENT	15	15	15	16	13	18	20	23	25
CORRUPTION	13	19	17	12	16	14	23	15	13
BAD GOVERNMENT	15	12	25	18	15	11	7	5	11
BAD ECONOMY	12	17	11	8	10	10	8	10	12
ADMINISTRATIVE CORRUPTION	15	9	10	15	4	10	6	10	5
SUICIDE ATTACKS	0	0	6	8	11	11	11	7	7
PRESENCE OF TALIBAN	9	8	7	6	7	6	8	6	6

Declining Confidence in Security versus Other Causes

REASONS FOR RIGHT DIRECTION: BY YEAR

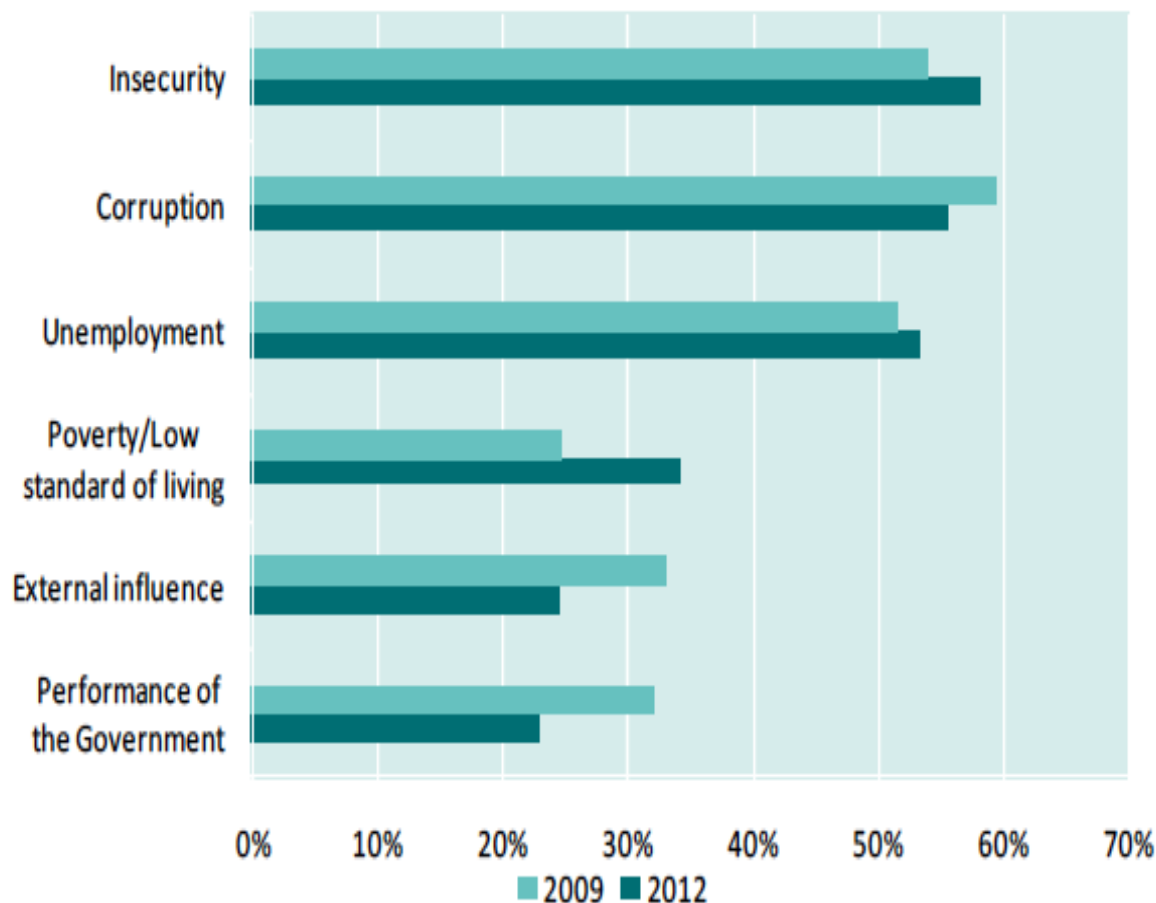
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	%	%	%	%	%	%	%	%	%	%
GOOD SECURITY	31	34	39	44	38	39	41	24	33	29
RECONSTRUCTION / REBUILDING	21	39	32	36	35	40	35	33	36	32
SCHOOLS FOR GIRLS HAVE OPENED	16	19	19	21	15	10	13	12	8	9
PEACE / END OF THE WAR	29	16	21	9	12	7	7	7	6	11
HAVING ACTIVE ANA AND ANP	0	7	7	7	6	11	13	12	10	10
IMPROVEMENT IN EDUCATION	0	0	0	0	10	16	13	13	15	10
GOOD GOVERNMENT	9	9	9	12	9	9	5	5	6	10
ECONOMIC REVIVAL	7	9	5	6	10	8	8	6	9	8
DEMOCRACY / ELECTIONS	10	9	7	10	7	3	3	6	9	7

REASONS FOR RIGHT DIRECTION: BY REGION

	CENTRAL / KABUL	EAST	SOUTH EAST	SOUTH WEST	WEST	NORTH EAST	CENTRAL / HAZARAJAT	NORTH WEST
	%	%	%	%	%	%	%	%
RECONSTRUCTION / REBUILDING	32	25	28	24	32	42	31	39
GOOD SECURITY	31	30	20	34	23	31	40	27
DON'T KNOW	16	6	7	17	12	17	20	12
PEACE / END OF WAR	6	16	13	13	14	9	9	13
GOOD GOVERNMENT	14	12	13	8	6	9	13	10
HAVING ACTIVE ANA AND ANP	8	14	18	16	5	7	2	7
IMPROVEMENT IN EDUCATION SYSTEM	9	7	11	21	6	6	13	7
SCHOOLS FOR GIRLS HAVE OPENED	9	3	12	8	16	7	11	9
ECONOMIC REVIVAL	8	10	7	6	11	9	3	5
DEMOCRACY / ELECTIONS	10	10	8	3	5	7	3	5

Afghan Perceptions of Key Challenges

Percentage of adult population considering selected issues to be the most important for their country, Afghanistan (2009 and 2012)



Source: General population survey 2009 and general population survey 2012

Since 2009 Afghanistan has made some tangible progress in reducing the level of corruption in the public sector.

While 59 per cent of the adult population had to pay at least one bribe to a public official in 2009, 50 per cent had to do so in 2012, and whereas 52 per cent of the population paid a bribe to a police officer in 2009, 42 per cent did so in 2012.

However, worrying trends have also emerged in the past three years: the frequency of bribery has increased from 4.7 bribes to 5.6 bribes per bribe-payer and the average cost of a bribe has risen from US\$ 158 to US\$ 214, a 29 per cent increase in real terms.

Education has emerged as one of the sectors most vulnerable to corruption, with the percentage of those paying a bribe to a teacher jumping from 16 per cent in 2009 to 51 per cent in 2012.

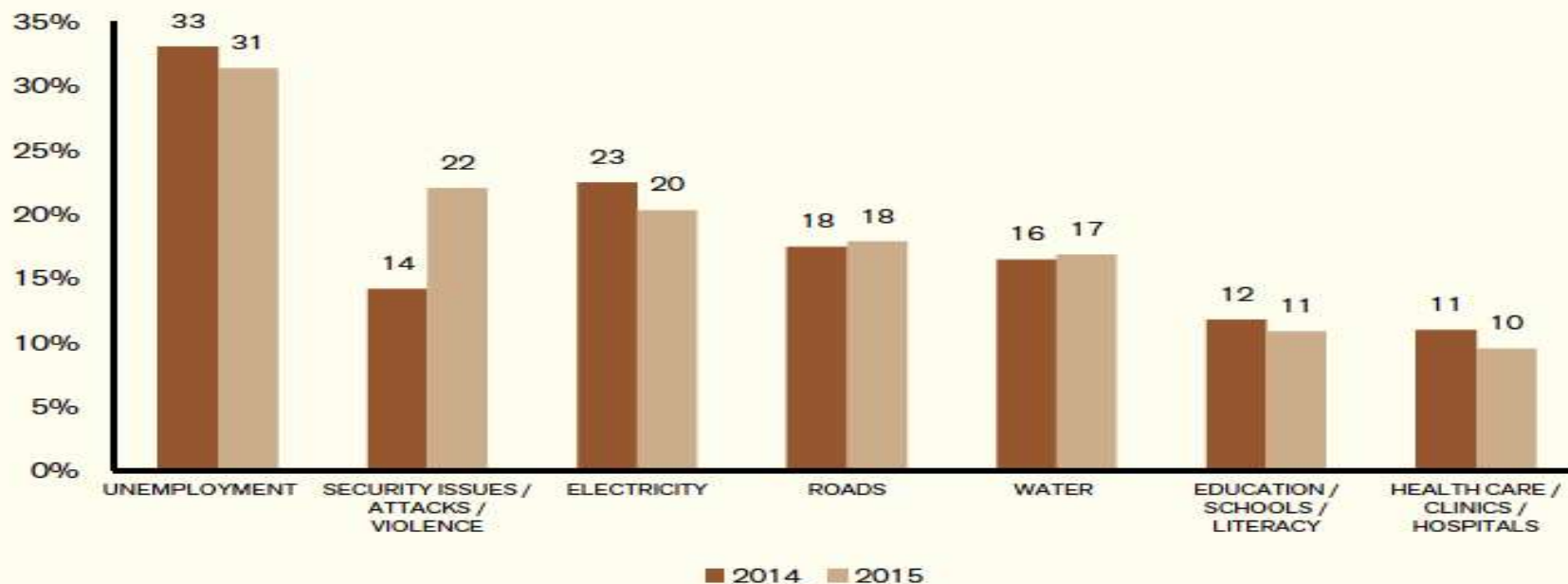
In general, there has been no major change in the level of corruption observed in the judiciary, customs service and local authorities, which remained high in 2012, as in 2009.

Biggest Problems

BIGGEST PROBLEMS: NATIONAL LEVEL BY REGION

	CENTRAL / KABUL	EAST	SOUTH EAST	SOUTH WEST	WEST	NORTH EAST	CENTRAL / HAZARAJAT	NORTH WEST
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
INSECURITY	55	47	41	28	38	40	53	37
CORRUPTION	17	26	25	36	24	26	18	25
UNEMPLOYMENT	34	14	13	16	21	20	31	21
POOR ECONOMY	13	20	14	12	11	10	9	14
EDUCATION	4	6	6	10	5	4	4	8
TALIBAN	3	4	10	4	7	6	9	7
POVERTY	7	4	3	3	6	6	10	8

BIGGEST PROBLEMS: LOCAL LEVEL



Biggest Problems Facing Youth

	CENTRAL / KABUL	EAST	SOUTH EAST	SOUTH WEST	WEST	NORTH EAST	CENTRAL / HAZARAJAT	NORTH WEST	OVERALL
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
UNEMPLOYMENT	72	74	65	64	76	75	68	73	71
ILLITERACY	24	37	27	33	21	23	25	27	26
POOR ECONOMY	15	13	15	14	17	18	32	16	16
NO HIGHER EDUCATION OPPORTUNITIES FOR YOUTH	23	8	12	4	10	20	14	18	15
BECOMING DRUG ADDICTS	14	11	26	22	11	11	6	9	14
INSECURITY	11	16	10	11	12	6	5	8	10
LACK OF YOUTH'S RIGHTS	4	6	4	7	7	7	7	5	6
LACK OF SCHOOLS	7	2	9	3	4	3	10	5	5

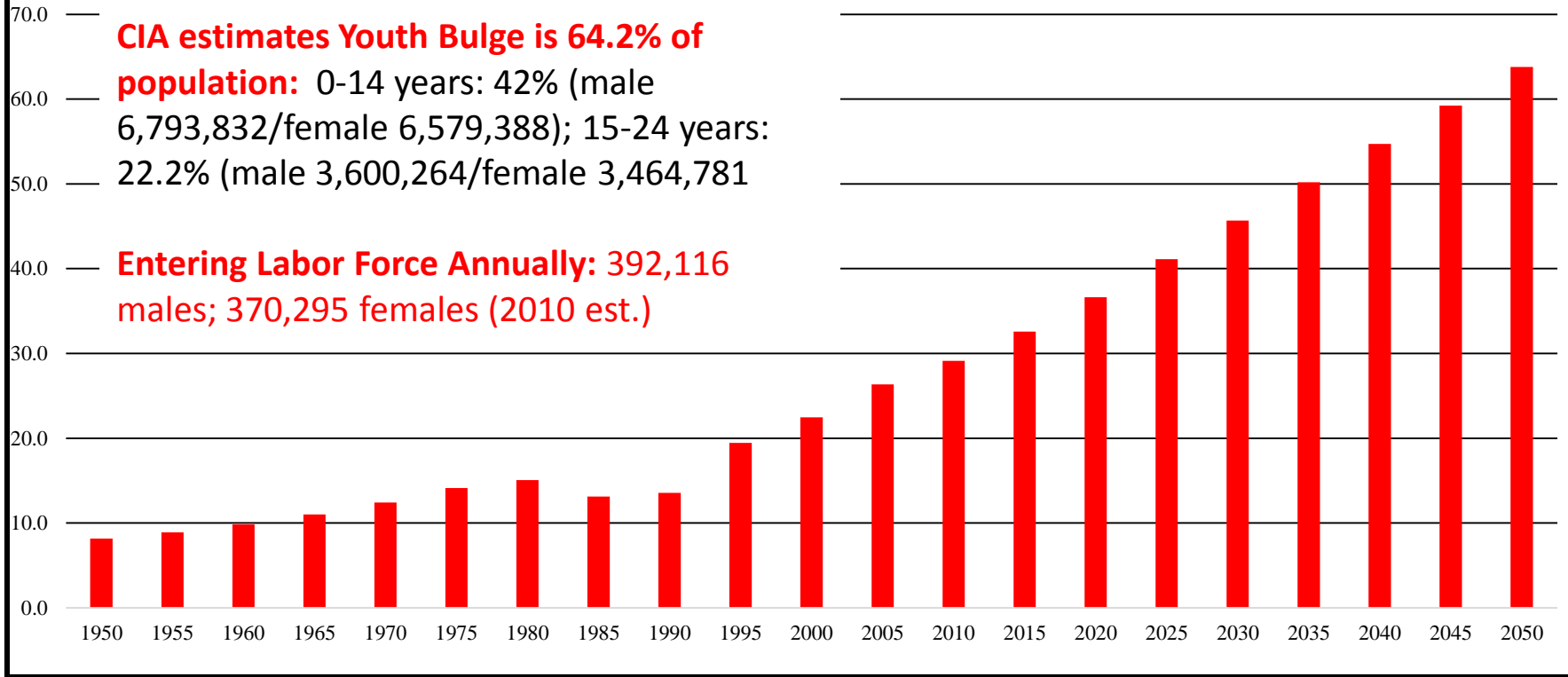
**A Nation Under Acute
Population Pressure and with
Critical Ethnic
and Sectarian Divisions**

Afghanistan Country Profile: (CIA World Factbook, May 2015)

- **Population:** 31,822, 848 (July 2014 est.)
- **Youth Bulge: 64.2%:** 0-14 years: 42% (male 6,793,832/female 6,579,388); 15-24 years: 22.2% (male 3,600,264/female 3,464,781)
- **Entering Labor Force Annually:** 392,116 male; 370,295 female (2010 est.)
- **Ethnic Divisions:** Pashtun, Tajik, Hazara, Uzbek, other (includes smaller numbers of Baloch, Turkmen, Nuristani, Pamiri, Arab, Gujar, Brahui, Qizilbash, Aimaq, Pashai, and Kyrghyz) note: current statistical data on ethnicity in Afghanistan is not available, and data from small samples are not a reliable alternative; Afghanistan's 2004 constitution recognizes 14 ethnic groups: Pashtun, Tajik, Hazara, Uzbek, Baloch, Turkmen, Nuristani, Pamiri, Arab, Gujar, Brahui, Qizilbash, Aimaq, and Pashai (2015)
- **Sectarian Divisions:** Sunni Muslim 80%, Shia Muslim 19%, other 1%.
- **GDP vs. Labor Force:** agriculture: 24.6%, industry: 21.8%, services: 53.5% (data exclude opium production (2012 est.) versus agriculture: 78.6% industry, 5.7%, services: 15.7% (FY08/09 est.)
- **Urbanization:** 26.3% (3.96% per year)
- **GDP:** \$61.69 (PPP 2014) \$21.71B (2014 Official Exchange Rate)
- **Per Capita Income:** \$2,000 (2014 in \$2013) (in the world)
- **Budget:** revenues: \$4.91 billion; expenditures: \$5.037 billion (2013 est.)
- **Taxes & Other Revenues:** 22.6% of GDP
- **Exports vs. Imports:** \$6.39 billion versus \$2.785 billion
- **Direct Unemployment:** 35% (2008)
- **Poverty Level:** 36% (2008)
- **Transparency International Global Corruption Ranking:** 172nd worst of 175 countries

Census Bureau Estimate of Demographic Pressures on Afghanistan

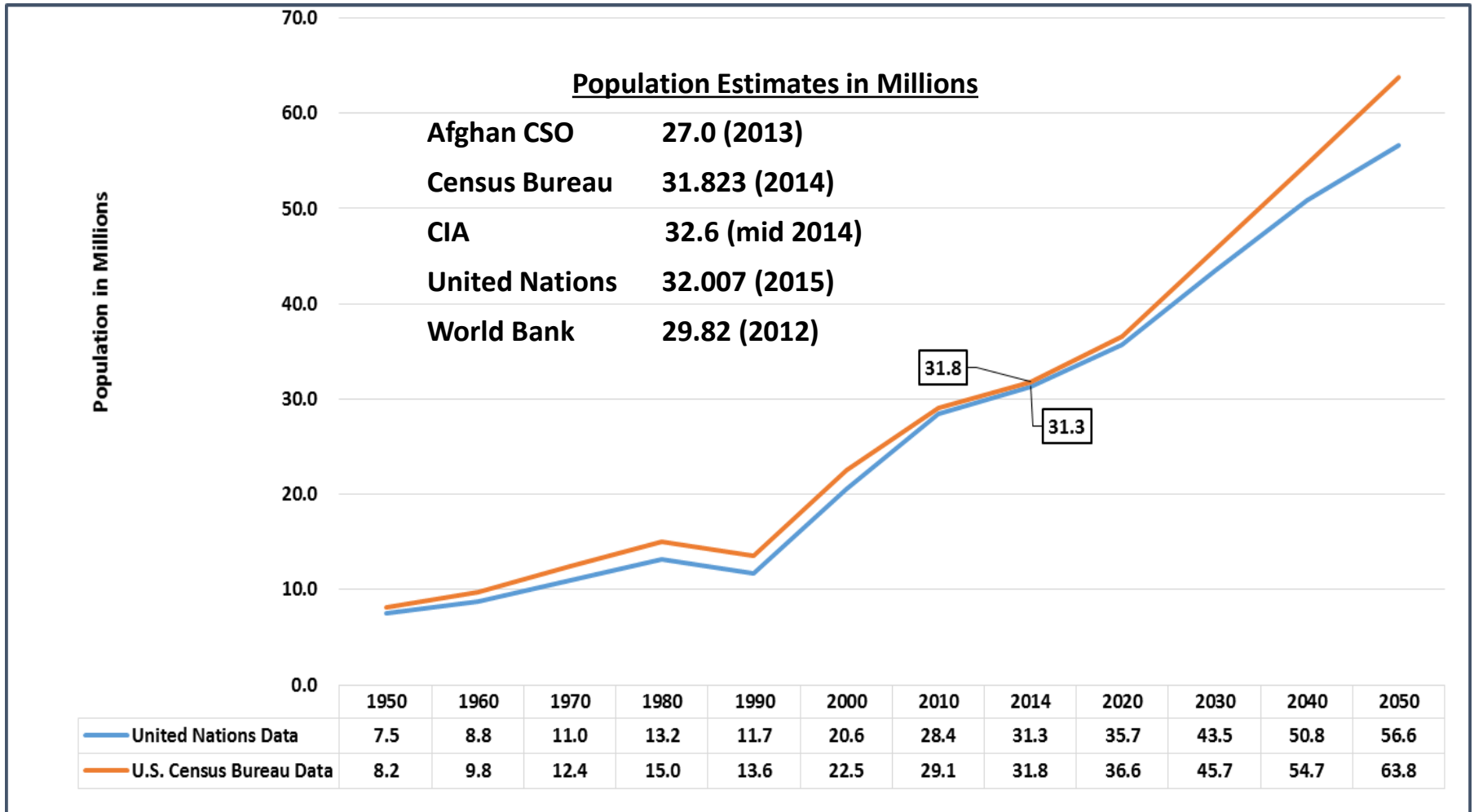
Afghanistan Total Population (in millions)



	1950	1955	1960	1965	1970	1975	1980	1985	1990	1995	2000	2005	2010	2015	2020	2025	2030	2035	2040	2045	2050
Total Population (millions)	8.2	8.9	9.8	11.0	12.4	14.1	15.0	13.1	13.6	19.4	22.5	26.3	29.1	32.6	36.6	41.1	45.7	50.2	54.7	59.3	63.8
Population Growth Rate (percent)	NA	NA	NA	NA	NA	NA	-5.9%	0.8%	-1.9%	3.5%	-1.3%	3.4%	2.1%	2.3%	2.4%	2.2%	2.0%	1.8%	1.7%	1.5%	1.4%
Total Annual Births (millions)	NA	NA	NA	NA	NA	NA	0.7	0.6	0.7	1.0	1.2	1.1	1.2	1.3	1.3	1.4	1.4	1.4	1.4	1.4	1.4

Source: U.S. Census Bureau, International Data Base (IDB), <http://www.census.gov/population/international/data/idb/informationGateway.php>

Different Estimates of Afghanistan's Demographic Pressure



Sources: <http://www.census.gov/population/international/data/idb/informationGateway.php> and http://esa.un.org/unpd/wpp/unpp/panel_population.htm

World Bank Estimate of Afghanistan's Population Pressure: 2000-2013



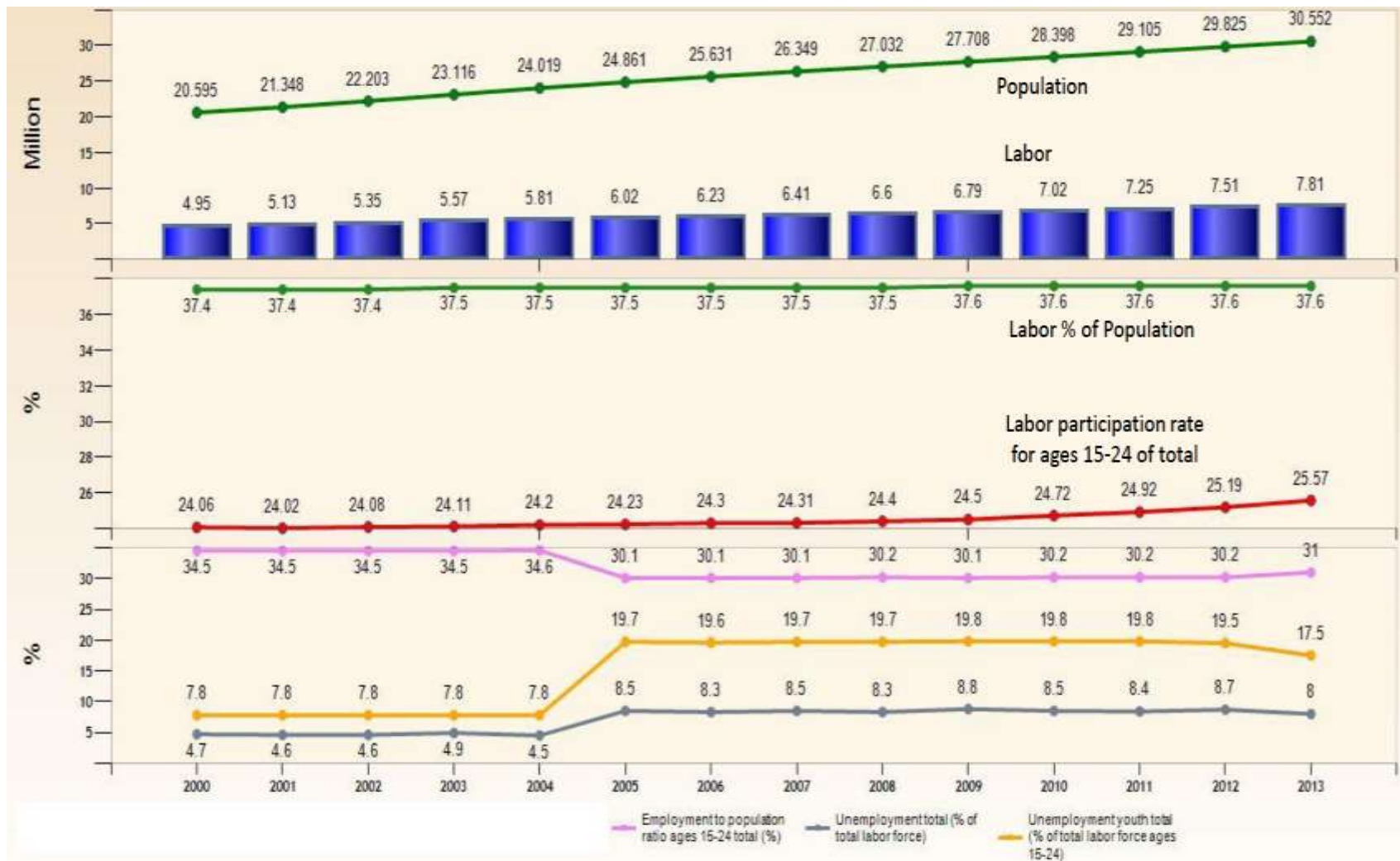
Source: Dr. Abdullah Toukan, 23.9.15

World Bank Estimate of Afghanistan's Youth Bulge by Age Group and Sex: 2000-2013



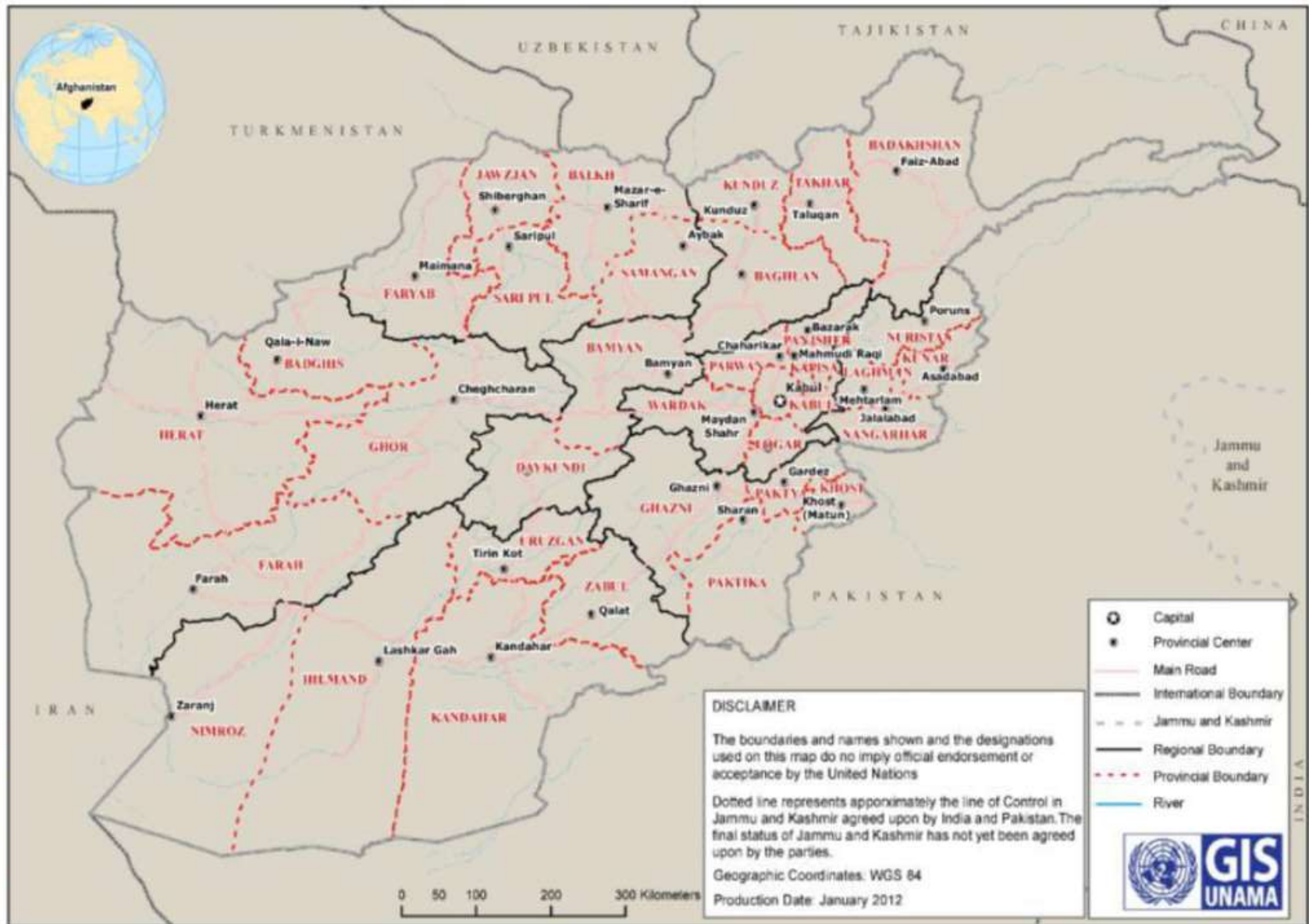
Source: Dr. Abdullah Toukan, 23.9.15

World Bank/ILO Estimate of Impact of Afghanistan's Youth Bulge on the Labor Force: 2000-2013

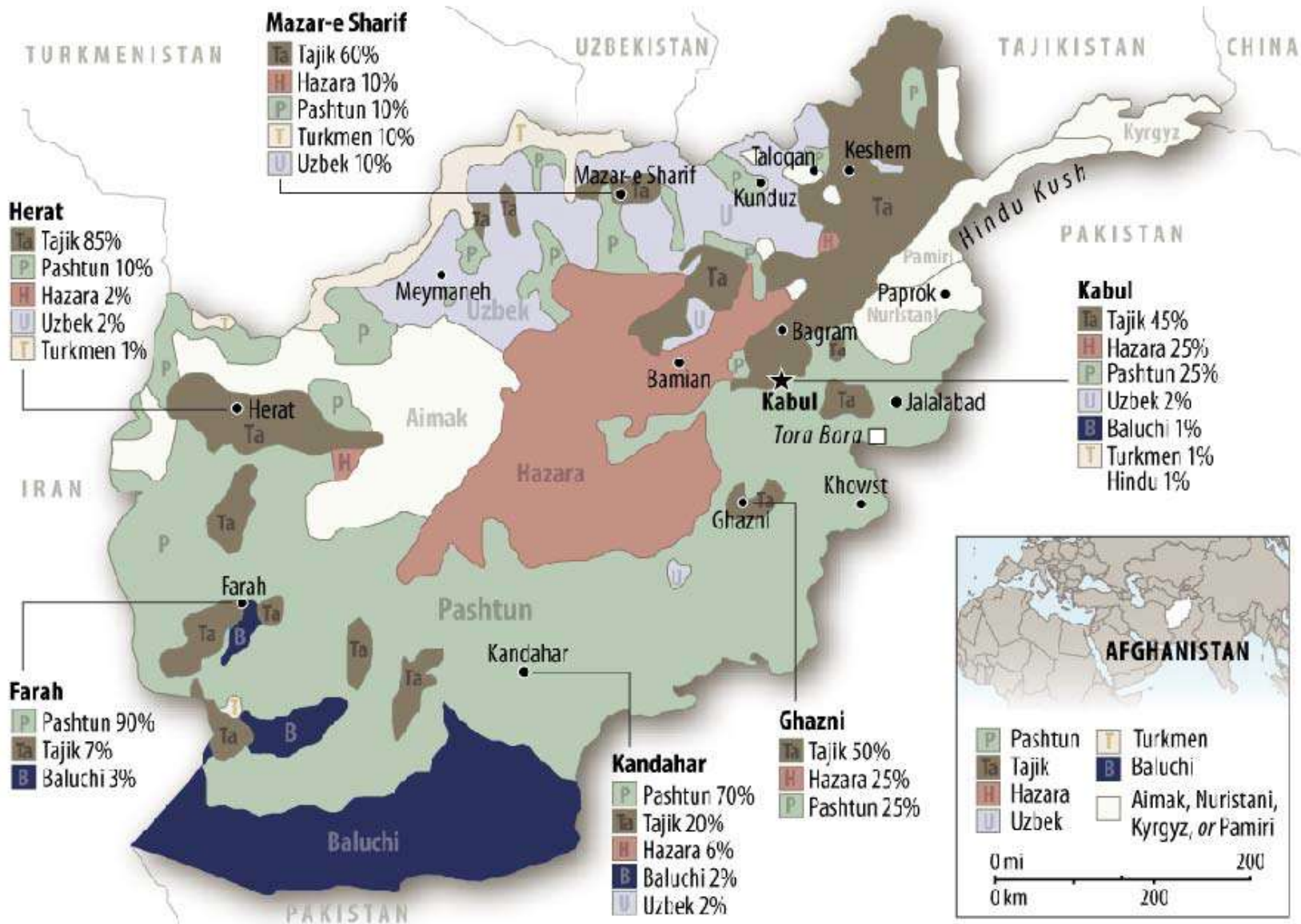


Source: Dr. Abdullah Toukan, 23.9.15

Administrative Divisions



Source: UNAMA GIS, January 2012



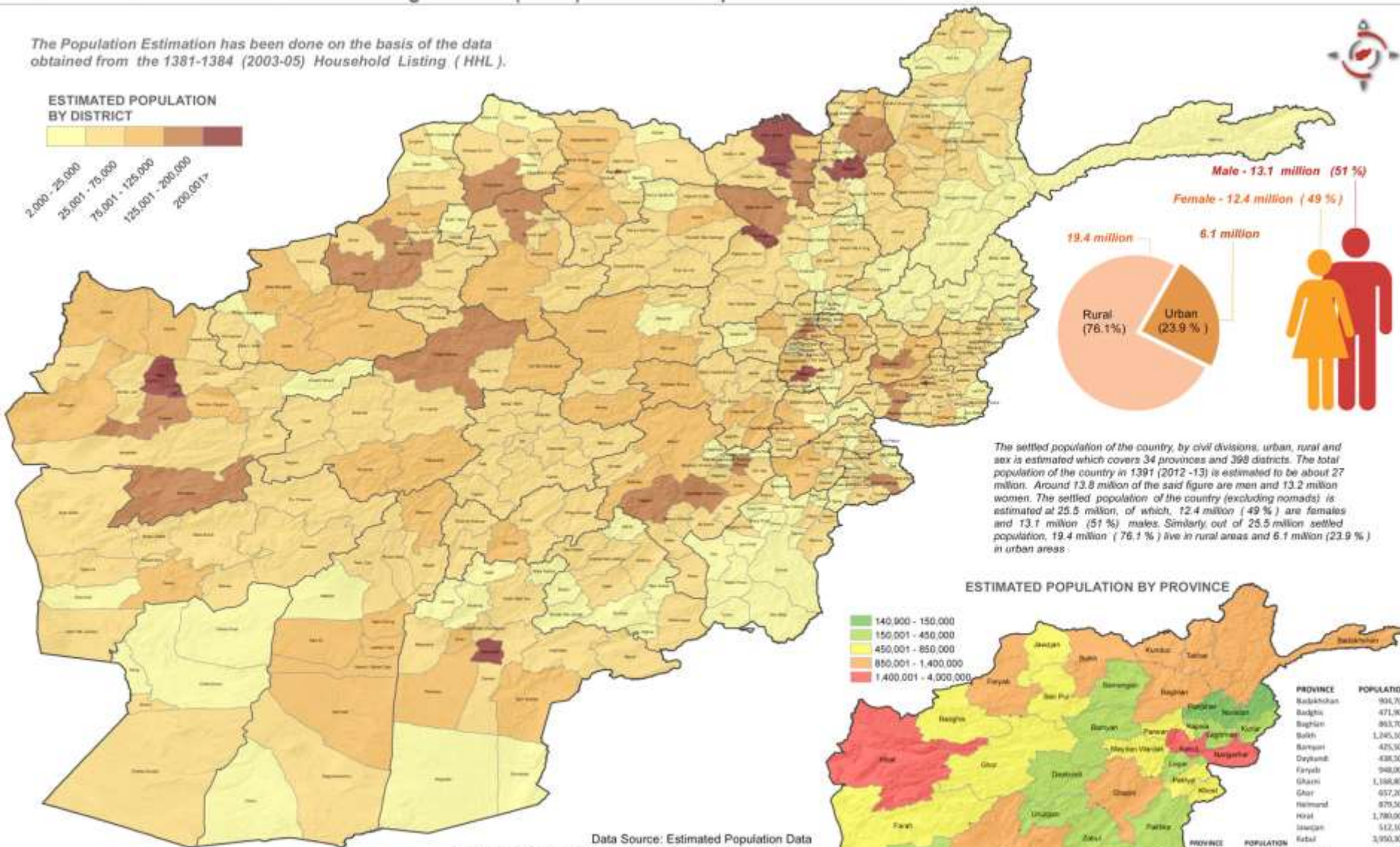
Source: 2003 National Geographic Society. <http://www.afghan-network.net/maps/Afghanistan-Map.pdf>. Adapted by Amber Wilhelm, CRS Graphics.

Notes: This map is intended to be illustrative of the approximate demographic distribution by region of Afghanistan. CRS has no way to confirm exact population distributions

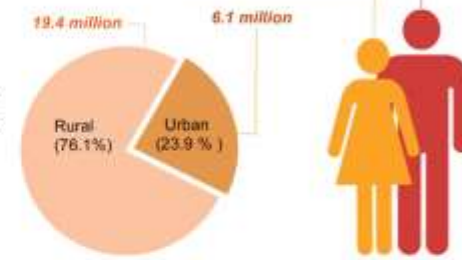
AFGHANISTAN Central Statistics Organization (CSO) Estimated Population 2012-2013

The Population Estimation has been done on the basis of the data obtained from the 1381-1384 (2003-05) Household Listing (HHL).

ESTIMATED POPULATION BY DISTRICT

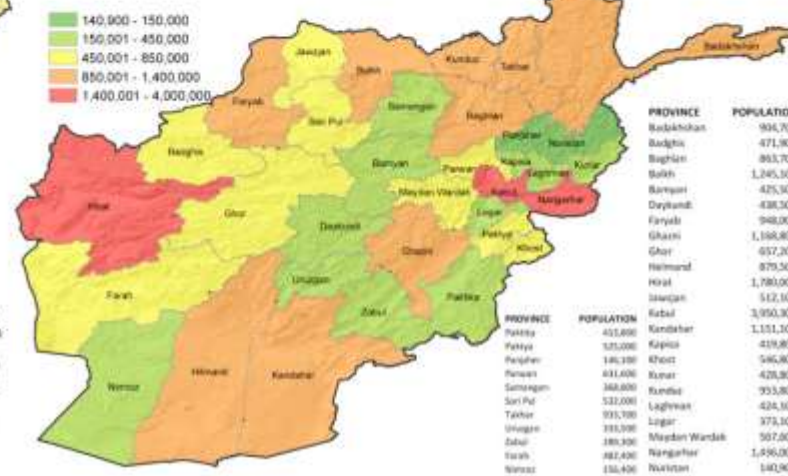


Male - 13.1 million (51%)
Female - 12.4 million (49%)



The settled population of the country, by civil divisions, urban, rural and sex is estimated which covers 34 provinces and 399 districts. The total population of the country in 1391 (2012-13) is estimated to be about 27 million. Around 13.8 million of the said figure are men and 13.2 million women. The settled population of the country (excluding nomads) is estimated at 25.5 million, of which, 12.4 million (49%) are females and 13.1 million (51%) males. Similarly, out of 25.5 million settled population, 19.4 million (76.1%) live in rural areas and 6.1 million (23.9%) in urban areas.

ESTIMATED POPULATION BY PROVINCE

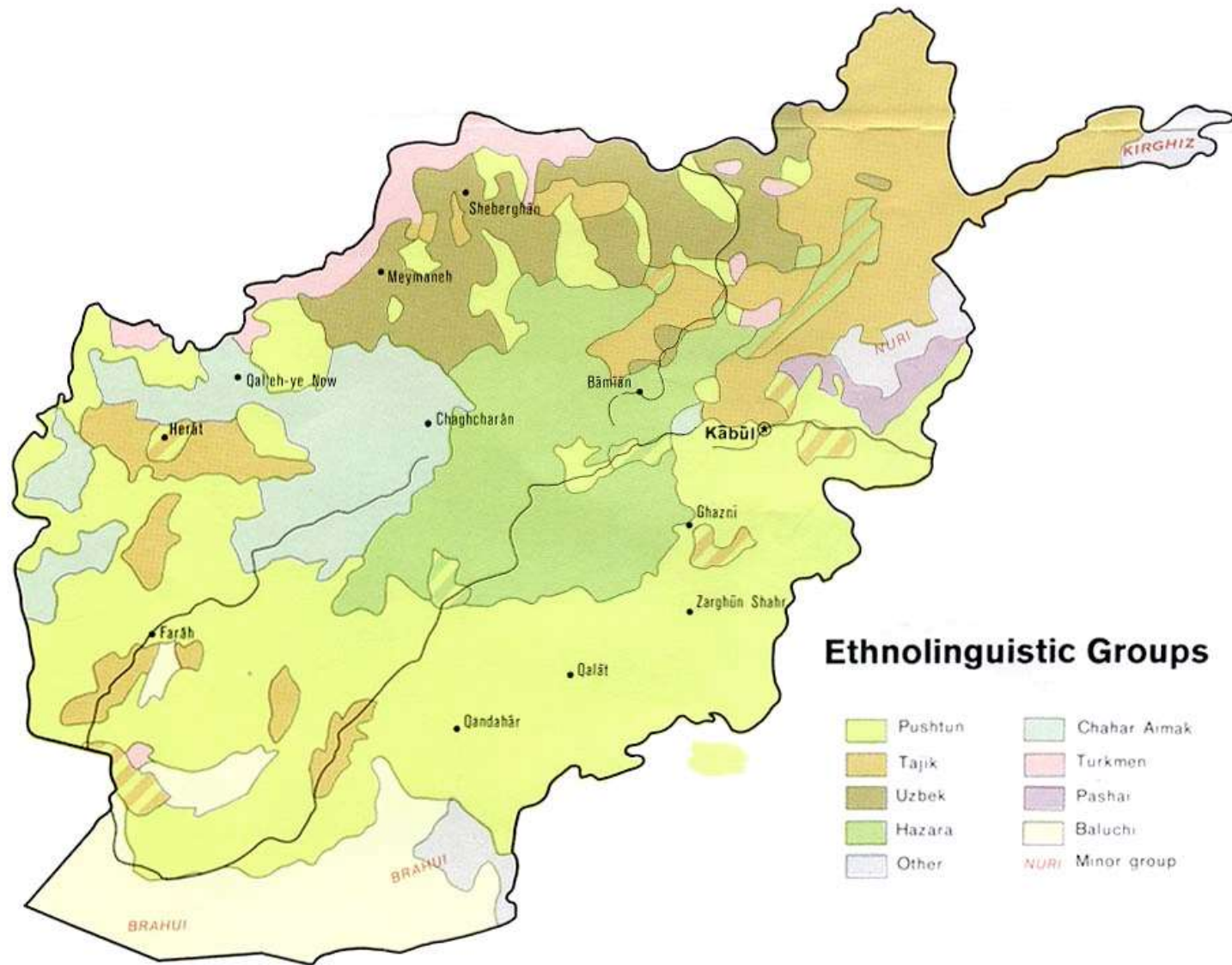


Data Source: Estimated Population Data Provided by: Central Statistics Organization (CSO) Afghanistan

The accuracy of the data represented in this map remains solely with the source. IMMAP or USAID/OFDA do not accept any responsibility for the accuracy of these figures.

The boundaries used in this map do not imply any endorsement by IMMAP or USAID/OFDA
Date Created: 26 March, 2013
Datum/Projection: WGS 84/Geographic
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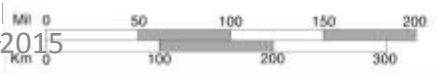
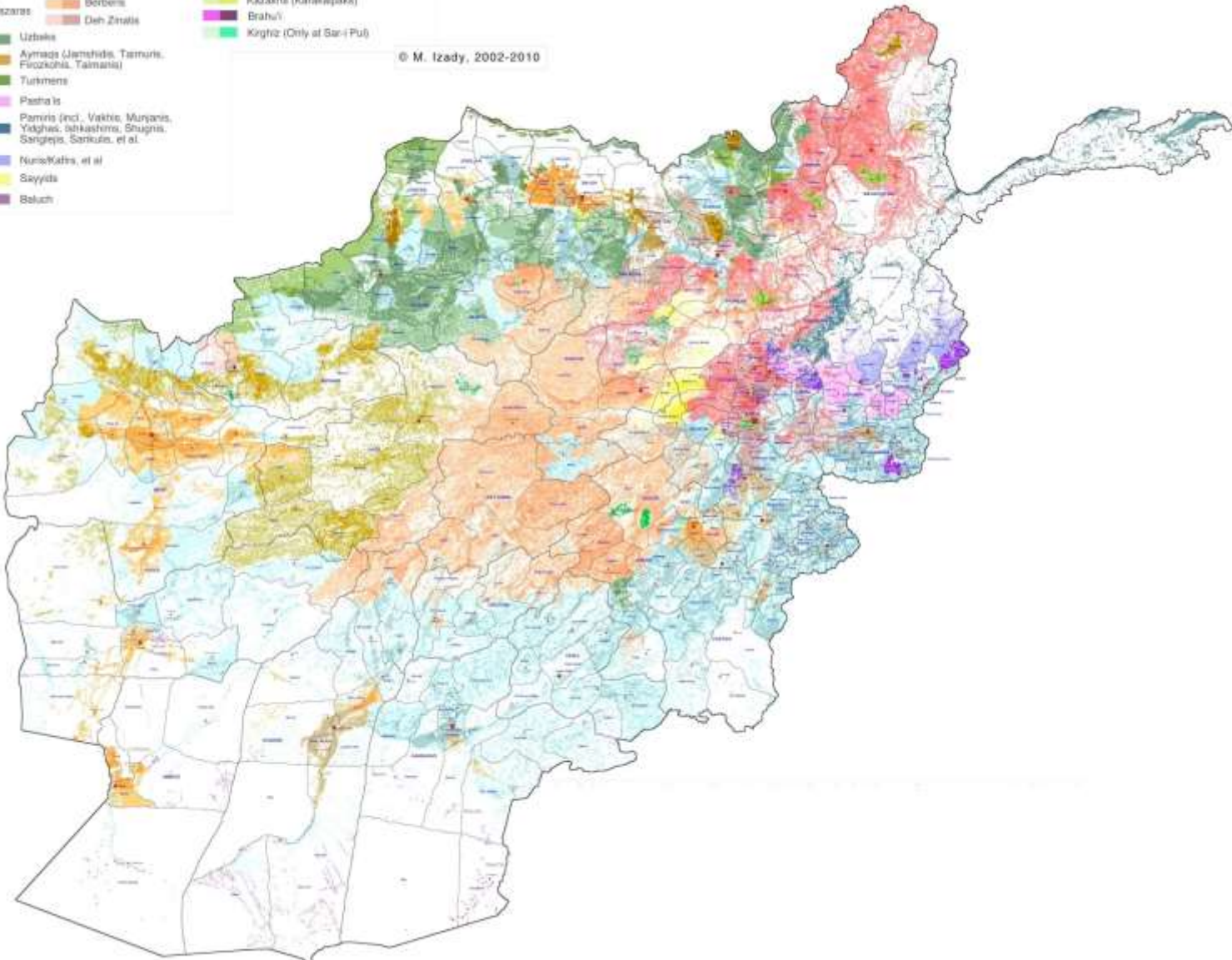


Ethnic Groups of Afghanistan

- Pashtuns
- Tajiks
- Persians (Persian-speaking urbanites and farmers with little or no ethnic affiliation)
- Hazaras
 - Berbers
 - Deh Zinatis
- Uzbeks
- Aymacs (Jamshidis, Tamuris, Firozkohis, Taimanis)
- Turkmens
- Pathans
- Pamiris (incl. Vakhic, Muryanis, Yalghas, Ishkashimis, Shugnis, Saragjis, Sarikolis, et al.)
- Nuris/Katris, et al.
- Sayyids
- Baluch

- Omuzis, Barakis, Panachis, et al.
- Arabs (Persian speaking)
- Moghols/Mongols (Persian speaking)
- Kuzibash (In urban areas only)
- Kazakhs (Karakapaks)
- Brahui
- Kirghiz (Only at Sar-i-Pul)

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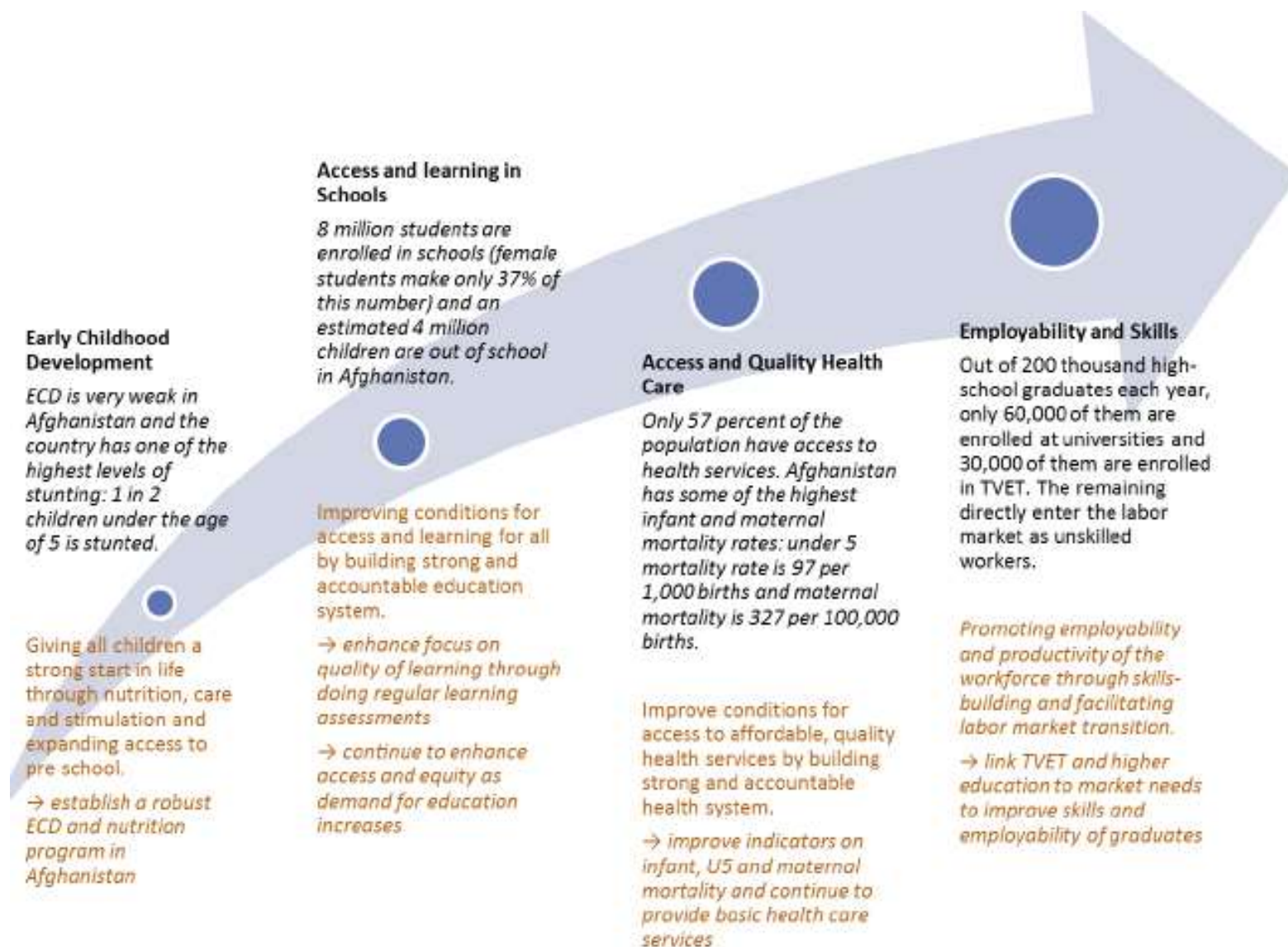


Key Civil Challenges

The Uncertain State of Progress

- **UN Human development data reflect progress, but also serious limits to that progress, and input data are very uncertain.**
- **World Bank estimates poverty increasing.**
- **Security remains a key problem.**
- **Far too much US, NGO, and other reporting accepts “best case” estimates and polls without validating data or methodology.**
- **Data on Progress in life expectancy, education, medical services raise major questions about quality of data.**
- **Critical near term challenges in revenues, job creation, electric power, agriculture, and roads.**
- **No major near-term development options before 2020.**
- **More than a decade of war has gone on with no meaningful estimates of the effectiveness of aid and only suspect accounting.**
- **Military and aid spending has often been driving factors in increase in corruption and distorting economy to dependence on outside spending.**

The Human Development Challenge



Exaggerated State Department and USAID Claims of Success – I

Afghanistan has made real progress in many areas, although more as a result of improved security and massive in-country spending and subsidies to its budget than through development or successful aid.

Dealing with Transition requires realism as to Afghanistan's real situation and needs. After more than a decade of war in Afghanistan and Iraq, the State Department and USAID has never developed credible measures of the effectiveness of aid, or of how much spending actually reaches Afghanistan and the needed aid effort.

Claims are made without any public explanation or transparency as to the uncertainties in the data and controversies over the claims being made. Best case data for trends in Afghanistan are taken out of context, and credit is taken for developments unrelated to aid or only affected by it to a limited degree. World Bank economic update reports in 2011 and 2012 that state aid has only a marginal impact on most Afghans and the Afghan economy are ignored. The impact of civil efforts on an ongoing war and any assessment of needs and priorities of Transition is ignored.

Key issues in developing honest estimates of progress and the ability to sustain it include:

- *Economic growth and increases in GDP/GNI per capita; Five-Fold Increase in Per Capita GDP* : Claims take credit for the impact of favorable rains which are a driving force in the Afghan GDP and stopped in 2012. GDP per capita data ignore gross uncertainties in population estimates and PPP estimates of trends in economy. No assessment of impact of narcotics share of economy, macro-economic impact of corruption and capital outflows.
- *Agriculture*: Extremely high impact assessments for programs limited in scope, implied gains in output that are largely a matter of favorable rains. No estimate of uncertainty in the data
- *Education*: Uncertainties in population, existence of ghost or ineffective schools and teachers, quality of Afghani government reporting, tendency to exaggerate time and years of schooling, uncertain reporting on education by sex.

Exaggerated State Department and USAID Claims of Success –II

- ***Democracy and governance:*** Estimates only cover output of aid programs. Have stopped reporting on effectiveness of governance by by district. Ignore ISAF and NGO estimates of scale of corruption. Do not explicitly assess shortfalls in government personnel in the field and its impact. Ignore far more negative World Bank assessments.
- ***Infrastructure:*** Take credit for construction, but do not address corruption, effectiveness, or sustainability – already a critical problem with roads.
- ***Stabilization:*** Ignore UNAMA assessments of trends in civilian killed and wounded, do not map areas of relative success.
- ***Dramatic Growth in Afghan Government Revenue Collection:*** some reporting ignores recent negative trends, serious shortfalls in projections. Failure to assess corruption and government’s ability use revenues effectively. No public assessment of current and projected gaps between revenues and needed post-Transition expenditures.
- ***Exceptional Advances for Women:*** Real gains and their sustainability are overstated. No mapping of critical problem areas, and areas where legal protection does not exist in real world. Failure to note regressive aspect of Afghan law.
- ***New Silk Road, Promoting Regional Connections:*** Exaggeration of current and future economic impact, problems in sustaining current roads, political and security problems with Pakistan.
- ***Electric power:*** Generation capacity is tied estimates of consumers where credibility of data are unclear. Failure to create real world prices and sustainable problems is understated.
- ***Medical services and life expectancy:*** Use of controversial best case data. No attempt to resolve widely differing estimates of life expectancy.

Most attempts at overviews are now dated, but for examples, see USAID in Afghanistan: Partnership, Progress, and Perseverance, <http://www.usaid.gov/afghanistan/news-information/press-releases/usaaid-afghanistan-partnership-progress-perseverance>; USAID: Top Ten Achievements in Afghanistan, <http://www.usaid.gov/sites/default/files/documents/1871/Top%2010%20Accomplishments.pdf> ; US Embassy, Kabul, USAID’s Major accomplishments Since 2001, <http://kabul.usembassy.gov/usaidd50.html>.

If You Don't Have Real Education Numbers, Fake a High Estimate

SIGAR July 2014 Report to Congress (That ignores major uncertainties in population data, and later SIGAR reporting on “ghost” schools, teachers, and corruption.)

The number of students attending school in Afghanistan is often cited as evidence of Afghanistan’s progress in education. For example, in a *Washington Post* op-ed published on May 30, 2014, Dr. Rajiv Shah, the Administrator of USAID wrote, “Education is another bright spot [in Afghanistan.] Three million girls and 5 million boys are enrolled in school.” However, the reliability of EMIS—the only database at the MOE tracking education metrics—cannot be confirmed. Data is not available on time, and indicators such as net enrollment ratios, repetition rate, and dropout rate are unavailable. Insecurity limits visits to schools. In the most recent EMIS Statistical Analytical Report from FY 1390, the MOE admitted that only 1,000 schools (7% of all general education schools) were visited for data verification in FY 1390.

Additionally, schools may be tempted to inflate their attendance figures because access to funding (such as EQUIP II School Grants) can be linked to enrollment levels. This quarter, SIGAR learned that USAID’s definitions of enrollment used in EMIS last quarter were double counting the number of students enrolled in Afghanistan. The previous definition of total enrollment added three figures: enrolled, present, and absent students. However, as USAID clarified this quarter, the number of enrolled students is actually the sum of present and absent students. Thus, the total enrollment figures reported last quarter counted each student twice.

...SIGAR is concerned about the accuracy of the data provided on Afghanistan’s educational system.

According to the most recent data available from the Ministry of Education’s (MOE) Education Management Information System (EMIS), Afghanistan had a total of 14,166 primary, lower-secondary, and upper-secondary schools in FY 1391 (March 21, 2012–December 20, 2012).

This quarter, USAID provided two inconsistent sets of MOE data for the number of students enrolled in 1391. Data generated from EMIS shows approximately 7.62 million students were enrolled in primary, lower-secondary, and upper-secondary schools in FY 1391. Of the enrolled students, 6.26 million were categorized as present, while 1.36 million students were considered absent.

Another unspecified MOE source showed higher enrollment numbers—7.78 million students (an additional 160,000 students over EMIS data) enrolled in primary, lower-secondary, and upper secondary schools in FY 1391, with 6.86 million students present and approximately 922,000 students absent.

USAID also provided a third MOE source containing Afghanistan’s total enrollment in general education for FY 1392—8.2 million students enrolled. This number was not broken down into the numbers of students present and absent. The number of days of attendance required for a student to be counted as “present” for the entire year was not known as this report went to press.

According to USAID, the MOE includes absent students in the enrollment total until three years have elapsed, because absent students are considered to have the potential to return to school. However, a MOE Education Joint Sector Review from September 2013 recommended the MOE revise its regulations and no longer consider permanently absent students to be counted as enrolled.

If You Don't Have Real Mortality Numbers, Use a High Estimate of Favorable Trends

USAID's Afghanistan Mortality Survey (AMS) results are frequently used as evidence that U.S. intervention efforts have contributed to remarkable improvements in Afghanistan's health system.

In a *Washington Post* op-ed published on May 30, 2014, Dr. Rajiv Shah, the Administrator of USAID, cited Afghanistan's "largest increase in life expectancy" to highlight Afghanistan's progress in health.

However, there is an enormous gap between USAID estimates and the estimates of other institutions.... Most institutions estimate a two- to five-year increase in life expectancy over six years, while the mortality survey finds a 20-year increase for the same time period. Reasons why USAID's estimates differ from those of other institutions could include factors such as AMS inability to survey completely in insecure southern provinces, and Afghan cultural reluctance to speak about female and infant mortality with strangers

USAID LIFE EXPECTANCY FINDINGS COMPARED TO OTHER LIFE EXPECTANCY MODELS (YEARS)

	USAID (Afghanistan Mortality Survey)	CIA World Factbook	World Bank (World Development Indicators)	UN Population Division (World Population Prospects)	U.S. Census Bureau (International Database)	World Health Organization (Global Health Observatory)
Estimated Life Expectancy Increase from 2004-2010 (6 years)	20	2.2	3.0	2.6	2	5
Estimated Life Expectancy Increase from 1990-2010 (20 years)	--	Data not available	11.0	12.0	7	11
Estimated Life Expectancy in 2010	62	44.7	59.6	58.4	49	60
Estimated Life Expectancy in 2004	42	42.5	56.6	55.8	47	55
Estimated Life Expectancy in 1990	--	Data not available	48.6	46.4	42	49

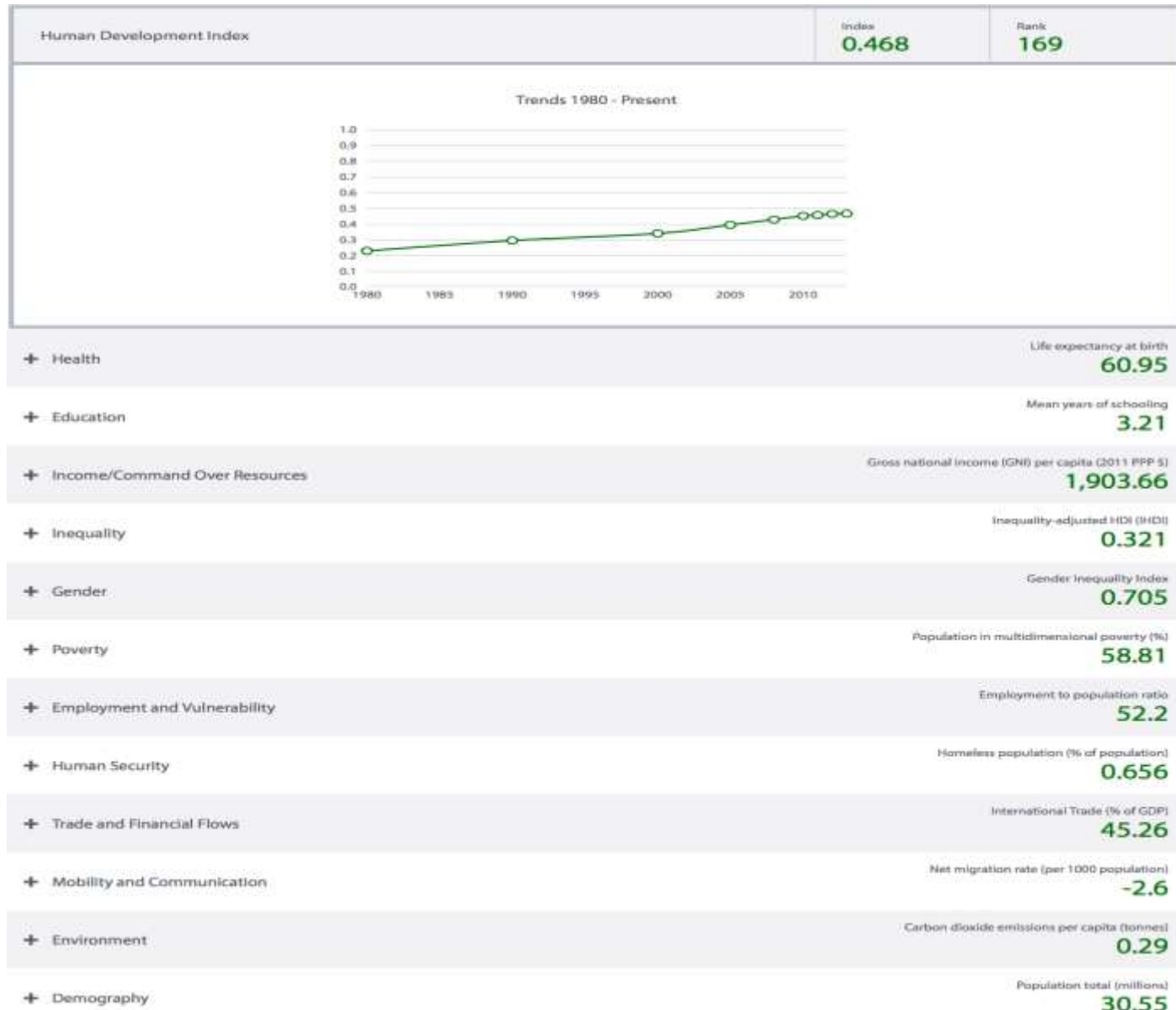
Notes: Numbers have been rounded. Data as of 6/17/2014. WHO calculations based on data available from the years 1990, 2000, and 2012.

Corruption Challenge

- **Transparency International ranks 172nd worst of 175 countries rated. Has led corruption rankings for years.**
- **Affects all aspects of governance including security services and financial sector.**
- **Focus on budget expenditures rather than fiscal controls and measures of effectiveness makes far worse.**
- **World Bank, IMF, aid donors, intelligence community makes no attempt to quantify effects.**
- **Same is true of analysis of interaction between real world economic effect of narco-trafficking, power brokers.**
- **Unstable government jobs and politics, declining security makes worse, adds to capital flight and brain drain to foreign countries.**
- **Coupled to broad failures in court system, rule of law, policing.**
- **Major barrier to investment, ease of doing business, development.**
- **Often makes Taliban and insurgents seem better than government in the field.**

For more details see SIGAR, Quarterly Report, July 30, 2015. pp.. 153-160

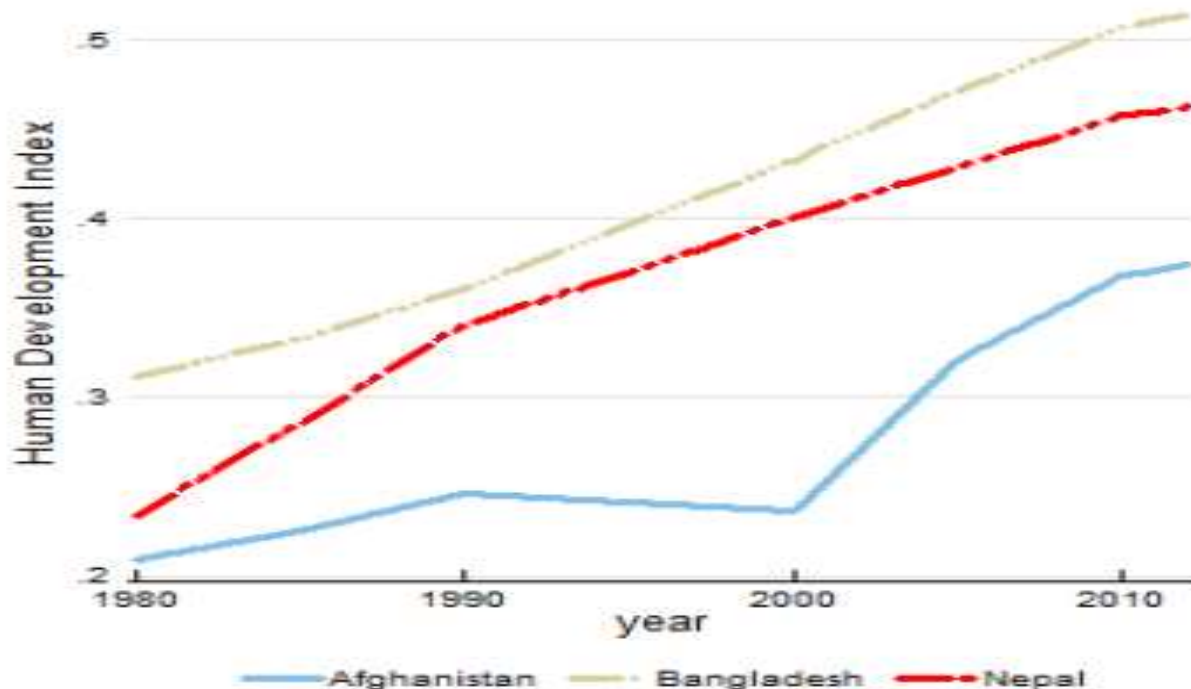
UNDP Ranking of Human Development Indicators in Afghanistan in 2015: 169th worst of 187 Countries



12/10/2015

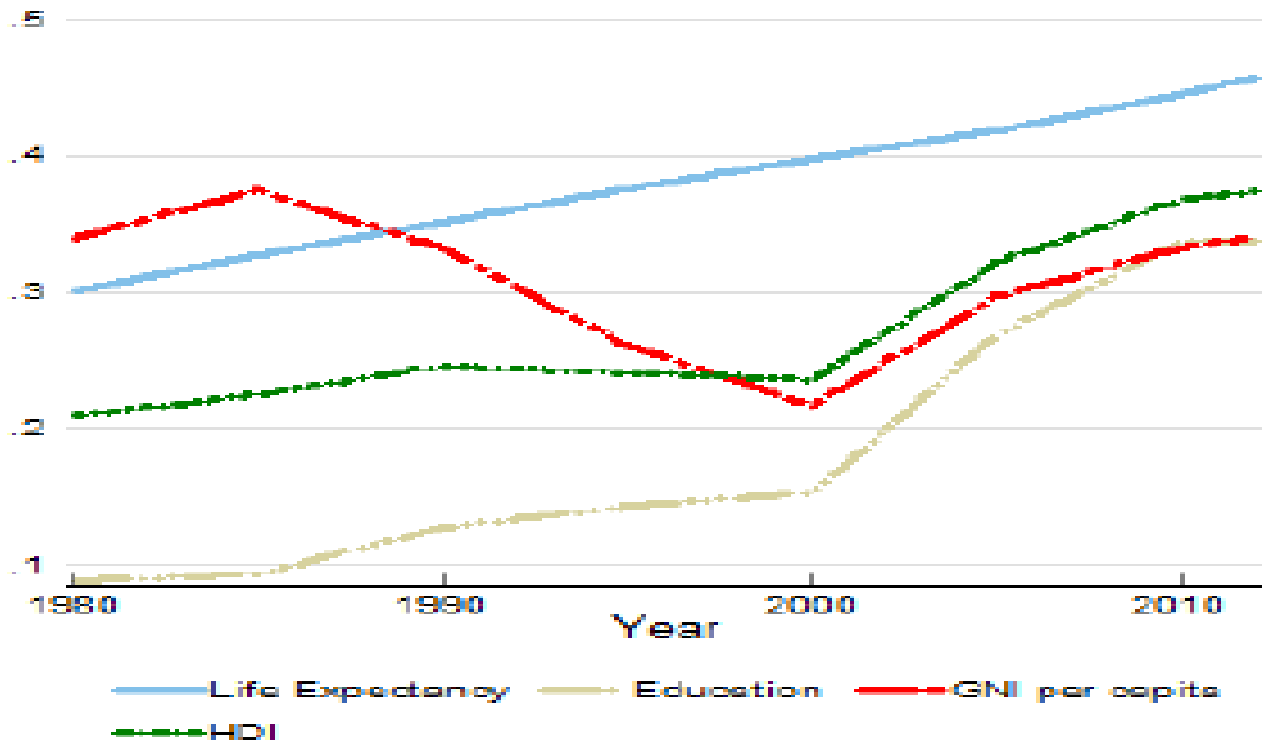
UN Human Development Progress Lags by Comparison With Other Poor States: 1980-2012

(175th out of 187 Rated Countries)



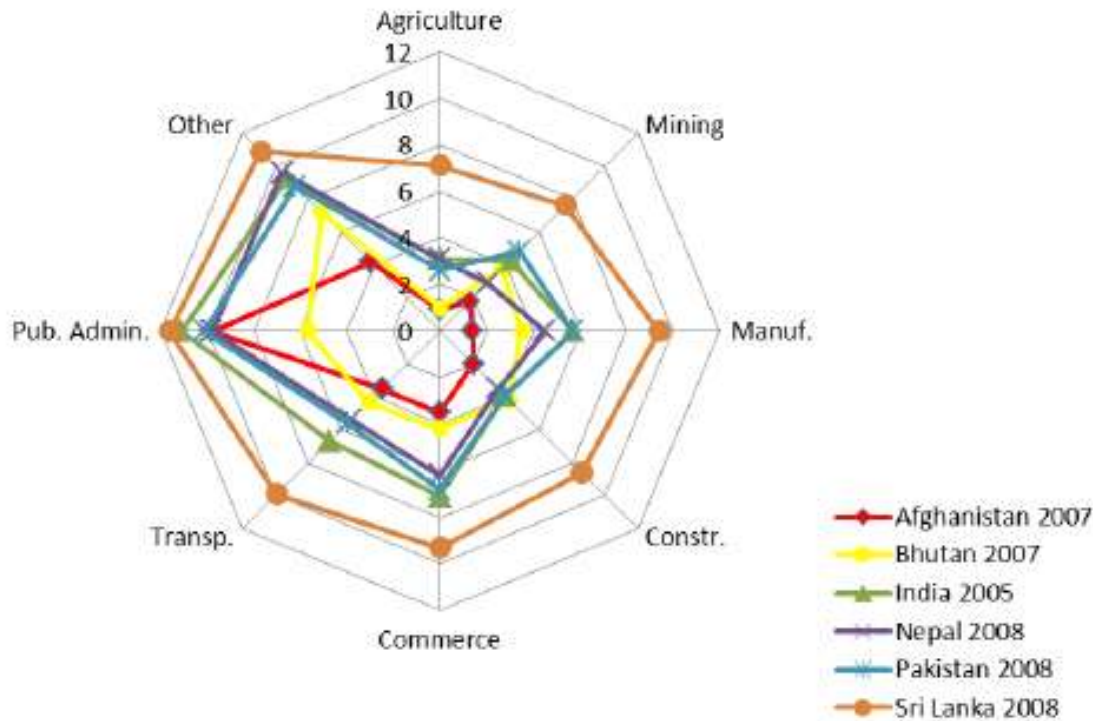
	HDI value	HDI rank	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (PPP US\$)
Afghanistan	0.374	175	49.1	8.1	3.1	1,000
Nepal	0.463	157	69.1	8.9	3.2	1,137
Pakistan	0.515	146	65.7	7.3	4.9	2,566
South Asia	0.558	—	66.2	10.2	4.7	3,343
Low HDI	0.466	—	59.1	8.5	4.2	1,633

UN Human Development Progress by Category: 1980-2012



	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (2005 PPP\$)	HDI value
1980	39.2	2.3	0.8	1,002	0.209
1985	40.8	1.7	1.2	1,271	0.225
1990	42.3	2.5	1.5	0,948	0.246
1995	43.8	2.5	1.8	0,589	0.241
2000	45.3	2.5	2.1	0,435	0.236
2005	46.6	6.6	2.5	0,750	0.322
2010	48.3	8.1	3.1	0,953	0.368
2011	48.7	8.1	3.1	0,979	0.371
2012	49.1	8.1	3.1	1,000	0.374

Still Very Low Education Levels Compared to Other Countries



Source: World Bank 2011 "More and Better Jobs in South Asia"

Decades of conflict have had a long-lasting impact on the human capital stock of the country.

Despite significant improvements in school enrollment rates and education achievement in younger (urban) cohorts, the education gap remains substantial by international standards, also taking into account country's level of development.

In each sector of the economy, the education level of the Afghan labor force is the lowest among South Asia countries.

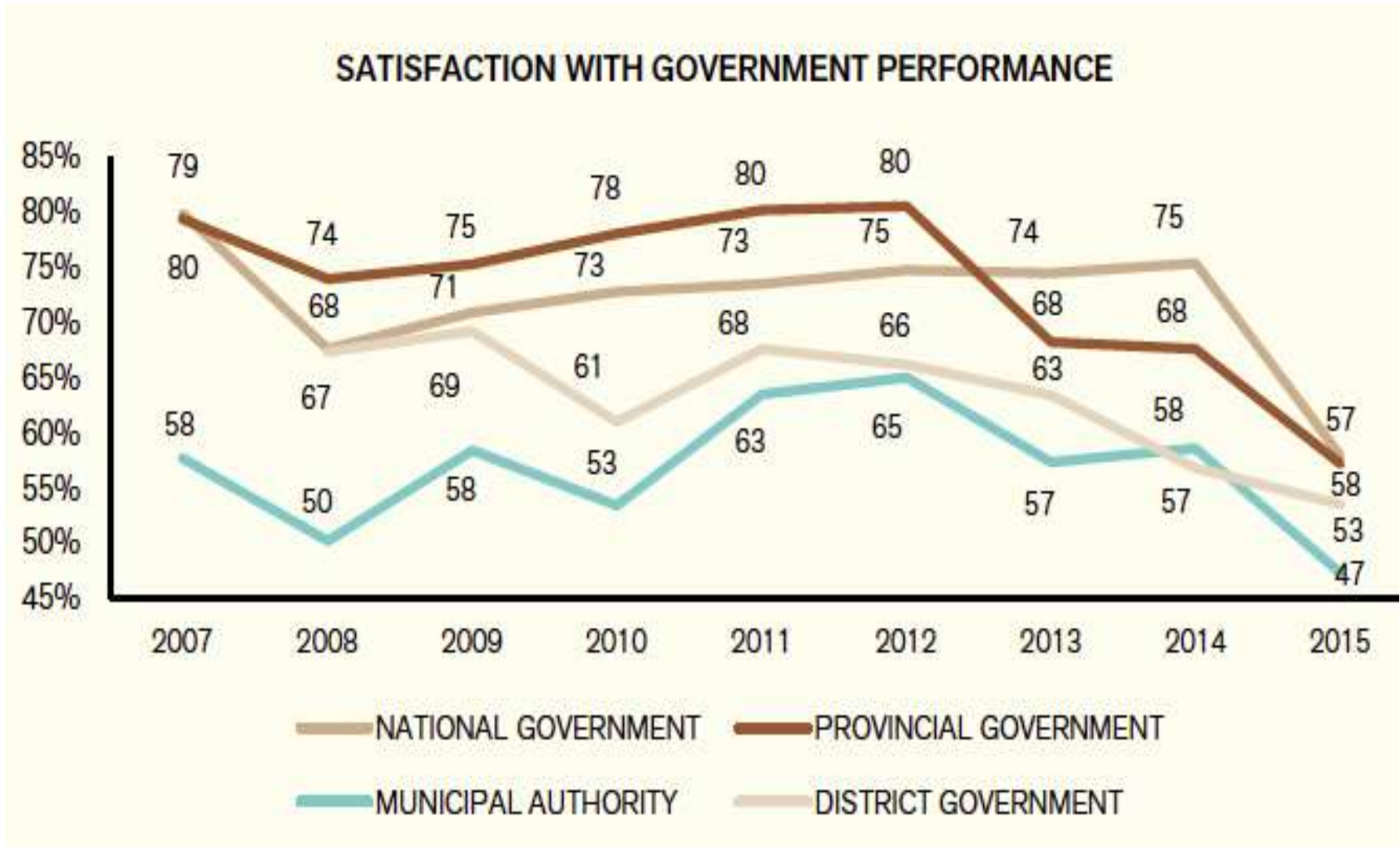
Particularly challenging are education gaps in sectors crucial for future economic growth and development such as agriculture, mining, construction, commerce and manufacturing.

Uncertain Politics and Large Areas of Failed Governance

Failed Governance

- **Karzai heritage of corruption, power brokering, indifference to security issues, alienation of U.S.**
- **Nominal democracy which is often really government by power broker.**
- **U.S. heritage of unworkable constitution, election process, dysfunctional legislature without real local representation and fiscal powers.**
- **Over-centralized with provincial and district officials not elected, police chiefs not local, often corrupt or incompetent, and no funds of their own.**
- **Deeply divided and sometimes corrupt security services, including police and border police.**
- **Near paralysis over ethnic divisions and Ghani vs. Abdullah since June 14, 2014 election.**
- **Failure at election reform is pushing Ghani and Abdullah towards new election deadline, expiration of power sharing agreement.**
- **Corrupt ministries, some times incapable of planning and executing budgets, no measures of effectiveness and few real world data.**
- **Tokyo reforms in economy and governance in limbo.**
- **Ghani development plan not approved or funded.**
- **Dependent indefinitely on outside aid.**
- **Civil service centered in “Kabulstan,” not country.**

Overall Satisfaction with Government Sharply Declining

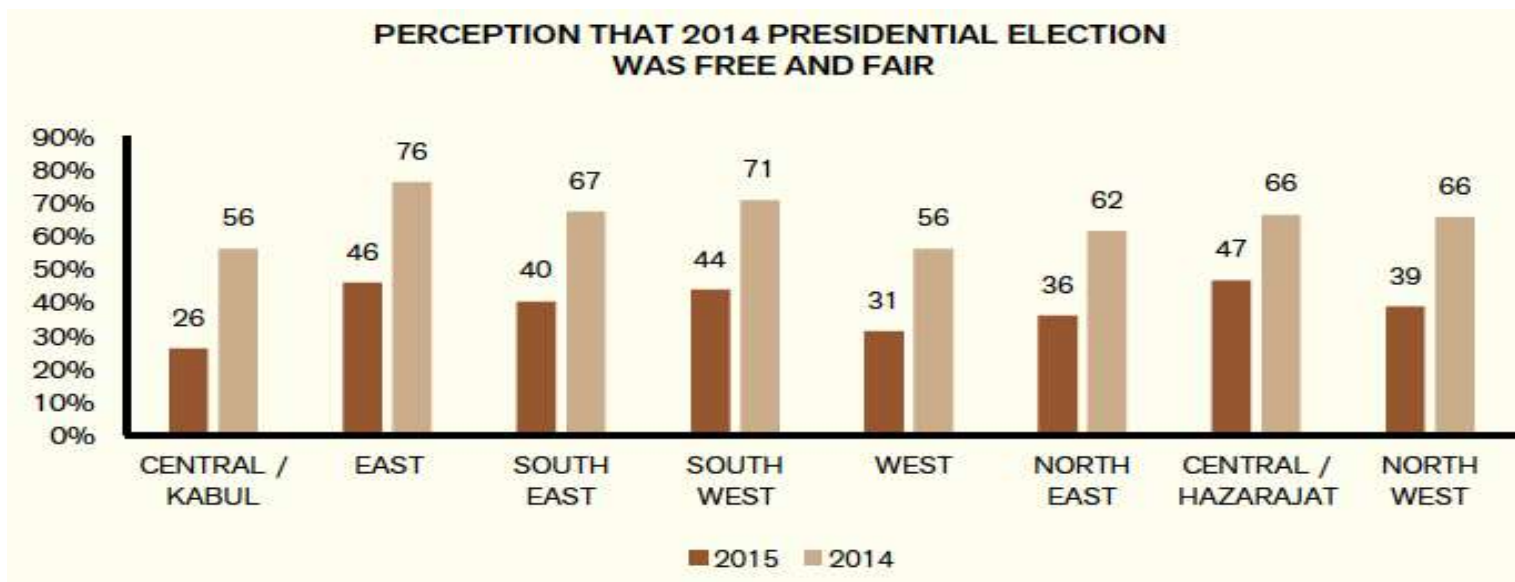
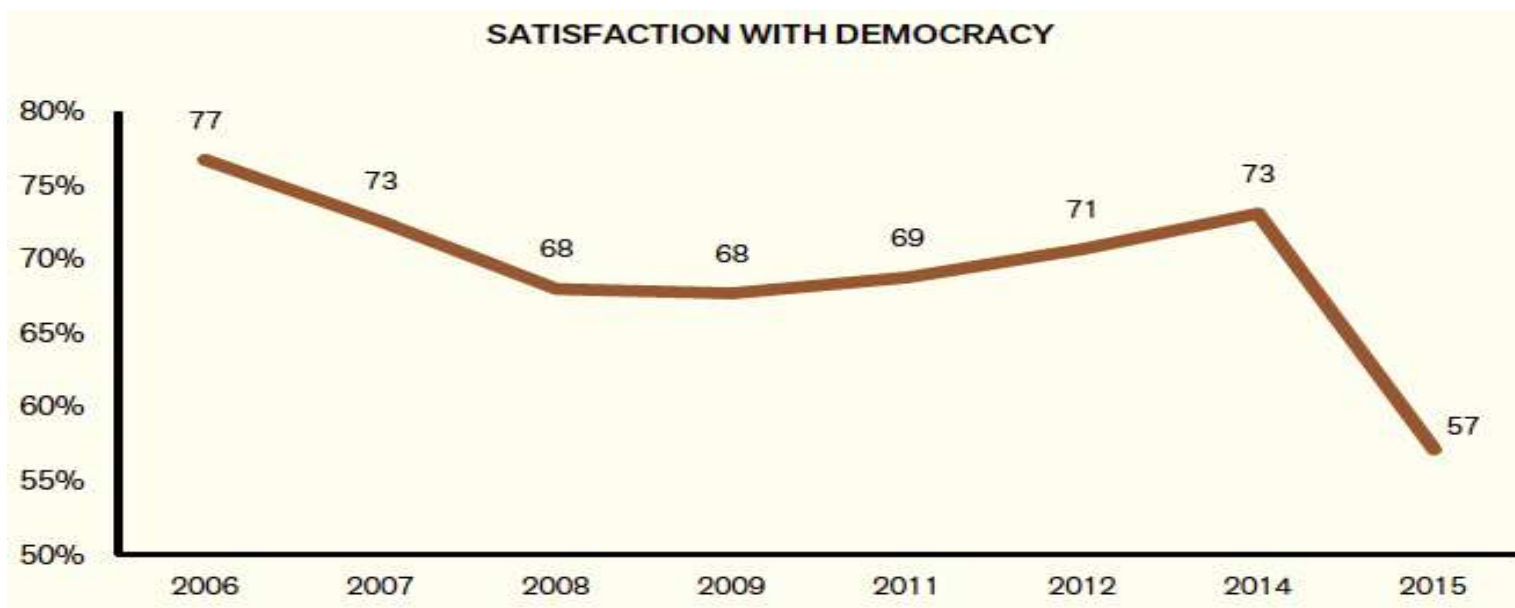


Declining in Faith in Central Government and Parliament

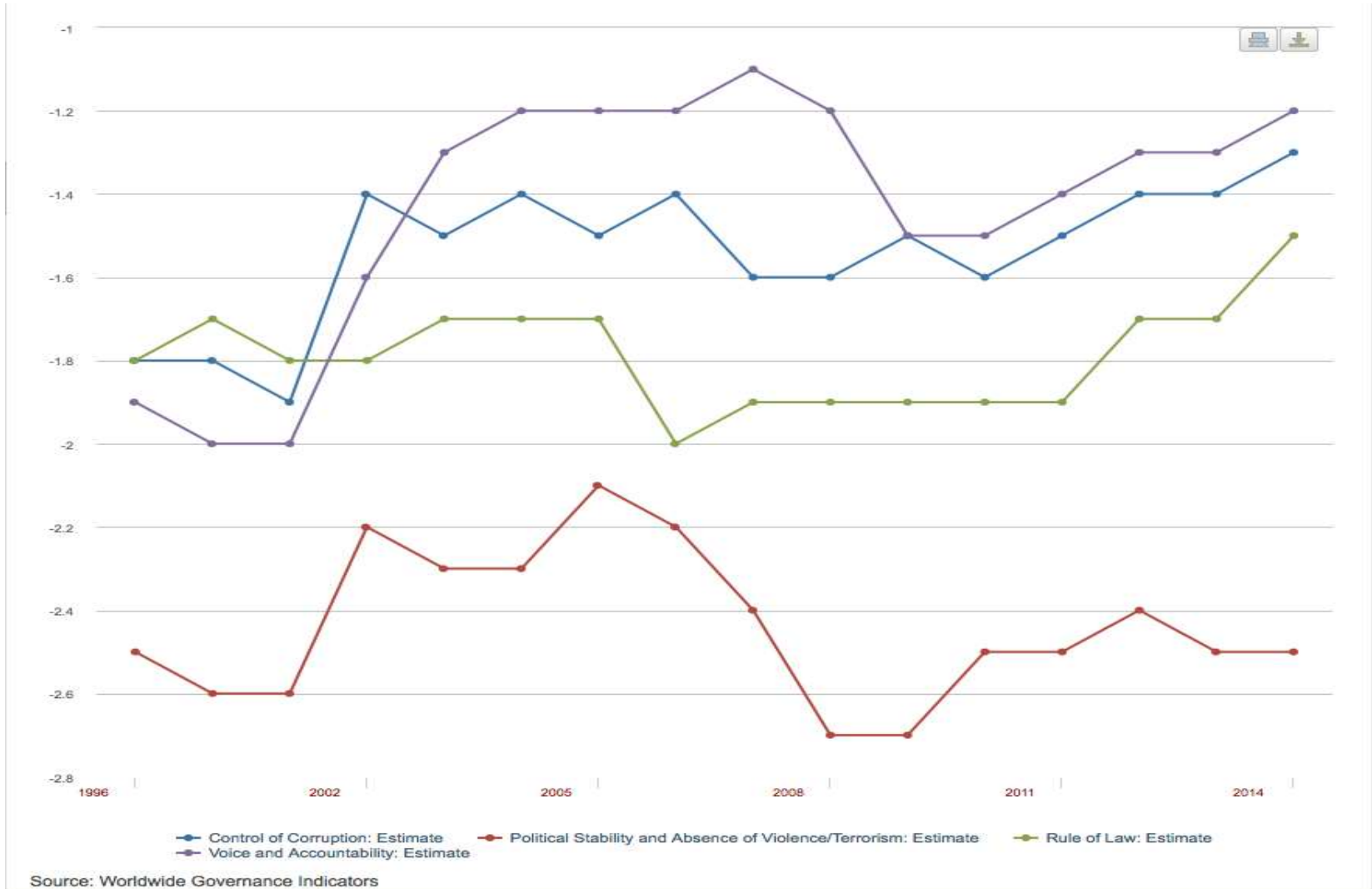
CONFIDENCE IN OFFICIALS, INSTITUTIONS, AND ORGANIZATIONS

	2007	2008	2009	2010	2011	2012	2013	2014	2015
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
INDEPENDENT ELECTION COMMISSION	-	57	67	54	59	60	-	66	36
ELECTION COMPLAINTS COMMISSION	-	-	-	-	-	-	-	-	35
COMMUNITY DEVELOPMENT COUNCILS	64	65	64	61	68	66	63	65	61
COMMUNITY SHURAS/JIRGAS	72	69	67	66	70	68	65	69	64
GOVERNMENT MINISTERS	57	51	53	54	56	55	46	47	42
INTERNATIONAL NGOS	64	64	66	54	56	53	51	53	44
MEDIA	62	63	62	57	69	71	67	73	67
NATIONAL NGOS	60	62	61	55	54	54	52	57	50
PARLIAMENT AS A WHOLE	-	-	-	59	62	62	50	51	42
PROVINCIAL COUNCILS	70	65	62	62	67	66	58	58	52
RELIGIOUS LEADERS	-	-	-	-	74	73	65	70	64
YOUR MEMBER OF PARLIAMENT	-	-	-	-	-	-	47	52	43

Uncertain Faith in Democracy

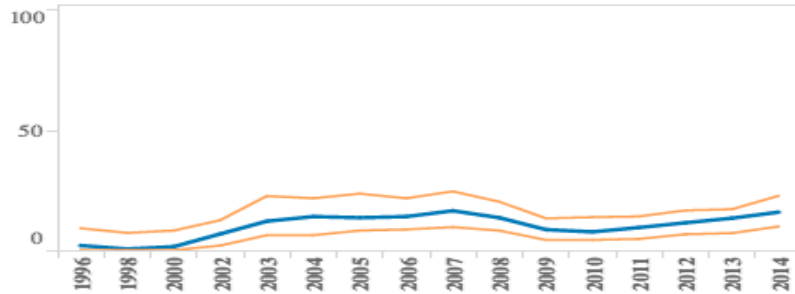


World Bank Rankings of Governance Shows Very Uncertain Trends

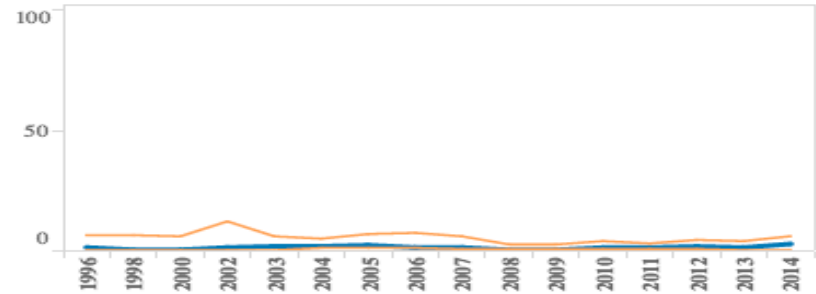


World Bank Rankings of Failed Governance in Afghanistan - I

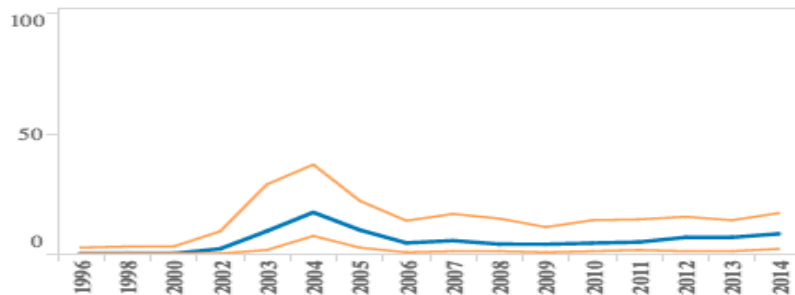
Voice and Accountability



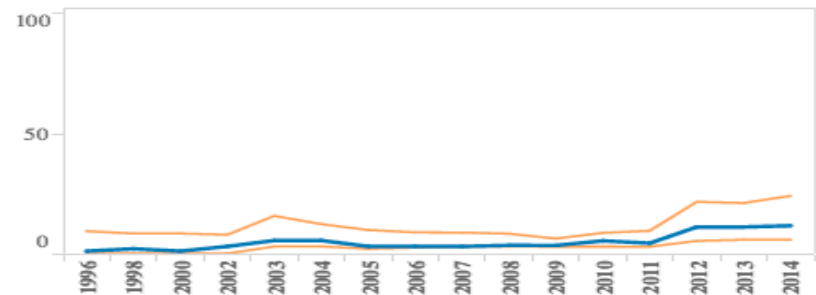
Political Stability and Absence of Violence



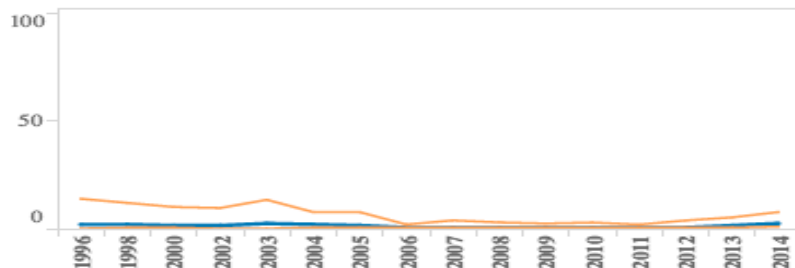
Government Effectiveness



Regulatory Quality



Rule of Law



Control of Corruption



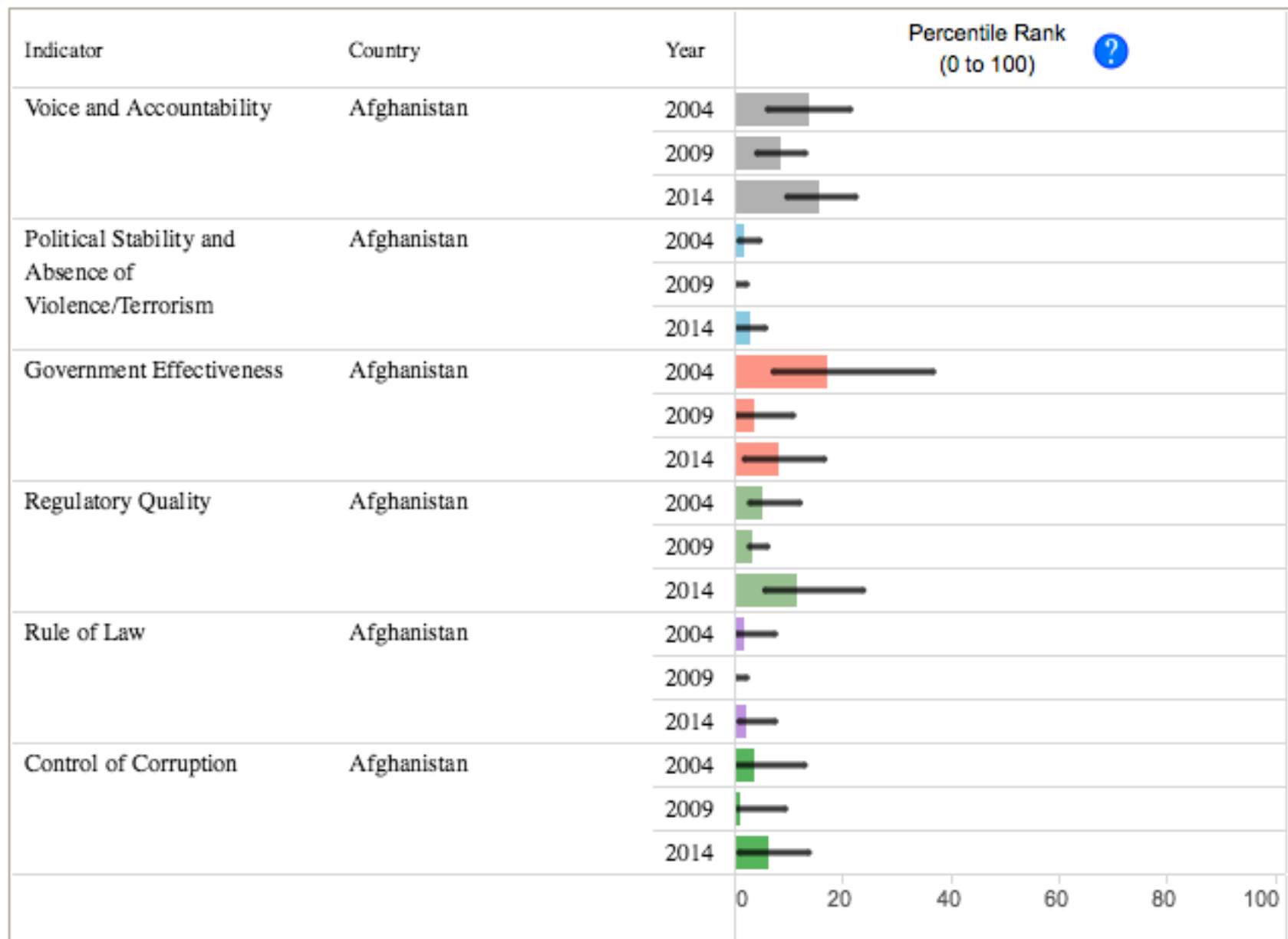
The inner, thicker blue line shows the selected country's percentile rank on each of the six aggregate governance indicators. The outer, thinner red lines show the indicate margins of error.

Source: Kaufmann D., A. Kraay, and M. Mastruzzi (2010), *The Worldwide Governance Indicators: Methodology and Analytical Issues*

The Worldwide Governance Indicators are available at: www.govindicators.org

Note: The Worldwide Governance Indicators (WGI) are a research dataset summarizing the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, international organizations, and private sector firms. The WGI do not reflect the official views of the World Bank, its Executive Directors, or the countries they represent. The WGI are not used by the World Bank Group to allocate resources.

World Bank Rankings of Failed Governance in Afghanistan - II



State Department: Uncertain Legitimacy and Leadership

“Presidential and provincial elections occurred on April 5, 2014, with a second presidential runoff-round held on June 14. Reports of fraud marred the elections and led to an audit of all ballot boxes. Protracted political negotiations between the presidential candidates resulted in the creation of a national unity government. On September 21, the independent election commission named Ashraf Ghani the president-elect and Abdullah Abdullah the runner-up in the runoff election.

In accordance with a political agreement signed by both candidates, Abdullah took the newly created post of chief executive officer, and Ghani and Abdullah formed a national unity government. Parliamentary elections were last held in 2010 and were marred by high levels of fraud and violence according to national observers, the Office of Security and Cooperation in Europe, and other international election-monitoring organizations. Authorities generally maintained control over the security forces, although there were instances in which security forces acted independently.”

..In the June 14 runoff election, the IEC estimated a turnout of nearly eight million voters, including 38 percent women. Although there were again reports of ballot shortages, the IEC more effectively dispatched contingency ballots where needed. The ANSF was largely successful in securing most areas, and there was better coordination between the ANSF and IEC staff than in the first round of voting. While insurgent attacks caused slightly more casualties than during the first round, there were a third fewer significant security incidents.

After the June 14 runoff election, allegations of fraud led to a dispute over the accuracy of the preliminary results announced by the IEC on July 7, which showed Ghani in the lead with 56.4 percent to Abdullah’s 43.5 percent. Following a protracted standoff, the two candidates agreed to an unprecedented 100 percent audit of the ballot boxes and committed to forming a national unity government with the runner-up being chief executive officer in the government. The IEC completed the election audit in September and named Ghani the winner on September 21.

....The 2009 Party Law granted parties the right to exist as formal institutions for the first time in the country’s history. The law requires parties to have at least 10,000 members from a minimum of 22 of the country’s 34 provinces.

Political parties were not always able to conduct activities throughout the country, particularly in regions where antigovernment violence affected overall security. Violence against participants in the political party system was common, even during nonelection periods. As of August 15, there were 58 political parties registered with the Ministry of Justice. In 2012 the Council of Ministers approved a regulation requiring political parties to open offices in at least 20 provinces within one year of registration and provides that parties failing to comply are to be removed from the ministry’s official list.

According to justice ministry officials, a deregistered party would be able to meet and continue “informal” political activities, but candidates for political office would not be able to run under the party’s name. During a 2013 nationwide review of provincial political party offices, the Ministry of Justice found various political parties not in compliance with the regulation but did not publicly announce the deregistration of any party. Provincial party members continued to assert the ministry’s monitoring process was inconsistent, with some parties reporting regular interactions with ministry officials and others having none at all.’ leadership played key roles in the campaigns.

- See more at: <http://www.state.gov/j/drl/rls/hrrpt/humanrightsreport/index.htm#wrapper>

SIGAR: Status Indicators in July 2015

Despite a constitutional requirement for elections 30–60 days prior to the expiration of the *Wolesi Jirga* (lower house) term, the continuing disagreement between President Ashraf Ghani and Chief Executive Officer Abdullah Abdullah on election reforms has delayed the scheduling of parliamentary elections.

Although the lower house's term expired on June 22, 2015, no elections were held. 6 On June 19, Ghani announced that the lower house would continue its work until elections are held and the results are known. The president also said a date for elections would be announced within one month. On July 4, the lower house of parliament rejected Masoom Stanekzai as minister of defense. Stanekzai, who has been acting minister of defense since May and before that served as the head of the secretariat for the High Peace Council, received only 84 of the 107 votes necessary for confirmation. The Ministry of Defense (MOD) has been without an approved minister for nine months..”

...The 2014 presidential elections, which international monitors noted experienced substantial fraud, highlighted Afghanistan's continuing need for electoral reforms. As the United Nations Secretary-General observed in June, “comprehensive electoral reforms will be crucial for restoring the faith of the Afghan people in the democratic process.” 9

...Overhauling the electoral process was a central part of the power-sharing deal brokered by the United States between President Ghani and his rival, Chief Executive Officer Abdullah, after the troubled presidential elections.

The September 2014 agreement that led to formation of the national-unity government called for (1) immediate establishment of a special commission for election reform with the aim of implementing reform before the 2015 parliamentary elections and (2) distribution of electronic identity cards to all Afghan citizens as quickly as possible. However, according to State, the Afghan government has made only incremental progress on electoral reform during the quarter.

On March 21, the Office of the President announced that Ghani had established the Special Electoral Reform Commission (SERC). According to the statement, Ghani formed the SERC to bring “fundamental reform” to the Afghan electoral system, strengthen rule of law and the democratic process, and prevent violations of electoral laws and regulations. It was not until July 16 that Ghani's office announced the full SERC appointments. The SERC began its work on July 22.

...Between April 27 and June 7, Ghani, with the agreement of Abdullah, appointed 18 provincial governors. As of June 23, the national-unity government has appointed new governors for 21 of 34 provinces.

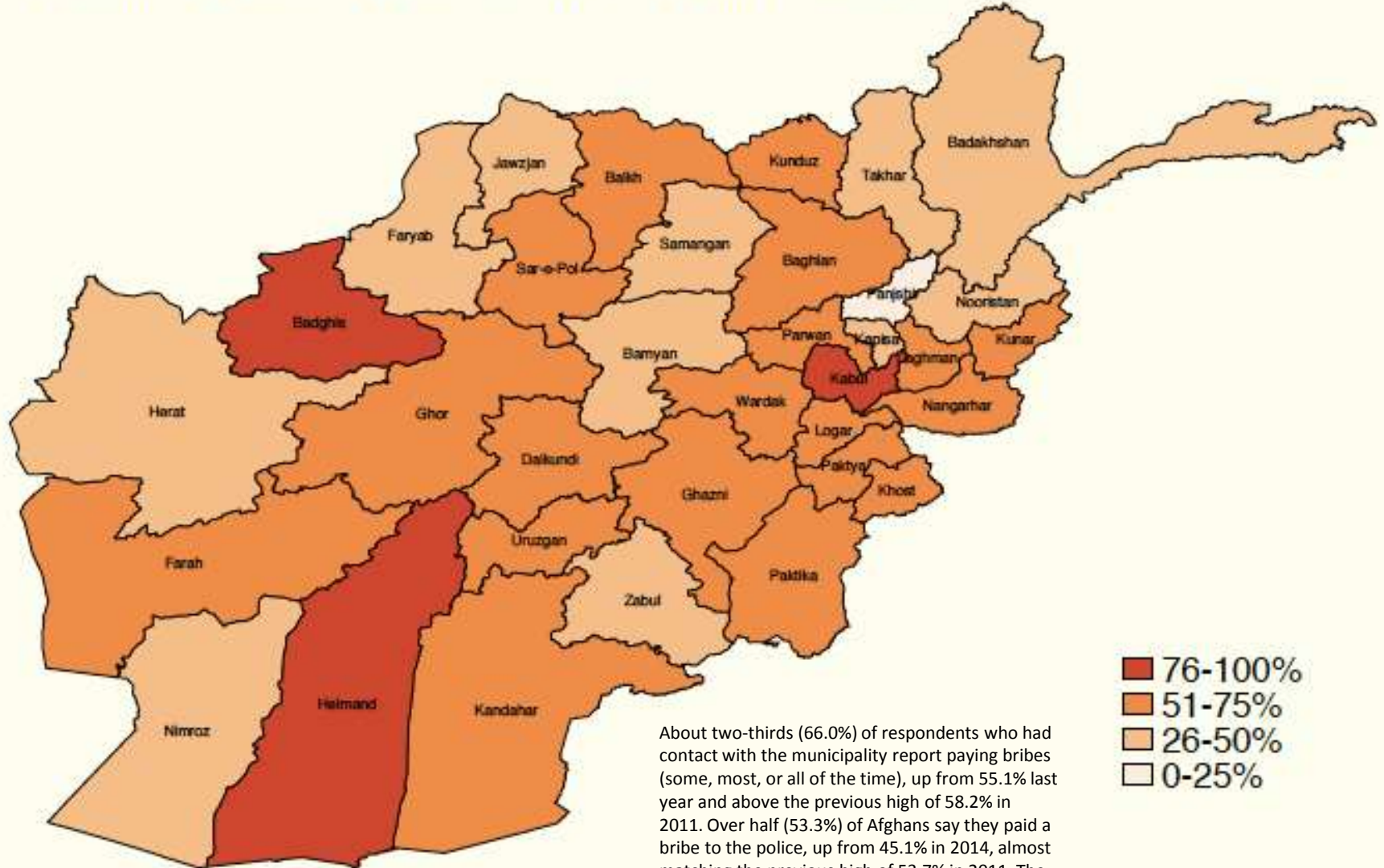
...In February, Ghani established the National Procurement Commission (NPC) to centralize procurements of large contracts under a presidential commission consisting of a core group of Afghan officials with “impeccable credential[s] for honesty.”⁵⁵² SIGAR is one of two U.S. government bodies to attend the NPC meetings as neutral observers. Ghani's effort to reduce MOI and MOD procurement-related corruption has slowed procurement and created what CSTC-A has labeled the “[Afghan fiscal year] 1394 Procurement Crisis.” 3 Of the 648 MOD requirements, only 266 have been submitted to the MOD acquisition agency and only 31 contracts have been awarded. The MOI is experiencing a similar backlog with 925 defined requirements, 209 of which have been submitted to the MOI procurement directorate, and 47 contracts have been awarded.

...International donors and the Afghan government agreed at the December 2014 London Conference that the TMAF should be refreshed to cover the period after 2015. The Afghan government and donors are discussing and drafting updated goals and indicators for the refreshed framework. The goal is for the refreshed framework to be approved at the Senior Officials Meeting scheduled for early September in Kabul.

The Corruption Challenge

Corruption Remains a Critical Factor in 2015 - I

PERCEPTION OF CORRUPTION: MAJOR PROBLEM IN DAILY LIFE



About two-thirds (66.0%) of respondents who had contact with the municipality report paying bribes (some, most, or all of the time), up from 55.1% last year and above the previous high of 58.2% in 2011. Over half (53.3%) of Afghans say they paid a bribe to the police, up from 45.1% in 2014, almost matching the previous high of 53.7% in 2011. The overall trend since 2007 is a steady increase in reported corruption.

Corruption Remains a Critical Factor in 2015 - II

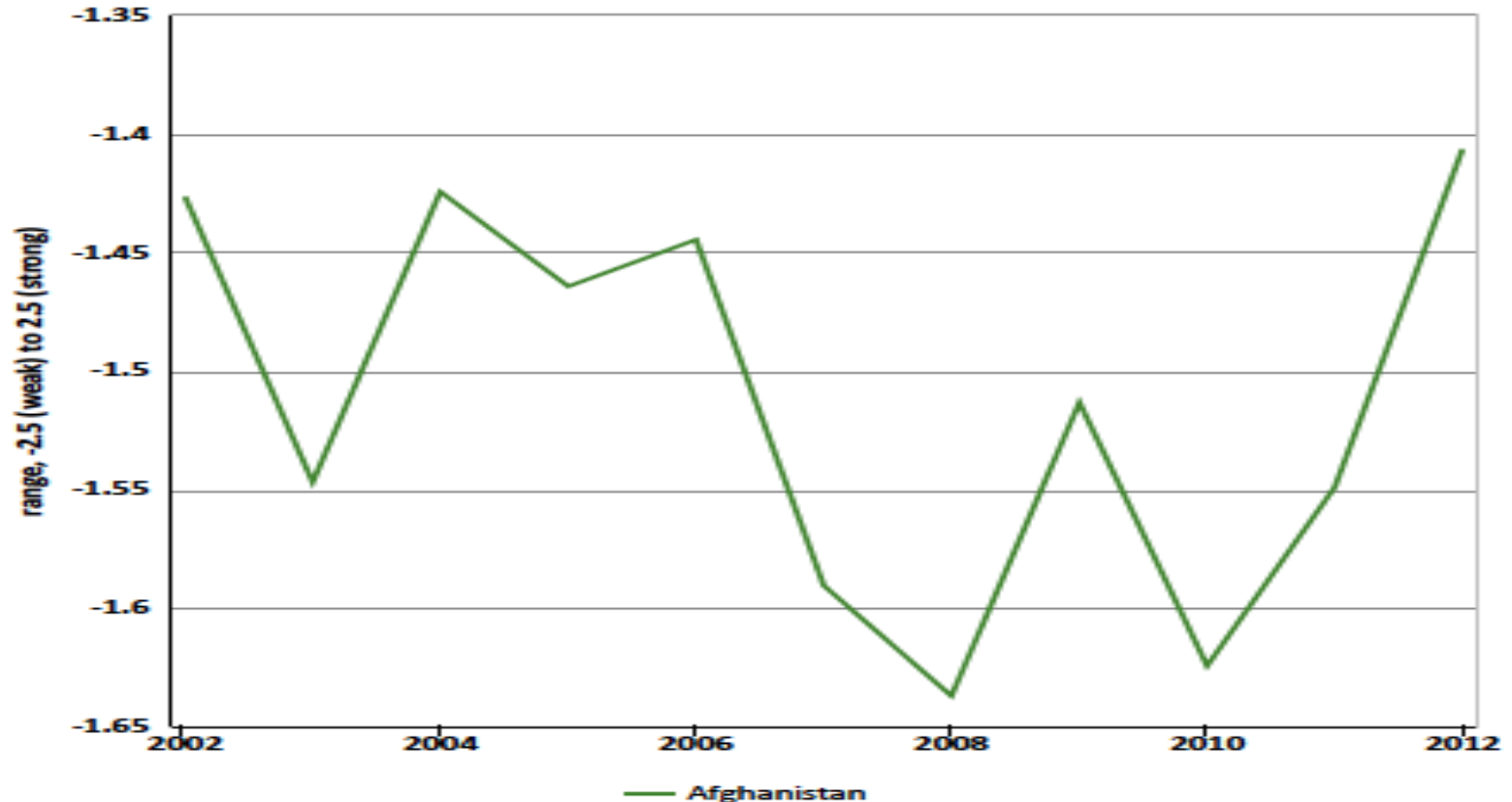
EXPOSURE TO CORRUPTION

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
MUNICIPALITY/ DISTRICT GOVERNOR'S OFFICE	46	43	41	43	43	56	51	58	55	66
PROVINCIAL GOVERNOR'S OFFICE	-	-	-	-	-	-	-	-	50	61
CUSTOMS OFFICE	40	34	36	37	42	52	49	57	47	61
ANP	53	43	40	46	49	54	48	52	45	53
ANA	-	24	21	25	30	34	30	39	33	43
JUDICIARY / COURTS	55	47	49	51	52	62	60	62	55	63
STATE ELECTRICITY SUPPLY	44	46	37	41	41	48	46	53	47	55
PUBLIC HEALTHCARE SERVICE	51	44	41	48	48	55	50	55	49	53
WHEN APPLYING FOR A JOB	59	51	47	52	50	58	57	55	52	59
ADMISSIONS TO SCHOOLS / UNIVERSITY	-	33	32	37	39	45	42	46	39	43

The Challenge of Corruption

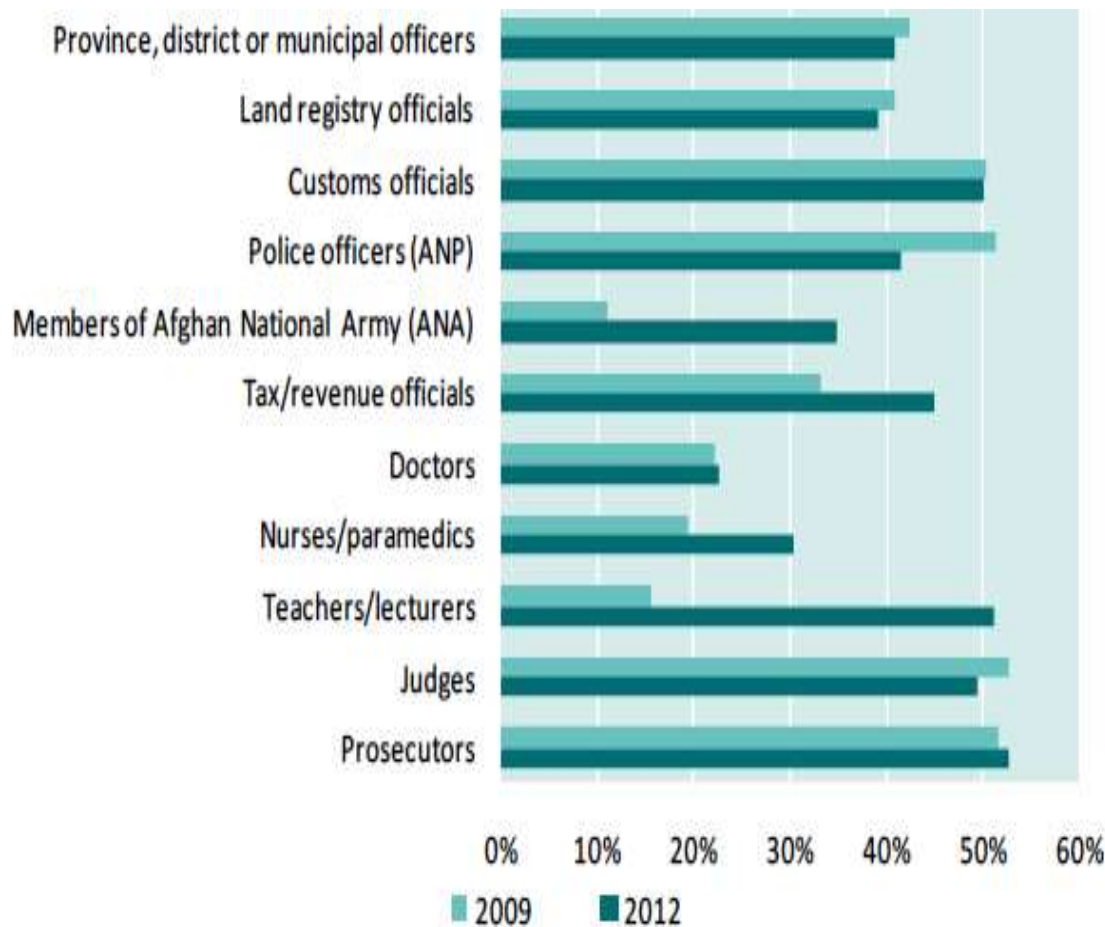
- 172nd most corrupt country out of 177 ranked by Transparency International in 2014 . Budget openness is minimal.
- Bad rating on World Bank’s “Control of corruption index”. Improvement is driven by aid donors.

Control of Corruption, Estimate



Who Takes Bribes: The ANA Got Worse

Prevalence of bribery, by public official receiving the bribe, Afghanistan (2009 and 2012)



Source: General population survey 2009 and general population survey 2012

The likelihood of bribes being paid to a particular type of public official depends on how frequently citizens interact with them.

But since different types of official have different types of exposure to citizens, it is important to estimate the probability of a certain type of official receiving a bribe when he or she is contacted, independently from the frequency of interaction. This is measured by means of the prevalence of bribery in relation to each type of public official.

According to this indicator, four types of official (prosecutors, teachers, judges and customs officials) are the most likely to receive bribes when dealing with citizens.

While there has been little change in prevalence rates since 2009 in relation to prosecutors, judges and customs officials, the vulnerability to bribery of teachers has increased dramatically in the past three years.

Other officials particularly vulnerable to bribery in Afghanistan are tax/revenue officials and police officers, while there has also been a notable increase in the vulnerability of members of the Afghan National Army

State Department Reports Growing Afghan Government Corruption in 2014 – I

The law provides criminal penalties for official corruption. The government did not implement the law effectively, and there were reports officials frequently engaged in corrupt practices with impunity. There were some reports of low-profile corruption cases successfully tried at the provincial level. The government made several commitments to combat corruption, including former president Karzai's 2012 decree, but little progress was made toward implementation at year's end. At the beginning of 2013, the Attorney General's Office created a monitoring department, as required by the decree, and it began accepting referred cases. There was no progress on the cases reported as of year's end.

A June 2013 law organizing the judiciary weakened the Control and Monitoring Department of the Supreme Court. The department had been considered effective in dealing with corruption within the judiciary in the districts and provinces. The new law eliminated some of the department's key positions and its authority to conduct investigations, make arrests, and prosecute violators.

Reports indicated corruption was endemic throughout society, and flows of money from the military, international donors, and the drug trade continued to exacerbate the problem. Reports indicated many citizens believed the government had not been effective in combating corruption. Credible foreign reporting indicated the equivalent of tens of millions of dollars was smuggled out of the country each year. Corruption and uneven governance continued to play a significant role in allowing the Taliban to maintain its foothold in the east-central part of the country and to exert influence in the southern, eastern, and some northern provinces, particularly in remote areas.

Prisoners and local NGOs reported corruption was widespread across the justice system, particularly in connection with the prosecution of criminal cases and "buying" release from prison. There were also reports of money being paid to reduce prison sentences, halt an investigation, or have charges dismissed outright. The practice of criminalizing civil complaints was commonly used to settle business disputes or extort money from wealthy international investors.

During the year there were reports of "land grabbing" by both private and public actors. The most common type occurred when businesses illegally obtained property deeds from corrupt officials and sold the deeds to unsuspecting "homeowners," who would then be caught in criminal prosecutions. Other reports indicated government officials grabbed land without compensation in order to swap the land for contracts or political favors. Occasionally, provincial governments illegally confiscated land without due process or compensation to build public facilities.

State Department Reports Growing Afghan Government Corruption in 2014 – II

Corruption: During the year there were significant developments in the case of Kabul Bank, which had been the country’s largest private financial institution prior to its collapse in a bank fraud scandal that began to unfold in 2010. Reportedly, nearly 57 billion Afghanis (\$983 million) of misappropriated funds were disbursed to politicians, ministers, and politically well-connected shareholders of the bank.

In March 2013 the Kabul Bank Special Tribunal sentenced former chairman Sherkhan Farnood and former chief executive officer Khalilullah Ferozi to five years in prison for “breach of trust” and ordered them to make restitution. The attorney general appealed the verdict. The remaining 19 persons accused in the case, including minor bank officials and public officials, were convicted and sentenced to prison terms and fines generally considered disproportionately heavy in comparison with the sentences received by Farnood and Ferozi. The indictment of Farnood and Ferozi, which was sent to the Special Tribunal in 2012, also included the crimes of embezzlement and money laundering, both of which would allow for confiscation of the defendants’ property. The conviction on breach of trust, however, did not allow authorities to confiscate assets or impose any penalties for failure to repay the funds.

On October 1, President Ghani issued a decree ordering the appellate court to render a decision on the pending appeal in Farnood and Ferozi’s case, that police arrest those who were convicted in the case but had not been incarcerated, and that the Supreme Court review the case and determine whether the scope of the case should be expanded. The decree also outlined steps to pursue the return of ill-gotten gains the fraud’s perpetrators sent out of the country. The decree resulted in the indictment of 17 individuals, and on November 18, the tripling of Farnood and Ferozi’s sentences to 15 years in prison by the appellate court. The Attorney General’s Office subsequently froze the assets of 10 companies and eight individuals involved in the bank’s collapse. At year’s end, however, the majority of assets in the Kabul Bank case had not been recovered.

Impunity continued in the prosecution of some high-profile corruption cases, including those involving the national Military Hospital. There were reports the Attorney General’s Office was unwilling or unable to pursue corrupt officials and that high-level officials who were arrested on corruption-related charges were released subsequent to political pressure. In addition there was anecdotal evidence accusations of corruption on the part of others were used by corrupt officials to damage their opponents’ reputations or to deflect attention from their own misdeeds. There were reports the Attorney General’s Office compelled international contractors to settle claims made by local subcontractors, regardless of the merits of the commercial disputes involved, and detained foreign employees of the contractors as leverage in the disputes (see section 1.d.).

State Department Reports Growing Afghan Government Corruption in 2014 – III

Provincial police benefited financially from corruption at police checkpoints and from the narcotics industry. ANP officers reportedly paid higher-level Ministry of Interior officials for their positions and to secure promotions. The justice system rarely pursued corruption cases, especially if they involved police, although authorities arrested and detained a provincial chief of police on drug-trafficking charges. The Ministry of Interior continued to be affected by widespread corruption, poor performance, and abuse of power by officers. From January 2013 to June 2014, police were defendants in more than two thousand cases on charges of neglect of duty, bribery, theft, assault and battery, and murder.

In addition to official impunity problems, low salaries exacerbated government corruption. The international community worked with the national and provincial governance structures to address the problem of low salaries, but implementation of grade reform remained slow.

Credible sources reported local police in many areas extorted a “tax” and inflicted violence at police checkpoints for nonpayment. Truck drivers complained they had to pay bribes to security forces, insurgents, and bandits to allow their trucks to pass.

Police reportedly extorted bribes from civilians in exchange for release from prison or to avoid arrest. Citizens paid bribes to corrections and detention officials for the release of prisoners who had not been discharged at the end of their sentences.

The government made efforts to combat corruption within the security sector. Before the 2010 elections, the Ministry of Interior trained and deployed provincial inspectors general, who remained on duty after the elections. Their training continued. Merit-based promotion boards continued, with at least three candidates competing for each job; the process of instituting pay reform and electronic funds transfer for police salaries also continued.

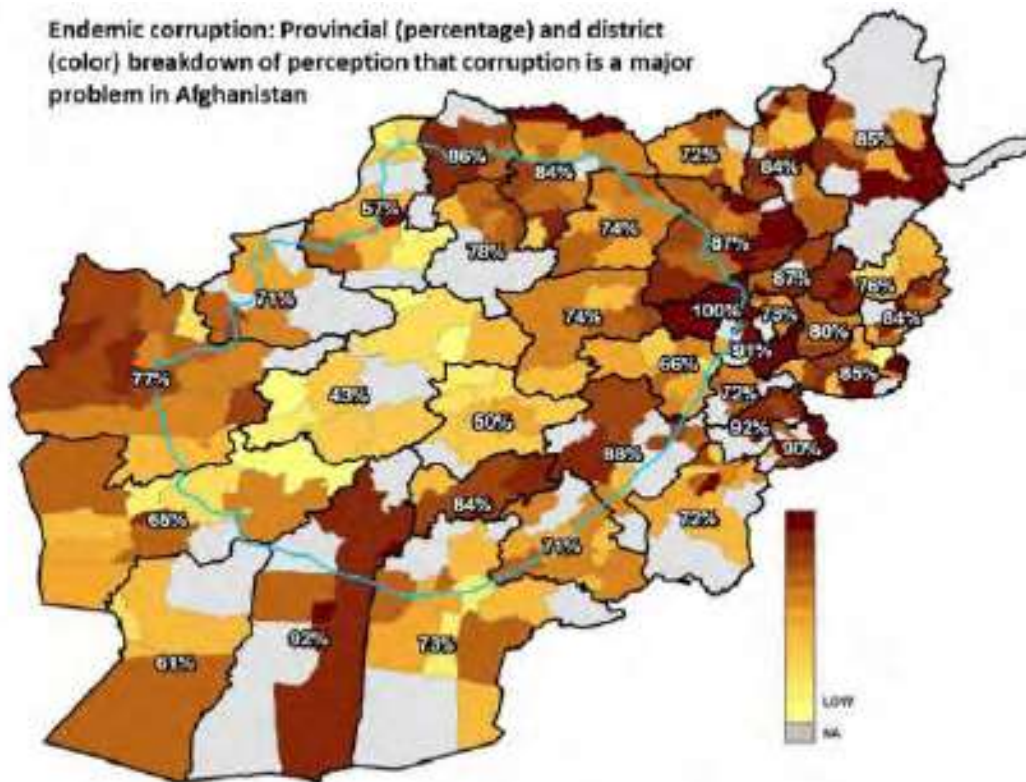
The High Office of Oversight oversees and develops the government’s ability to mitigate corruption in line with commitments made at the 2010 London and 2012 Kabul conferences, and as directed by the 2012 presidential decree on good governance. Overall, the oversight office continued to be ineffective, with reports of corruption within the office itself.

Governors with reported involvement in the drug trade or records of human rights violations reportedly continued to receive executive appointments and served with relative impunity.

Financial Disclosure: ... While collection and publication occurred, there was only limited progress on the verification of such declarations by domestic and international experts independent of the government. There is no legal penalty for any official who submits documentation with omissions or misrepresentations, undermining a key tool to identify possible wrongdoing.

The Regionalization and Rising Scale of Corruption as of 2014

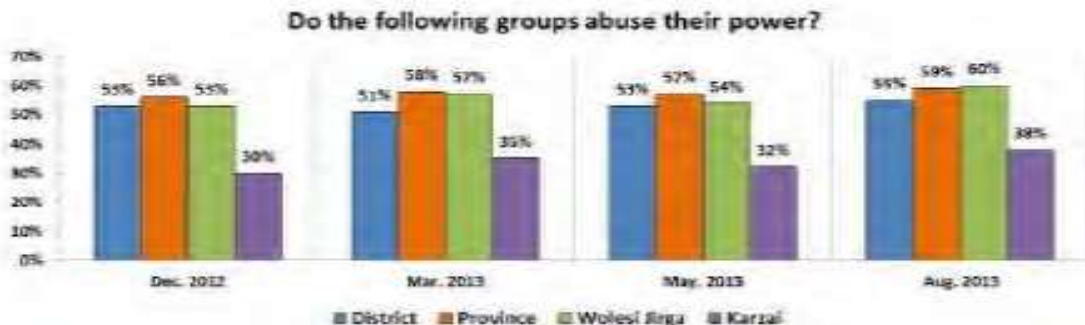
Endemic corruption: Provincial (percentage) and district (color) breakdown of perception that corruption is a major problem in Afghanistan



Since 2003, levels of distrust and corruption have increased to the point where corruption is endemic across Afghanistan.

In a survey of the population that was reported in October 2013, 80 percent of Afghans described corruption as a major problem, with 73 percent reporting that corruption was “a part of daily life” and 65 percent saying it was worse than the year before. Almost two-thirds (62 percent) of those polled felt GIRoA, as a whole, was corrupt to some degree. When asked why, the most common reasons cited were that GIRoA was a generally weak government and officials took bribes.

In the same poll, Afghans were questioned about various governance bodies and whether they abused their authority and power. More than half of respondents felt that every level of government and every office abused its power. Notably, President Karzai, who was viewed as corrupt by “only” 38 percent of respondents, experienced a rise in the number of people who felt he abused his authority, to the highest level since an August 2011 poll.



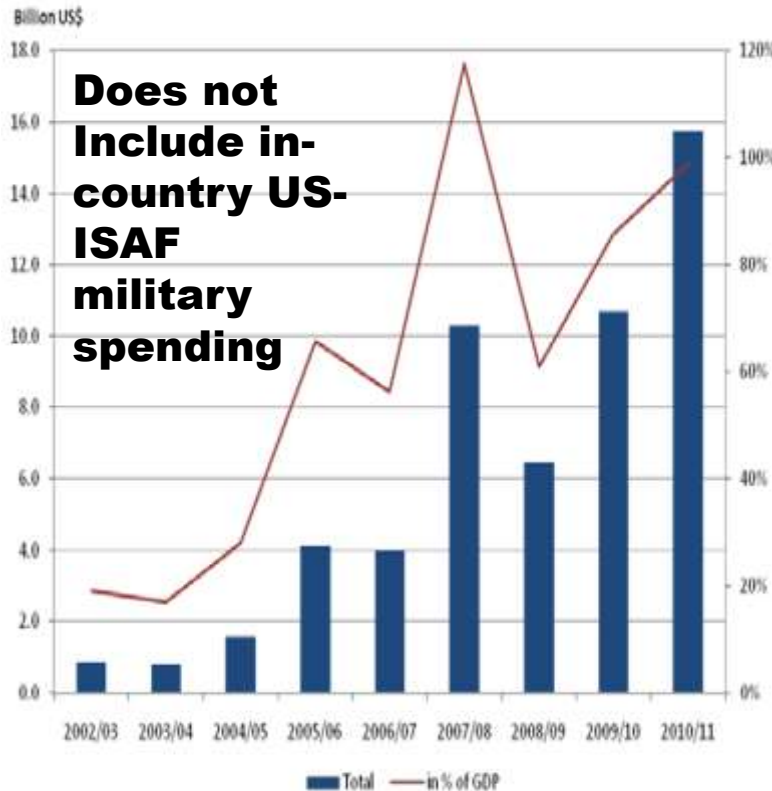
The Budget Challenge

Budget Execution Has Been a Major Problem

- **Operating expenditures:**
 - **Increased during the first six months of 2013, as more spending moved on-budget. Yet execution rates remain low, particularly for the development budget.**
 - **Increased to Afs 82.1 billion in the first six months in 2013, compared to Afs 75.4 billion over the same period in 2012.**
- **Development expenditures declined to Afs 23.7 billion in the first half of 2013, compared to Afs 27 billion in the first half of 2012.**
- **Low budget execution continues to be a problem in Afghanistan, particularly affecting development expenditures in 2013.**
- **Budget execution was only 36.4% of the operating budget and 17% of the development budget in the first half of 2013, compared to 50% and 24%, respectively, in the first half of 2012 .**
- **Among ministries with development budgets of more than \$50 million, only three (ministries of health, finance, and rural development) have executed more than 20% through the first half of 2013.**

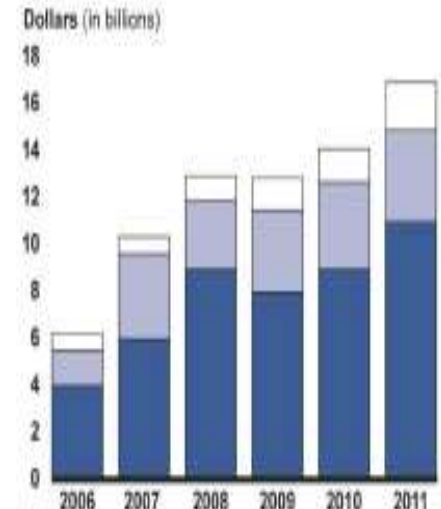
A Budget and Economy Driven by Aid, Military Spending, and Narcotics

Outside Aid Spending Drives GDP After 2003/2004



Only 10% of Afghan Budget is Self-Funded

- 64% is US aid
- 26% is from other donors
- 10% is Afghan funded



	2006	2007	2008	2009	2010	2011
Afghan funded expenditures	\$0.71	\$0.74	\$1.04	\$1.34	\$1.45	\$2.04
Other donor funded expenditures	\$1.56	\$3.64	\$2.94	\$3.51	\$3.89	\$3.92
U.S. funded expenditures	\$3.56	\$5.78	\$8.75	\$8.07	\$8.89	\$11.49
Total public expenditures	\$5.81	\$10.14	\$12.73	\$12.92	\$13.83	\$17.44

World Bank: Fiscal Challenges to Transition

Afghanistan's aid dependence is predominantly a fiscal issue. While most civilian and military aid has been delivered in the form of development projects outside of the government's budget system, on-budget aid is an important financing source. While domestic revenues increased to an impressive 11.4 percent of GDP in 2011, Afghanistan can today only finance about 40 percent of its total expenditures on its own.

Moreover, expenditures are expected to increase, as the government will assume more financial responsibilities over the military apparatus and the operation and maintenance of public assets which were built outside of the budget and have not yet been factored into the budget. Finally, Afghanistan will need to continue to invest in expanding public service delivery and physical infrastructure in order to safeguard the gains of the reconstruction process and further support the growth process. Public investment will continue to play a dominant role in Afghanistan's economy, at least until the security situation and the investment climate improves.

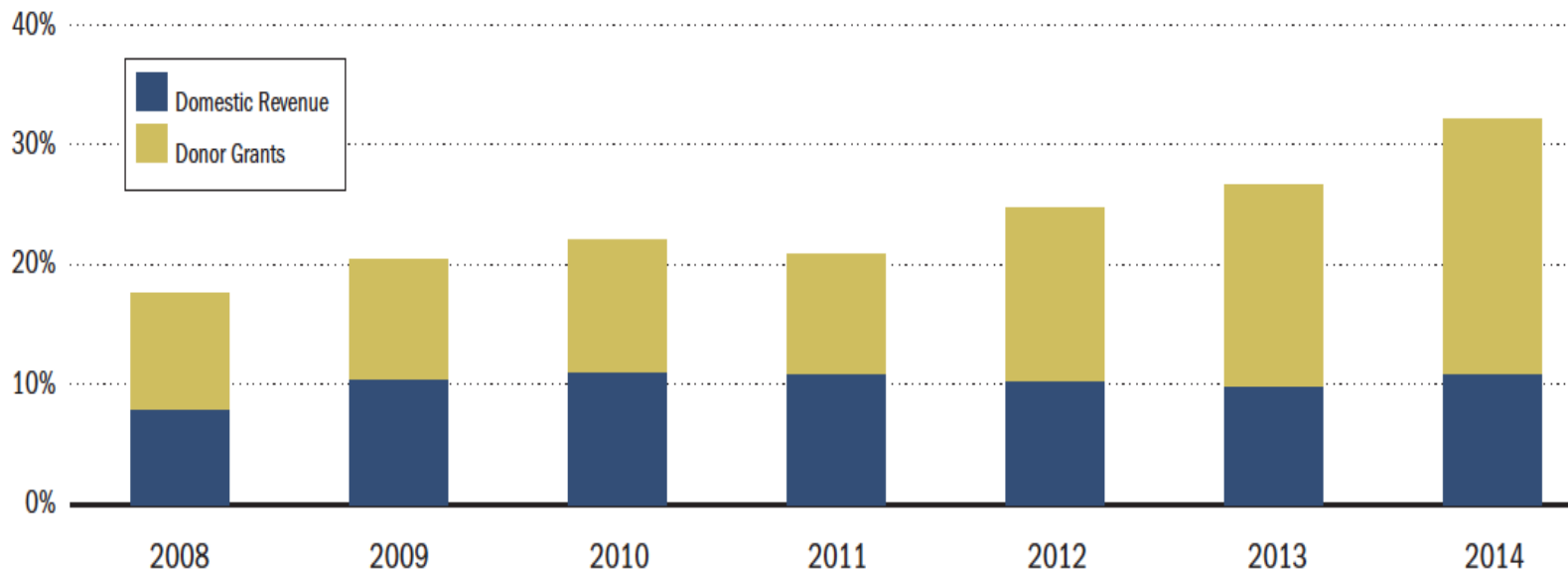
Current projections see a financing gap of 20 percent of GDP in 2025, on the assumption that the government manages to increase domestic revenue to 17 percent. This renders government operations unsustainable without additional external financing. Continued, strong donor engagement in Afghanistan will therefore be of paramount importance to Afghanistan's future development, if not its survival as a state.

Macroeconomic stability has relied heavily on large aid flows. Afghanistan's export base is currently very small and the country receives little foreign direct investment. At the same time, the country is highly dependent on food and oil imports. Consequently, the balance of payment showed a persistently high deficit in the current accounts. So far, the high level of aid have helped to keep the overall balance of payments in surplus and even contributed to a sizable accumulation of international reserves over the years. However, with aid declining, an alternative source of financing will be required to balance payments for imports.

The implications of the transition process, therefore, give urgency to Afghanistan's need for a growth model that provides not only high numbers of jobs but also high levels of fiscal income and foreign exchange earnings to finance Afghanistan's development process. aged in wage-earning employment. At the same time, the fertility rate is very high, at 5.1 percent in 2011/12. Increasing the share of female labor market participation will key to reducing fertility and reducing demographic pressures in the future.

Gross Afghan Dependence on Donors vs. Revenues: 2008-2014

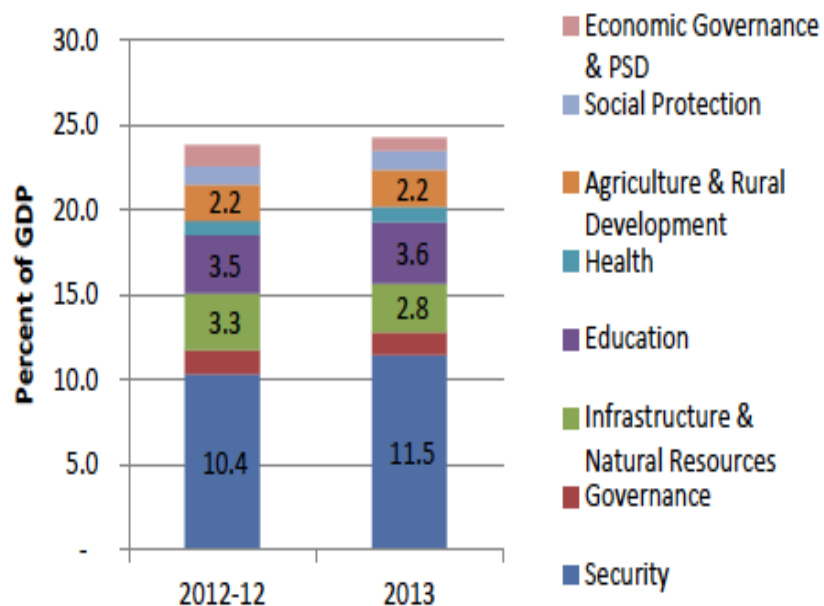
Domestic Revenue and Donor Grants in Afghan Budgets
As percentage of Afghan GDP



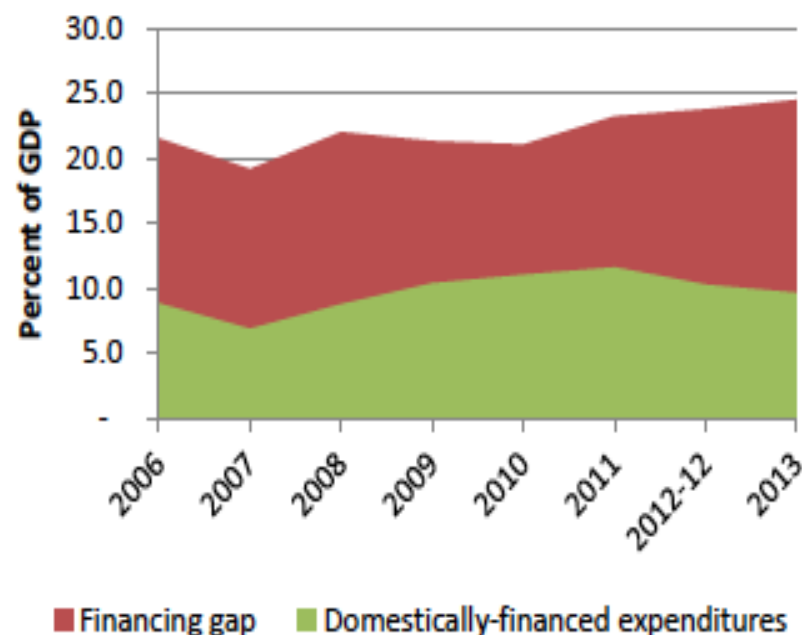
In 2013, the Afghan government's domestic revenue was only about \$2 billion, while its overall budget expenditures were \$5.4 billion. Donor grants made up the difference, funding 63% of the budget. Afghanistan's current budget, approved in January 2014, is about \$7.6 billion, with donor grants expected to fund about \$4.8 billion, or still more than 60% of the total. U.S. FY 2014 appropriations for Afghan reconstruction are \$7.5 billion—by coincidence, almost the same as Afghanistan's current national budget of \$7.6 billion. But most of that U.S. aid, as well as most of other international donors' assistance, goes through programs and funds that are not part of the Afghan budget.

World Bank Estimate of Growing Financing Gap

Core Government Expenditures as % of GDP



Financing Gap in domestic Revenues as % of GDP



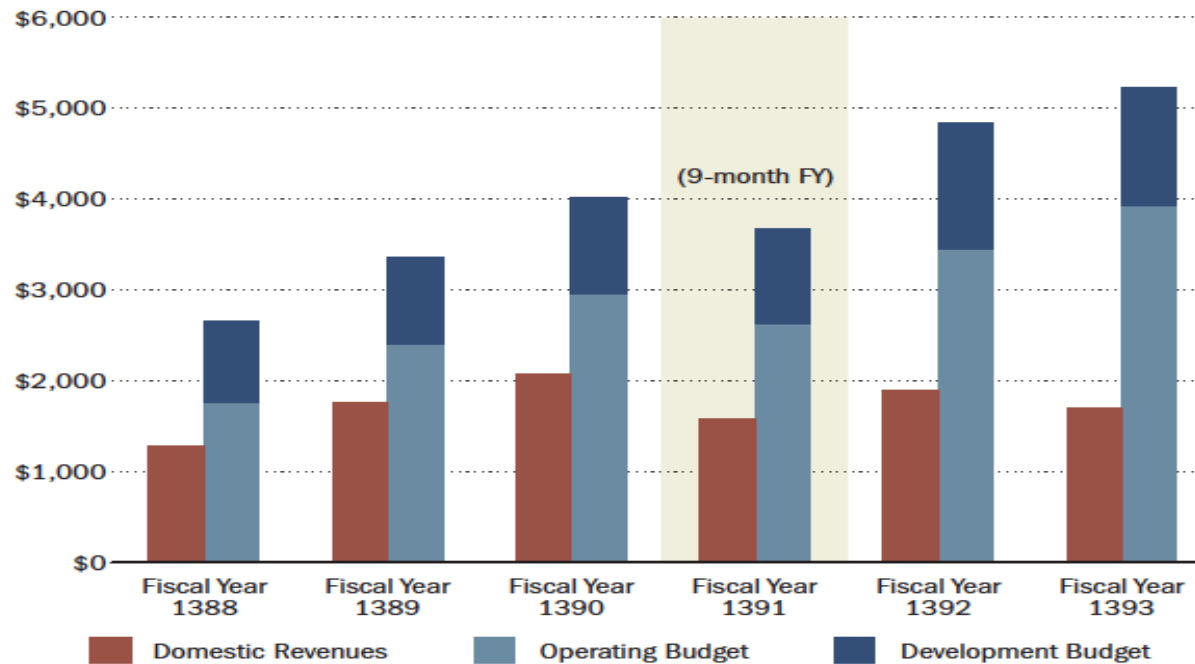
Transition Financing Critically Dependent on No Increase in Security Costs

	2013Bgt*	2013Act	2014Bgt
Recurrent budget	3,775	3,575	5,008
Discretionary development	874	342	895
Non-discretionary development	2,159	1,107	1,746
Total core budget	6,809	5,025	7,649
Domestic revenues	2,488	1,974	2,489
Foreign grants	4,022	3,307	4,738
External loans/credits	54	25	49
Total financing	6,565	5,307	7,277

* 2013Bgt figures are initial budgeted figures.

The Budget & Economic Crisis in Afghanistan in 1/2015

AFGHANISTAN'S DOMESTIC REVENUES COMPARED TO OPERATING AND DEVELOPMENT BUDGET EXPENDITURES (\$ MILLIONS)



Afghanistan's real growth in gross domestic product (GDP), excluding opium, has slowed significantly over the last year, from an estimated 3–4% for 2013 to a World Bank-projected 1.5% in 2014 due to increasing political and security uncertainties.

This has led to a slump in investor and consumer confidence, which is expected to continue through at least the first half of 2015.

With foreign direct investment already in decline, continued insecurity, instability, and systemic corruption will further negatively affect private investment and dampen growth.

All main sectors of the licit economy slowed in 2014, including the services sector, which accounts for about half of GDP; non-poppy agriculture, which typically accounts for about a third of GDP depending on output; and manufacturing and industries, which comprise most of the rest. Afghanistan's Fiscal Crisis.

Opium production is not calculated in official GDP figures, although it figures prominently in the economy. Farm-gate value of the opium economy is estimated at 3.3% of GDP by the World Bank and 4% by the UN Office on Drugs and Crime (\$853 million). Higher-priced opium exports are calculated at 7–8% of GDP by the World Bank and 15% by the UN..

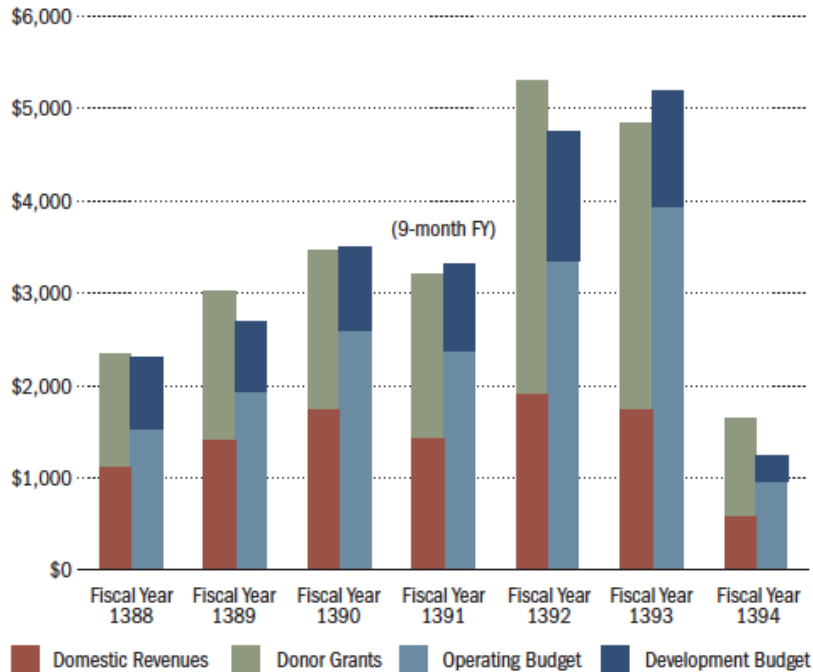
...In December 2014, the Afghan government reported a fiscal crisis, 694 two months after reporting a \$537 million FY 1393 budget shortfall.⁶⁹⁵ The MOF reported that in FY 1393, total domestic revenues—tax and non-tax revenues, and customs duties—missed targets by \$602 million (-35%), and fell by approximately \$187 million from the same period in FY 1392 (-9.9%).⁶⁹⁶ Domestic revenues paid for only 33% or \$1.7 billion of Afghanistan's total budget expenditures of \$5.2 billion in FY 1393, with donor contributions making up the difference. Afghan government expenditures in FY 1393 increased 9.2%, compared to FY 1392. The State Department said the Afghan government carried over some arrears from FY 1393 and could face similar budget shortfalls in FY 1394.⁶⁹⁸

Afghanistan has one of the lowest rates of domestic revenue collection in the world, averaging 9% of GDP from 2006 to 2013, compared to an average of around 21% in low-income countries, according to the IMF. Expenditures are expected to continue rising—to 30.5% of GDP in FY 1395 (2016) versus 27.3% in FY 1393, according to World Bank projections—largely due to increased spending on security, service delivery, essential infrastructure, and operations and maintenance (O&M).⁷⁰⁰ The fiscal gap is large and growing. Donor assistance narrows this gap, but does not close it.

12/10/2015

The Budget & Economic Crisis in Afghanistan in 7/2015

AFGHANISTAN'S DOMESTIC REVENUES AND DONOR GRANTS COMPARED TO OPERATING AND DEVELOPMENT BUDGET EXPENDITURES (\$ MILLIONS)



Note: Until recently, Afghan fiscal years ran approximately March 20 to March 20 of Gregorian calendar years. FY 1388 corresponds to March 20, 2009, to March 20, 2010, and so on. Nine-month data for FY 1391 reflect a change in the timing of the Afghan fiscal year. Afghan fiscal years now generally run December 22 through December 21. Grants represent funds

Afghanistan will require substantial donor aid for the foreseeable future, according to the World Bank, which projected a total financing gap above 20% of GDP through 2025. Domestic revenues—tax and nontax revenues, and customs duties—declined in 2014 for the third consecutive year, falling to 8.4% of GDP, largely due to weak tax and customs enforcement and compliance.

Revenues were 11.6% of GDP in 2011.⁶⁸⁷ They have been rising slightly in 2015.⁶⁸⁸ Covering the budget-financing gap without donor assistance would thus require Kabul to collect roughly 30% of the country's entire economic output as revenue for the government.

The World Bank said the uncertainty surrounding the 2014 security and political transition likely increased economic rent seeking and tax evasion. Although budget austerity measures were introduced in the second half of 2014—overtime, salary increases, bonuses, and other benefits to civil servants were reduced, as were new discretionary development projects—the cost of security and mandatory social benefits caused overall expenditures to increase. As a result, Afghanistan began 2015 (Afghan FY 1394) with weak cash reserves and significant arrears, while revenue-collection reforms stalled in parliament in the first quarter.

The World Bank warned that Afghanistan could face budget shortfalls this year similar to last year's \$690 shortfall of \$537 million.

The FY 1394 budget projected domestic revenues of approximately \$2.2 billion, about 30% more than collected in FY 1393, 692 which the World Bank found "ambitious," cautioning that the government has smaller cash reserves from which to draw should revenues not be realized. With a sluggish economy and weak growth forecast, further austerity-measure options are limited, meaning that the government could require even more fiscal help.

"Revenue mobilization from domestic resources has become critical," according to the ADB; one-third is lost to "weak governance and poor tax and customs administration." Ten percent of 500 large businesses registered with the Afghan government are reportedly evading taxes. Three large companies are said to owe about \$248 million in back taxes.

Total collected domestic revenues—a figure that excludes donor grants—stood at \$577 million in the first four months of FY 1394, about \$40 million (7.5%) above the same period in FY 1393, but missing the government's target by \$36 million (-5.9%).

Domestic revenues paid for less than half (48%) of Afghanistan's total budget expenditures of \$1.2 billion thus far in FY 1394; donor contributions make up the difference. Afghan government expenditures in FY 1394 increased \$8 million (0.7%), compared to the same period last year.

Expenditures are expected to continue rising—to 30% of GDP in FY 1395 (2016) versus 26% in FY 1393, according to World Bank projections—largely due to increased spending on security, service delivery, essential infrastructure, and operations and maintenance (O&M).

The fiscal gap is large and growing. Donor assistance either narrows or closes this gap.

SIGAR estimate of Afghan Need for Future Donor Aid

Aid has since fallen, but international donors who supplied more than 60% of the country's national budget in 2013 still covered a "financing gap" equivalent to 7.7% of the country's GDP.¹⁶ Much of the reconstruction effort, however, is "off-budget," representing donor-funded programs and projects that the Afghan government does not control or fund.

As donors honor commitments to place more Afghan aid on-budget or simply transfer projects to Afghan control, the pressure on the budget will increase. The IMF and the World Bank "conservatively" estimate that Afghan maintenance of such donor-supplied capital stock—roads, buildings, utility infrastructure, equipment, and such—will cost 15% of Afghanistan's GDP.¹⁷ Supporting such costs on the Afghan budget without donor support would require more than doubling the government's revenue share of GDP, a major challenge.

The Afghan government has estimated its annual development-aid need at \$3.9 billion a year between 2013 and 2020.¹⁸ At various international conferences, the United States and other donors have pledged continuing aid through the "Decade of Transformation" ending in 2025, at which time Afghanistan is expected to achieve financial self-sufficiency. Afghanistan in turn has promised to achieve agreed-upon benchmarks under the Tokyo Mutual Accountability Framework (TMAF) as a condition for further donor assistance.

The ANSF's current authorized size is 352,000. To lessen the cost of sustaining it, the North Atlantic Treaty Organization (NATO) plans to reduce the force to 228,500 by 2017, if security conditions permit. The estimated cost of sustaining this smaller force is \$4.1 billion annually. NATO expects that the Afghan government would pay at least \$500 million annually beginning in 2015.

However, according to the latest Department of Defense (DOD)- commissioned independent assessment by the Center for Naval Analyses (CNA), "in the likely 2015–2018 security environment, the ANSF will require a total security force of about 373,400 personnel." CNA cautions that "a force of lesser size than 373,000 would, in our assessment, increase the risk of instability of Afghanistan and make success less likely for the U.S. policy goal." The CNA estimates that a 373,000-strong ANSF would cost roughly \$5–6 billion per year to sustain.

World Bank: Fiscal Challenges to Transition

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Moreover, expenditures are expected to increase, as the government will assume more financial responsibilities over the military apparatus and the operation and maintenance of public assets which were built outside of the budget and have not yet been factored into the budget. Finally, Afghanistan will need to continue to invest in expanding public service delivery and physical infrastructure in order to safeguard the gains of the reconstruction process and further support the growth process. Public investment will continue to play a dominant role in Afghanistan's economy, at least until the security situation and the investment climate improves.

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Afghanistan's "Failed" Custom's Service

Afghan government agencies do not have the accurate trade data they need to determine what customs revenue should be. President Ghani told a U.S. audience in March 2015 that Afghanistan's Central Statistics Organization reported imports from Pakistan at \$800 million, while Pakistan told Afghan authorities that the value of their exports to Afghanistan was \$2.5 billion. *Tofo News* reported Afghanistan Customs Department (ACD) data could be off by up to \$1 billion—about 4.8% of the country's GDP.

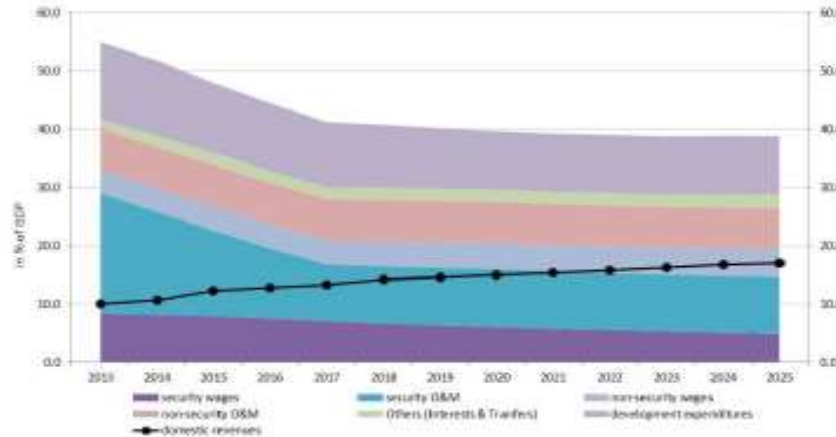
State said the United States has almost no ability to monitor and assess Afghan customs collections due to ongoing reductions in U.S. personnel. State has not directly monitored operations at Afghanistan's border crossings or their customs assessment and collection locations since the DHS and BMTF departed, and does not correlate the United States' diminishing presence with an increase or decrease in Afghan revenue collections. Officials at USAID's ATAR project, which is designed in part to improve and streamline Afghanistan's customs institutions and practices, said mounting security risks hamper its ability to deliver technical assistance and visit the ACD's main offices in Kabul, ACD regional customs facilities, and other customs-collection sites, as well as the Afghanistan National Customs Academy.

Non-Afghan nationals are particularly restricted in their movement; Afghan nationals can travel as security permits. ATAR personnel reported that corruption is pervasive at ACD; they have encountered numerous obstacles to monitoring and improving the Afghan custom collection process. ¹ In addition, USAID reported that X-ray scanners do not function and need repair, efforts to standardize the automated customs data system are incomplete, ATAR's electronic customs payment activity has not begun, and the customs academy, which trains customs officers, operates only in the morning.

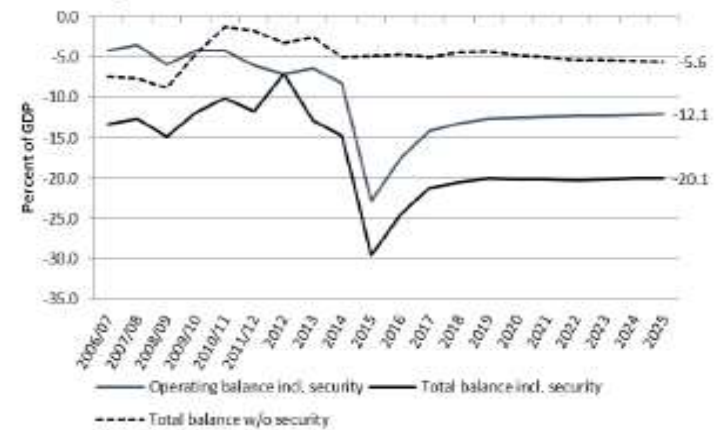
USAID and ATAR representatives do not have access to ACD computer systems or databases, nor do they produce annual estimates of lost revenue due to smuggling, theft, and corruption. Instead they must rely on customs-collection information provided to them by the ACD.⁷¹³ USAID and State both said that the scope of customs revenue lost to corruption is unknown.⁷¹⁴ CSTC-A, which funds the Ministry of Interior's (MOI)

Afghan Border Police, constructed 15 border-crossing points from 2011–2015. However, CSTC-A is unaware of any specific funding stream to support efforts to safeguard inspection equipment at Afghanistan's border crossings, customs assessment, and collection facilities; does not track the exact amount of its funding that MOI applies to each border crossing point; and has no visibility on the use or condition of border crossing point facilities—CSTC

Massive Near-Term (Transition) Financing Gaps



Source: World Bank



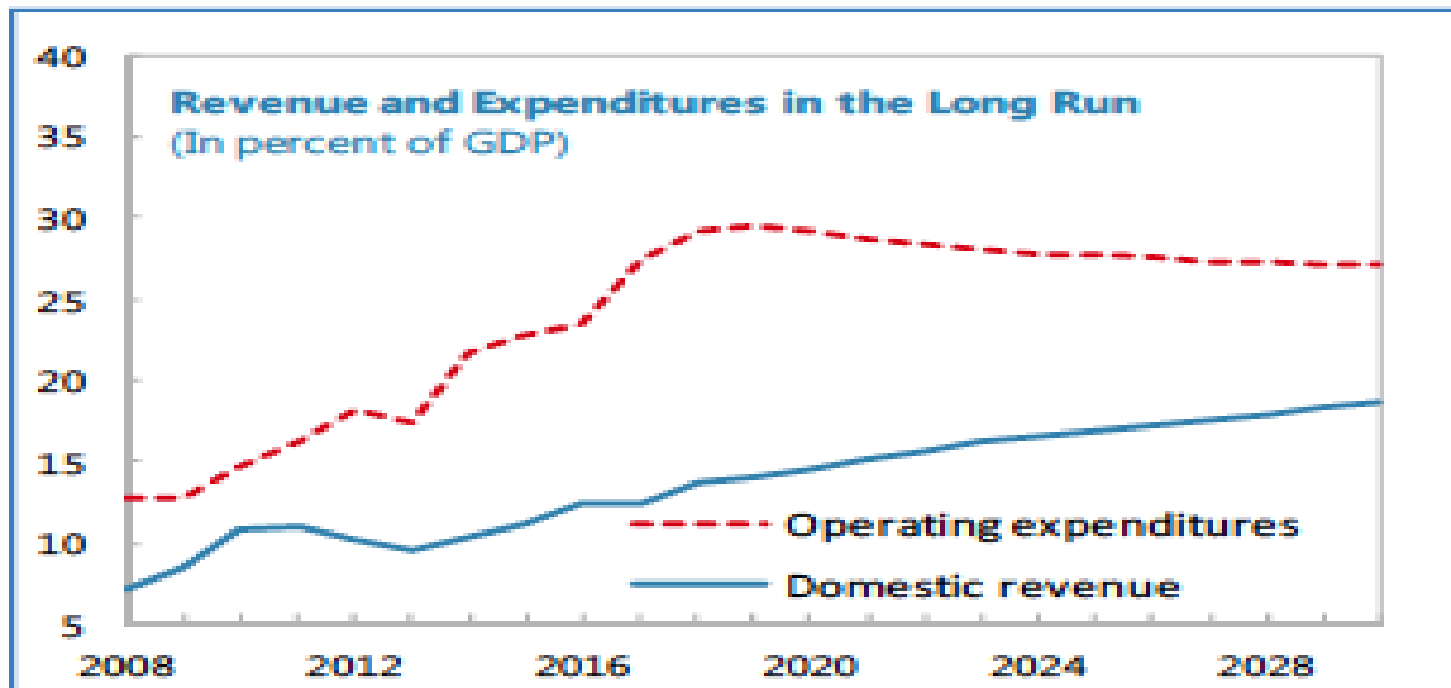
Note: Operating balance = dom. revenue minus operating expenditures. The spike in 2015 is a theoretical construct that assumes the government will take on all off-budget liabilities.

Much of civilian and military aid has been delivered outside of the budget through external, budget contributions. Of the US\$15.7 billion in aid to Afghanistan in 2010/11, only a small portion, roughly 11 percent, was delivered on-budget. Nevertheless, on-budget aid is an important financing source. While domestic revenues significantly increased between from 3 percent in 2002 to 11.4 percent in 2012, they have been insufficient to sustain the government's operation and investment. In 2012, domestic revenues only financed 40 percent of total expenditures; the remainder was financed by foreign grants. The fiscal sustainability ratio, which measures domestic revenue over operating expenditures, was only 60 percent in 2012, which means that Afghanistan can currently not even fully meet the recurrent costs of its public service provision. This renders the operations of the government unsustainable without additional external financing.

The analysis projects revenues to reach more than 17 percent of GDP by 2025 (from current levels of 11 percent), assuming good performance in revenue collection and continued development of extractive Industries. However, on-budget expenditures are expected to grow much faster, largely as a result of rising security spending for both operations and maintenance (O&M) and wages for the army and police, which were historically 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 civil service reforms unfold.

Security spending is projected to be more than 15.2 percent of GDP in 2021 (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. Depending on how many of the O&M liabilities the government takes on, total government spending could assume between 38 percent and 54 percent of GDP by 2025. This would result in a total financing gap of 20 percent of GDP in 2025, and even higher levels in the intermediate years

IMF Estimate of Continued Massive Dependence on Outside Aid Through 2028



Afghanistan needs to move toward fiscal sustainability to reduce its dependence on donor support. This will entail revenue mobilization, and better expenditure management including better prioritization and service delivery to assure security and development. Domestic revenues have stagnated due to the economic slowdown, faltering efforts, and leakages, and are expected to rise only slowly, while operating budget expenditures, which were at 15 percent of GDP in 2010 are projected to increase to over 29 percent of GDP by 2018 as part of the security transition. The combination of these factors generates large fiscal vulnerabilities. Afghanistan has one of the lowest domestic revenue collections in the world, with an average of about 9 percent of GDP in 2006–13 compared to about 21 percent in low-income countries. Factors behind this poor performance include a very low starting point, low compliance, opposition to new taxes, and a limited set of taxes.

Economic Challenges

Economic Challenges

- **Massive current dependence on outside war spending and aid**
- “New Silk Road” is dead, and “Ring Road” is uncertain; mineral wealth is no miracle solution to economic challenges. Very little real growth other than aid and military spending driven – cyclical impact of rainfall.
- Still at war and highly aid dependent. Major barriers remain to “doing business.”
- Unclear who will plan and manage aid and revenues in government. No clear structure for managing aid, revenue flows, outside plans and focus.
- The goal of 50% Afghan control ignores the roll back of aid/NGO presence; government ability to use and manage is insufficient.
- Tokyo reforms in limbo. New reform plans not tied to clear plans for execution.
- Failure of UNAMA, uncertain role of World Bank and outside help in development planning, post-Transition economic stability.
- Key problems in transport, agriculture, power sector. Rising poverty, acute population pressure, uncertain employment level
- Service sector was dependent on flow of outside money. may leave, export capital, collapse.
- Major barriers to private development
- **At least some risk of major recession and collapse of the market-driven sector.**

The Economist Threat to Counterinsurgency Economics

1. The economic factors that divided and sometimes shattered a nation are largely ignored.
2. The specific economic forces driving given factions, areas, and terrorist-insurgency threats are not measured or taken into account. (Sects, ethnic groups, regional tensions, conflict/war zones, IDP-refugee impacts, etc.)
3. Reliance on classic national wide metrics for developed nations at peace: GDP, GDP per capita, Inflation, debt, Balance of Payments, etc..
4. Fail to address major uncertainties, limits to data.
5. Focus on classic nation-wide development as if war and causes of war did not exist, and need to reconstruct and construct basic services and functions did not exist.
6. Economic aid becomes project aid without valid national analysis and plans. Fails to alter dominant military focus on fighting, conflict termination, departure, (possibly short-term stability) and not national stability.
7. Largely ignore demographic pressures, youth needs, corruption costs and impacts, critical problems in governance and budget planning and execution.
8. Live in “now”, rather than economic history, examine best-case, not real futures.
9. Bureaucratic compartments in Host Country, USG (Embassy, command, DoD, State, USAID, Intel, DoE/EIA, NSC, Congress), international organizations (UN, World Bank, IMF, etc.), Non-US national and NGO activity.
10. Focus on getting money and spending, not auditing use of money and measuring effectiveness.

IMF Summary Data on Afghanistan in 2015

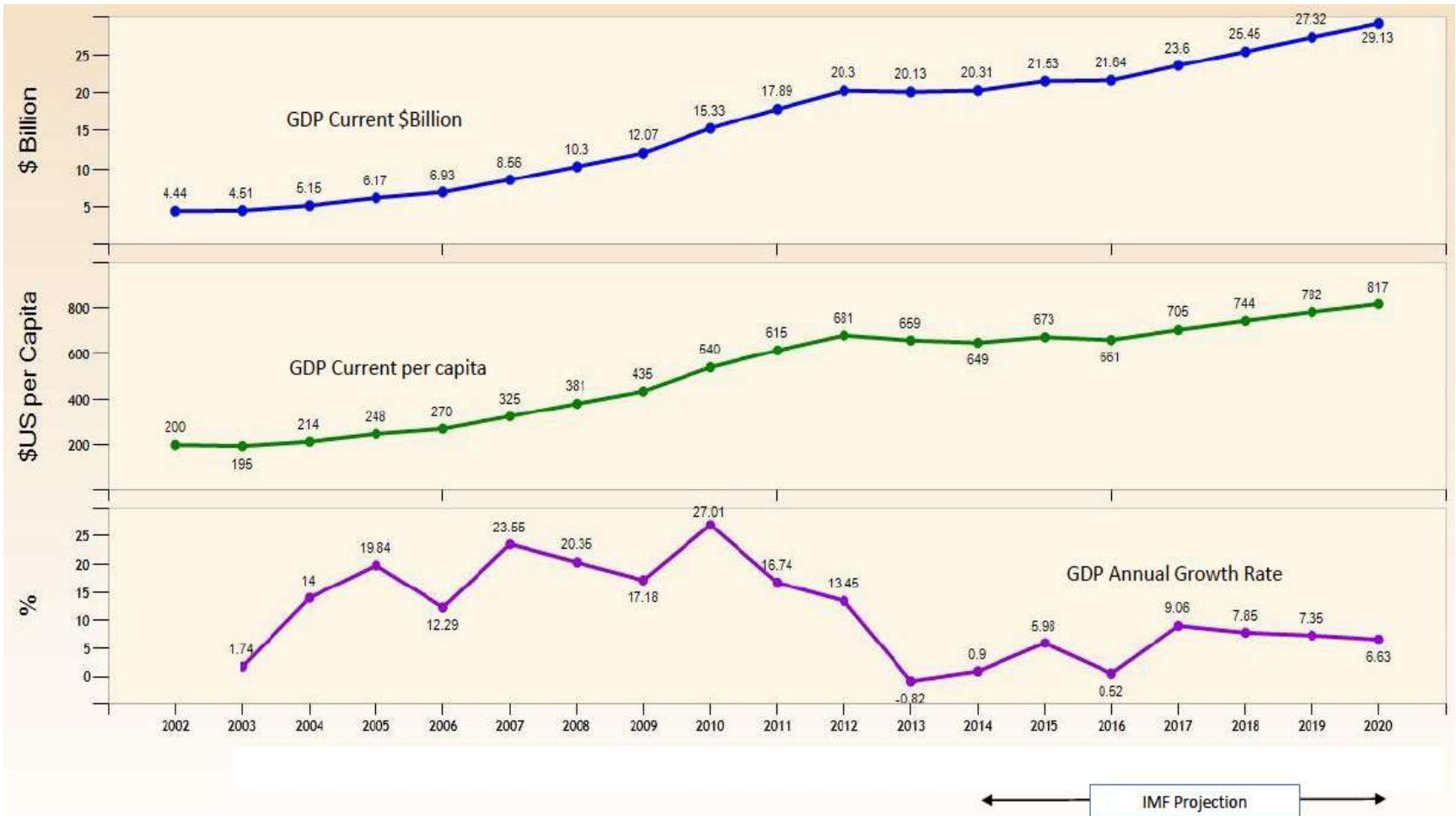
Subject Descriptor	Units	Scale	Country/Series-specific Notes	2013	2014	2015	
Afghanistan	Gross domestic product, constant prices	Percent change	i	3.660	1.534	3.494	
Afghanistan	Gross domestic product, current prices	U.S. dollars	Billions	i	20.130	20.312	21.526
Afghanistan	Gross domestic product per capita, current prices	U.S. dollars	Units	i	658.933	649.388	672.545
Afghanistan	Gross domestic product based on purchasing-power-parity (PPP) per capita GDP	Current international dollar	Units	i	1,924.881	1,936.715	1,976.183
Afghanistan	Inflation, average consumer prices	Percent change	i	7.386	4.611	3.664	
Afghanistan	Volume of imports of goods and services	Percent change	i	-8.683	-4.902	8.341	
Afghanistan	Volume of exports of goods and services	Percent change	i	8.838	-17.784	-15.951	
Afghanistan	Unemployment rate	Percent of total labor force					
Afghanistan	Population	Persons	Millions	i	30.550	31.279	32.007
Afghanistan	General government revenue	Percent of GDP	i	24.394	24.051	27.303	
Afghanistan	General government total expenditure	Percent of GDP	i	25.024	26.253	27.356	
Afghanistan	General government net debt	Percent of GDP					
Afghanistan	General government gross debt	Percent of GDP					
Afghanistan	Current account balance	U.S. dollars	Billions	i	1.515	1.158	0.660
Afghanistan	Current account balance	Percent of GDP	i	7.526	5.702	3.067	

IMF,

http://www.imf.org/external/pubs/ft/weo/2015/01/weodata/weorept.aspx?pr.x=74&pr.y=8&sy=2013&ey=2020&scsm=1&ssd=1&sort=country&ds=.&br=1&c=512%2C433%2C463%2C474&s=NGDP_RPCH%2CNGDPD%2CNGDPDPC%2CPPPPC%2CPCPIPCH%2CTM_RPCH%2CTX_RPCH%2CLUR%2CLP%2CGGR_NGDP%2CGGX_NGDP%2CGGXWDN_NGDP%2CGGXWDG_NGDP%2CBCA%2CBCA_NGDPD&grp=0&a=EM,21.5.15

12/10/2015

IMF Estimate of Key Economic trends in Afghanistan: 2000-2013



(Source: IMF World Economic Outlook)

[Source:](#) Dr. Abdullah Toukan, 23.9.15

World Bank Warnings About Transition: November 2011 - II

The extremely high level of current annual aid (estimated at \$15.7 billion in 2010) is roughly the same dollar amount as Afghanistan's GDP and cannot be sustained. Aid has funded the delivery of essential services including education and health, infrastructure investments, and government administration. There have been substantial improvements in the lives of Afghans over the last 10 years as a result of this effort. But these inflows, most outside the Afghan budget, have been so high that inevitable waste and corruption, aid dependency and use of parallel systems to circumvent limited Government absorptive capacity have impeded aid delivery and the building of a more effective Afghan state.

The level of public spending -- both on and off budget -- that has been financed by such high aid flows will be fiscally unsustainable for Afghanistan once donor funds decline. Lesser amounts, matched by more effective aid delivery could, in the end, lead to some more positive outcomes. The key issue is how to manage this change and mitigate the adverse impacts, and put aid and spending on a more sustainable path for the longer-term. International experience and Afghanistan's history after the Soviet military withdrawal in 1989 demonstrate that violent fluctuations in aid, especially abrupt aid cutoffs, are extremely damaging and destabilizing.

Large financial inflows outside the Afghan budget and fragmented aid in a situation of weak governance have been major sources of rents, patronage, and political power. This has inadvertently exacerbated grievances and conflicts as the relative strength of elite groups in Afghan society shifted. As aid declines, reliance on the opium economy and other illicit activities could increase. Ensuring that increasingly constrained public funds are well used reinforces the need to maintain and improve upon the significant progress made by the Finance Ministry in establishing public financial management systems and a robust Afghan budget process.

The impact of declining aid on economic growth may be less than expected. Why? Because most international spending "on" Afghanistan is not spent "in" Afghanistan, and much of what is spent in Afghanistan leaves the economy through imports, expatriated profits and outward remittances. Nevertheless, projections suggest that, under even favorable assumptions, real GDP growth may fall from 9% a year over the past decade to 5-6% during 2011-18. Given Afghanistan's annual population growth of 2.8%, 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 very maximum of the range of plausible scenarios would enable Afghanistan to achieve meaningful reductions in poverty and higher average per capita incomes. For example, with real GDP growth of 6% a year, average per capita income – currently one of the world's lowest at \$528 dollars – would take 22 years or about a generation to double.

Economic growth is much slower under less favorable scenarios. The growth projections are based on a set of assumptions (scenarios) related mainly to security, sources of growth, aid levels, and changes in investment climate. If the assumptions in the less favorable scenarios come to pass —for example, if agriculture performance is poor, if major mining investments (Aynak for copper and Hajigak for iron ore) do not materialize, or if aid declines precipitously over the period – then growth could drop to 3-4%. Deteriorating security and governance would lead to further economic decline. The underdeveloped financial sector and low rates of financial intermediation leave little scope for helping Afghan businesses adjust to slowing growth. Conversely, the decline could be partly mitigated by reducing aid in a gradual, planned manner and by increasing the amount of aid that is actually spent within Afghanistan that would result if more aid channeled through the Afghan budget.

World Bank Warnings About Transition: November 2011 - II

Underemployment will increase because the activities affected by declining financial inflows (services, construction) are relatively labor-intensive. Unemployment and especially underemployment in Afghanistan—respectively estimated at 8% and 48%—are already high, even with today’s rapid economic growth. Roughly 6–10% of the working population has benefited from aid-financed job opportunities, most of these in short-term employment. Declining aid, therefore, can be expected to exacerbate underemployment levels (with fewer casual labor opportunities and lower pay for skilled employees).

The impact of the decline will affect some groups more than others. 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 will be felt more acutely in the conflict-affected areas and in urban centers. If aid declines gradually so that it can be partly offset by growth of the security, mining, and civilian public sectors, the impact could be softened and spread over time. This would allow labor markets more time to adjust.

The direct poverty impact of declining international spending might be limited if aid becomes more equally distributed across provinces and the composition shifts toward development programs rather than short-run stabilization activities. Aid disproportionately devoted to the more conflict-affected provinces has had only a modest impact on poverty. Households in the conflict-affected provinces were less poor on average to begin with, so this concentration of aid inadvertently increased inequality amongst provinces and between groups. National programs delivered through the Government, such as NSP [National Solidarity Program], have benefitted Afghans more equitably.

The worst impact of transition will be on the fiscal situation with a projected financing gap of 25% of GDP by 2021/22. Even assuming ambitious targets for robust growth in domestic revenue are met (with a projected rise from 10% of GDP to more than 17% of GDP a decade from now), there will be an unmanageable fiscal gap. This gap arises primarily as a result of operations and maintenance (O&M) spending and the wage bill for security that together will be 17.5% of GDP by 2021. The civilian wage bill will increase to 9%, the non-security operation and maintenance (O&M) expenditure to 4%, other operating spending to 2.5%, and the core development budget to 10% of GDP.

Source: World Bank, *Transition in Afghanistan: Looking Beyond 2014, Executive Summary*, November 2011, pp.. 1-2.

SIGAR: Afghanistan's Challenged Economy - 7/2015

Every South Asian economy except Afghanistan's grew faster in 2014 than in 2013.

Afghanistan's real growth in gross domestic product (GDP), excluding opium, slowed significantly, from 3.7% in 2013 to a World Bank estimated 2% in 2014 due to increasing political and security uncertainties.

This has led to a slump in investor and consumer confidence in non-agricultural sectors, which the World Bank expects to continue through 2015. With agricultural output expected to contract this year, the World Bank estimates 2.5% growth in 2015, based on "highly fluid" projections.

Afghan growth prospects, according to the Asian Development Bank (ADB), depend on the stability of the political, security, and business environments. The Department of Defense (DOD) reported that the Afghan economy cannot grow quickly enough to cover its security costs.

Taking a best case scenario, DOD wrote that even if 2018–2020 growth averaged 9% (the 2003–2012 average) and all the gains went to fund Afghanistan's Ministries of Defense and Interior, it would only cover 20% of total security costs at current force levels. Therefore, the government will need to reduce security costs in order to ensure economic sustainability.

DOD said many security-related resources are wasted due to "lack of control mechanisms in business processes, massive corruption, and lack of long-term partnerships with the private sector."

The World Bank said the most important perceived constraint for private investment in Afghanistan is lack of security, which directly impacts growth and poverty by damaging human capital, constraining productive economic activities, increasing social unrest, promoting unequal access to basic services, and increasing political instability.

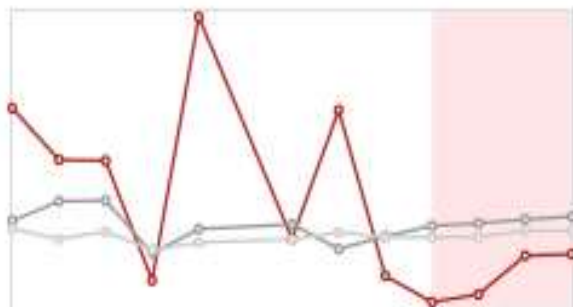
Indicative of the risky market conditions and political developments in Afghanistan, private investment declined in 2014. New-firm registrations were down 26% across all economic sectors, following a 36% drop in 2013, according to the World Bank.

Continued insecurity, instability, and systemic corruption will further negatively affect private investment and dampen growth.

Consumer price inflation, for both food and non food items, dropped to 4.6% in 2014 compared to 7.4% in 2013, mostly due to strong domestic agricultural production and lower global food prices, as well as declining housing, internet, and oil prices

World Bank: Afghanistan's Economic growth and Human Development Indicators

Annual GDP Growth (%)



■ Afghanistan ■ South Asia
■ Low income

Forecast (2014, 2015, 2016, 2017)

School enrollment, primary (% gross)

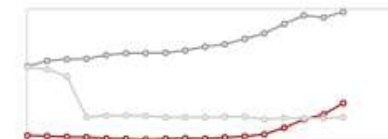
106% 2013



■ Afghanistan ■ South Asia
■ Low income

CO2 emissions (metric tons per capita)

0.4 2011



■ Afghanistan ■ South Asia
■ Low income

Poverty headcount ratio at national poverty lines (% of population)

35.8% 2011

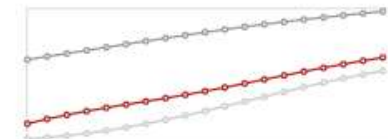
36.3% 2007



■ Afghanistan ■ South Asia
■ Low income

Life expectancy at birth, total (years)

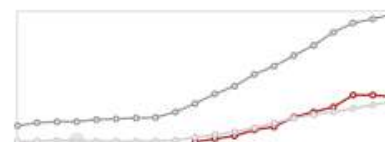
61 2013



■ Afghanistan ■ South Asia
■ Low income

GNI per capita, Atlas method (current US\$)

\$670 2014



■ Afghanistan ■ South Asia
■ Low income

Overall level of statistical capacity (scale 0 - 100)

54.4 2014



■ Afghanistan ■ South Asia
■ Low income

Source: World Bank,
<http://data.worldbank.org/country/afghanista>
n,
21/9/15

World Bank: Afghanistan's Challenged Economy (4/2015) - I

Economy: The political and security transition continues to take a heavy toll on Afghanistan's economy. Economic growth is estimated to have fallen further to 2 percent in 2014 from 3.7 percent in 2013 and an average of 9 percent during 2003-12. Political uncertainty combined with weak reform progress dealt a further blow in 2014 to investor and consumer confidence, already in a slump from uncertainty building since 2013. The economy also faces headwinds from the drawdown in aid, affecting growth in non-agricultural sectors (manufacturing, construction, and services). The agricultural harvest in 2014 was strong for the third year in a row, but was up only marginally from the bumper year of 2012. Agriculture benefited from robust cereals production thanks both to well distributed, timely rainfall and an increase in irrigated area for wheat cultivation. The growth outlook for 2015 remains weak.

Afghanistan's fiscal situation is precarious. Domestic revenues fell from a peak of 11.6 percent of GDP in 2011 to 8.4 percent in 2014, because of the economic slowdown and weaknesses in tax and customs enforcement. The decline in revenue collection took place across all sources, including tax revenues, customs duties, and non-tax revenues. As a result, in spite of measures to restrain expenditures, the authorities faced a financing shortfall in excess of \$500 million in 2014, managed by drawing down cash reserves, accumulating arrears, and exceptional donor assistance. The authorities curtailed civilian operations and maintenance (O&M) and discretionary development expenditures, although overall expenditures increased in 2014 because of higher security and mandated social benefit spending. Restoring fiscal stability will require accelerating revenue enhancing reforms, additional discretionary assistance, and prioritizing expenditures. The government began 2015 with a weak cash reserve position and significant arrears (around \$200 million). Afghanistan thus faces a financing gap in 2015 that could be as large as last year, against the backdrop of a weaker cash position. In response to these challenges, the Government agreed to introduce a set of revenue-enhancing measures and further consolidate expenditure within the framework of an IMF-Staff Monitored Program (SMP). However, there are a number of downside risks that could undermine the impact of these measures such as the weak economic outlook or a deteriorating security environment.

Education: In 2001, after the fall of the Taliban, net enrollment was estimated at 43 percent for boys and a dismal 3 percent for girls. Moreover, there were only about 21,000 teachers (largely under-educated) for a school-age population estimated at more than 5 million — or about 240 students for every marginally trained teacher. Since 2002, school enrollment has increased from 1 million to 8.2 million; girls' enrollment increased from 191,000 to more than 3.75 million. Majority of the teacher force—195,000—have received teacher training either through Teacher Training Centers or In-service Teacher Training. Efforts are ongoing to continuously upgrade teacher qualifications and overall access to equitable and quality education in Afghanistan. In the same period, the number of teachers had grown from 20,000 to more than 187,000.

World Bank: Afghanistan's Challenged Economy (4/2015) - II

Economy: The political and security transition continues to take a heavy toll on Afghanistan's economy. Economic growth is estimated to have fallen further to 2 percent in 2014 from 3.7 percent in 2013 and an average of 9 percent during 2003-12. Political uncertainty combined with weak reform progress dealt a further blow in 2014 to investor and consumer confidence, already in a slump from uncertainty building since 2013. The economy also faces headwinds from the drawdown in aid, affecting growth in non-agricultural sectors (manufacturing, construction, and services). The agricultural harvest in 2014 was strong for the third year in a row, but was up only marginally from the bumper year of 2012. Agriculture benefited from robust cereals production thanks both to well distributed, timely rainfall and an increase in irrigated area for wheat cultivation. The growth outlook for 2015 remains weak.

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IMF: Afghanistan's Challenged Economy (4/2015) - I

Over the past decade, Afghanistan has made enormous progress in reconstruction, development, and lifting per capita income. The authorities have taken steps to lay the foundation for economic stability and growth, to reduce poverty, and to achieve social and development objectives despite a very difficult security situation and the challenges associated with building political and economic institutions. However, security conditions, political uncertainty, and weak institutions continue to constrain growth and weigh on social outcomes. The international community has delivered substantial financial support and pledged to continue doing so over the medium term.

Afghanistan is one of the poorest countries in the world and relies heavily on donor grants to fund development and security spending. Per capita income for 2014 is estimated at about US\$660, and the country ranks well below its neighbors on most human development indicators despite its progress toward meeting its social and development objectives and the Millennium Development Goals. For example, child mortality has been reduced and school enrollment increased, albeit from very low levels—the enrollment rate for primary school is less than 40 percent.

At the same time, achievements in some areas are below expectations: more progress is needed in reducing the number of children under the age of five that are underweight; in increasing access to potable water and sanitation; and improving literacy rates for men and women aged 15 to 24. Overall, the low implementation rate of the development budget impedes more rapid progress toward poverty reduction. Despite these drawbacks, Afghanistan became one of 20 fragile and conflict-affected states that have already met one or more the Millennium Development Goals (MDGs).

...Afghanistan has completed the first-ever democratic transfer of power in the country's history in September 2014, with the conclusion of protracted presidential elections and establishment of the unity government. This peaceful transfer of power raised hopes and signaled Afghan people's desire for change. Moreover, international community and key donors reaffirmed their partnership and commitment to Afghanistan's future in the London Conference in December 2014. They welcomed the new government's commitment to macroeconomic stability and reforms that will promote sustainable and inclusive growth.

Political and security uncertainties associated with presidential elections and the drawdown of international troops weighed on economic performance in 2014. They weakened confidence and growth declined to 1.5 percent in 2014. Inflation declined to 1.4 percent year-on-year in December 2014 due to lower international food prices and weak domestic demand. International reserves and the exchange rate remained broadly stable while the external current account and budget were financed by donor grants.

IMF: Afghanistan's Challenged Economy (4/2015) - II

Fiscal and banking sector vulnerabilities emerged in 2014. Weak growth, declining imports, and lower tax compliance resulted in a decline in domestic revenue collection, while higher social and development expenditures added to spending. As a result, the treasury's cash position was depleted and arrears were incurred. A deterioration in the banking sector's asset quality exposed vulnerabilities and weaknesses, with eight of 16 banks rated as weak (reflected in CAMEL ratings of 4 or 5).

The new government is resolved to address economic vulnerabilities and push ahead with critical reforms in financial sector and revenue mobilization as well as improving governance. IMF staff had productive discussions with the new government on their policy framework and reform plans. These discussions culminated in announcement of a staff-level agreement on a nine-month Staff Monitored Program (SMP) on March 20, 2015.

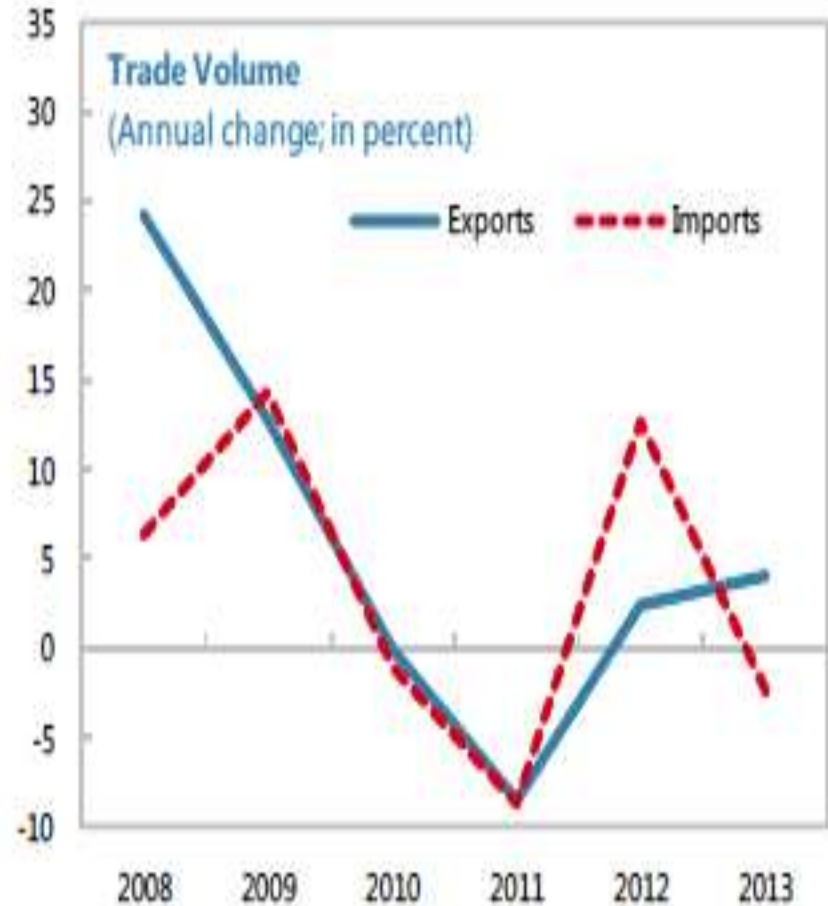
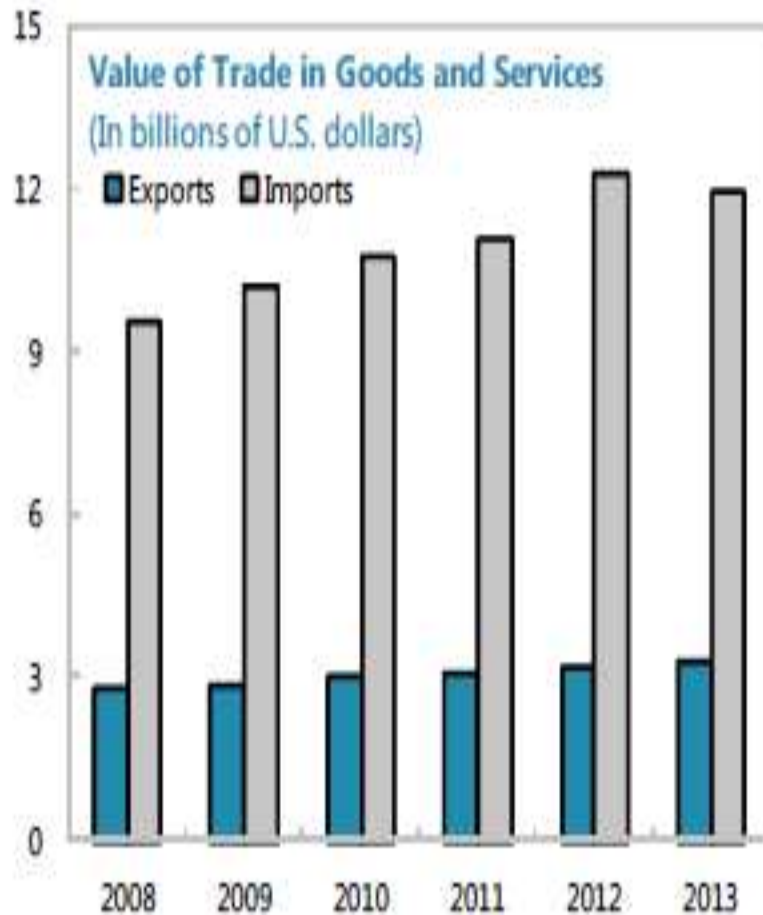
The SMP is designed to support the authorities' reform agenda with a framework to address economic vulnerabilities and facilitate engagement with the international community to sustain donor support. The SMP will aim to address fiscal and banking vulnerabilities and preserve buffers (low debt and a comfortable international reserves position), maintain low inflation and strengthen competitiveness and therefore laying the basis for high growth.

Under the SMP, fiscal policy will focus on mobilizing domestic revenue to finance projected expenditure and rebuild the treasury's cash balance. Monetary policy will aim to preserve low inflation, and exchange rate policy will protect international reserves and strengthen competitiveness. Structural reforms will focus on:

- (i) revenue mobilization, expenditure control and repayment of arrears;**
- (ii) financial sector reform to deal with weak banks, promulgate and implement the new banking law, amend the central bank law, strengthen banking supervision, and address weaknesses in state banks; and**
- (iii) better economic governance by strengthening anti-corruption, anti-money laundering and countering the financing of terrorism.**

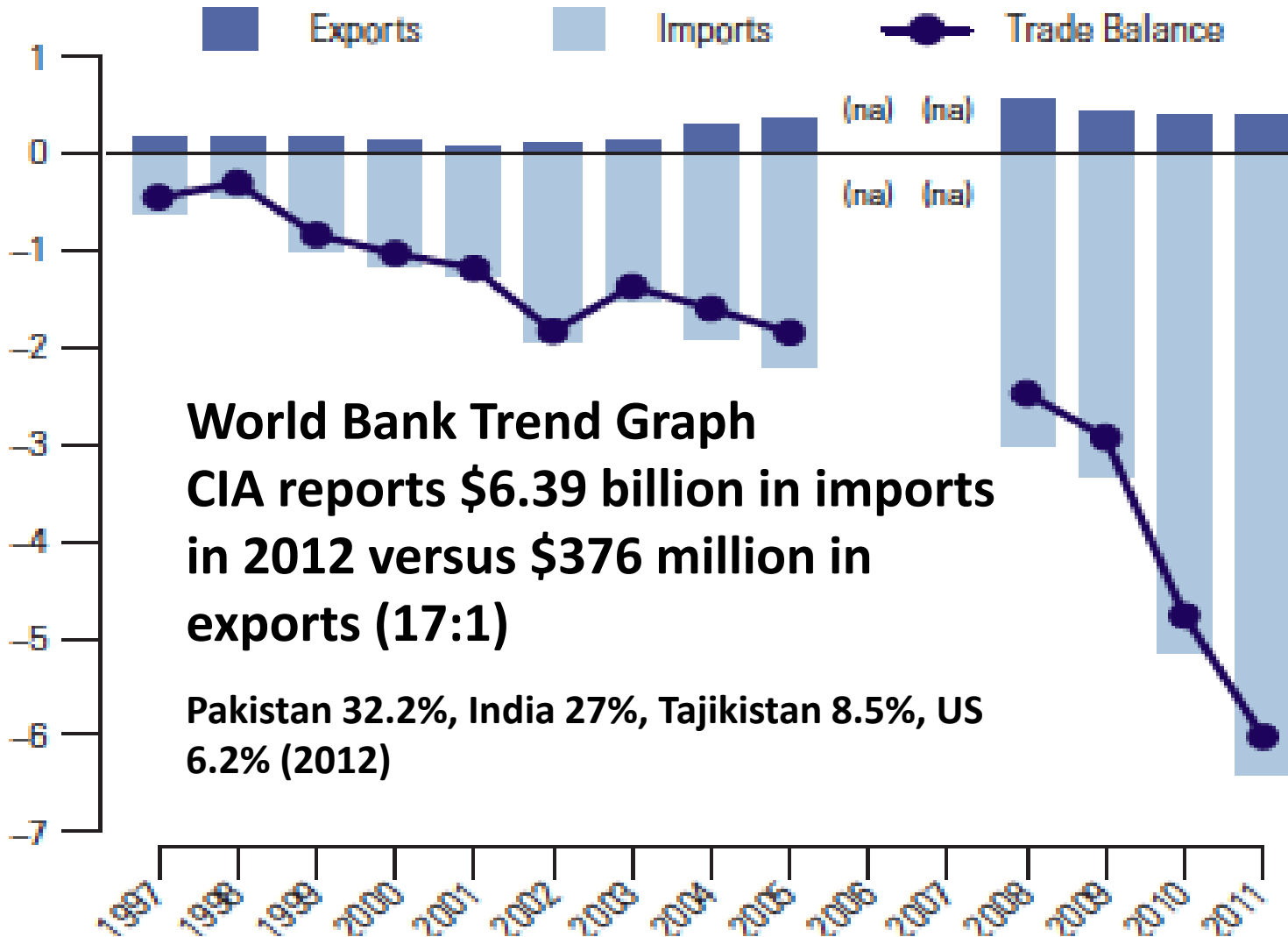
Substantial grant financing from donors will be needed over the medium term to finance Afghanistan's development and security needs, support the move toward fiscal sustainability, and enhance confidence in the Afghan economy.

IMF Estimate of Imports vs. Exports



Challenge of Post Transition Trade Balance

(Bln US\$ by year)

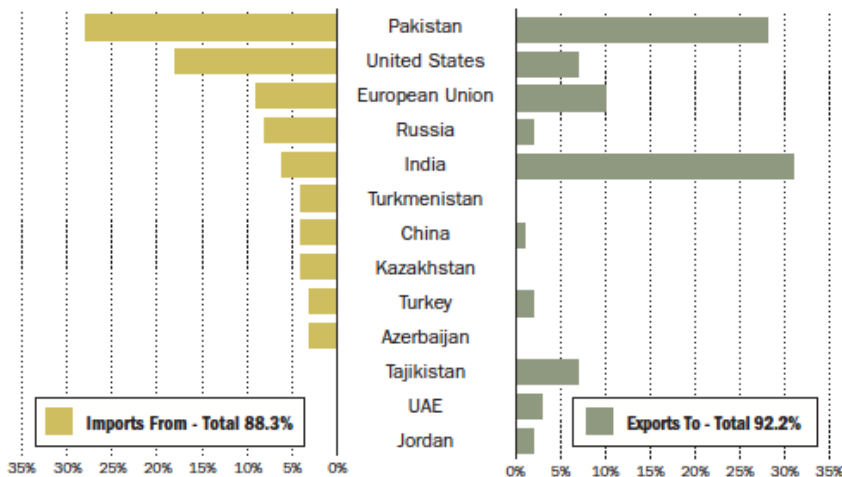


World Bank Trend Graph
CIA reports \$6.39 billion in imports
in 2012 versus \$376 million in
exports (17:1)

Pakistan 32.2%, India 27%, Tajikistan 8.5%, US
6.2% (2012)

Afghanistan's Imbalance of Trade

AFGHANISTAN'S TOP TRADING PARTNERS (2013)



Although Afghanistan routinely sustains a large trade deficit, donor aid helped the country maintain an estimated current account balance of 5.7% of GDP in 2014.

Without it, the IMF estimates Afghanistan would have a current-account deficit equivalent to 36% of its GDP—about \$7.3 billion—similar to those of Mozambique (-35%) and Liberia (-32%).

During 2012–2014, Afghanistan exported around \$3.3–4 billion worth of goods and services annually, not including illicit narcotics, according to IMF estimates.

The World Bank said Afghanistan exports only a small number of products and has few trade partners, making it highly dependent on a few commodities for earnings, and consequently more vulnerable to unstable prices and trade shocks.

The IMF estimated Afghanistan's 2014 imports at more than \$10.6 billion of goods and services, with more than \$8 billion paid for by official donor grants. Treasury has informally projected Afghanistan's real import capacity, without a significant foreign presence driving demand, at less than \$2 billion annually, excluding illicit narcotics revenues.

In its latest analysis, the World Bank found that Afghanistan's trade deficit narrowed in 2014—to \$8 billion (38% of GDP) compared to \$8.3 billion (41.9%) in 2013. Official exports were 19.5% higher than in 2013, due mostly to higher agricultural output that boosted exports of dried and fresh fruits.

While the World Bank said lower consumer and business confidence led to 20% lower demand for imports, it also estimates that most of the decline of official imports is probably due to poor recording and increased smuggling since 15–20% of all Afghan trade is thought to be unrecorded and smuggled. Despite the trade deficit's narrowing, it remains large and is fully financed by donor assistance.

Economic Stability and Development Challenges

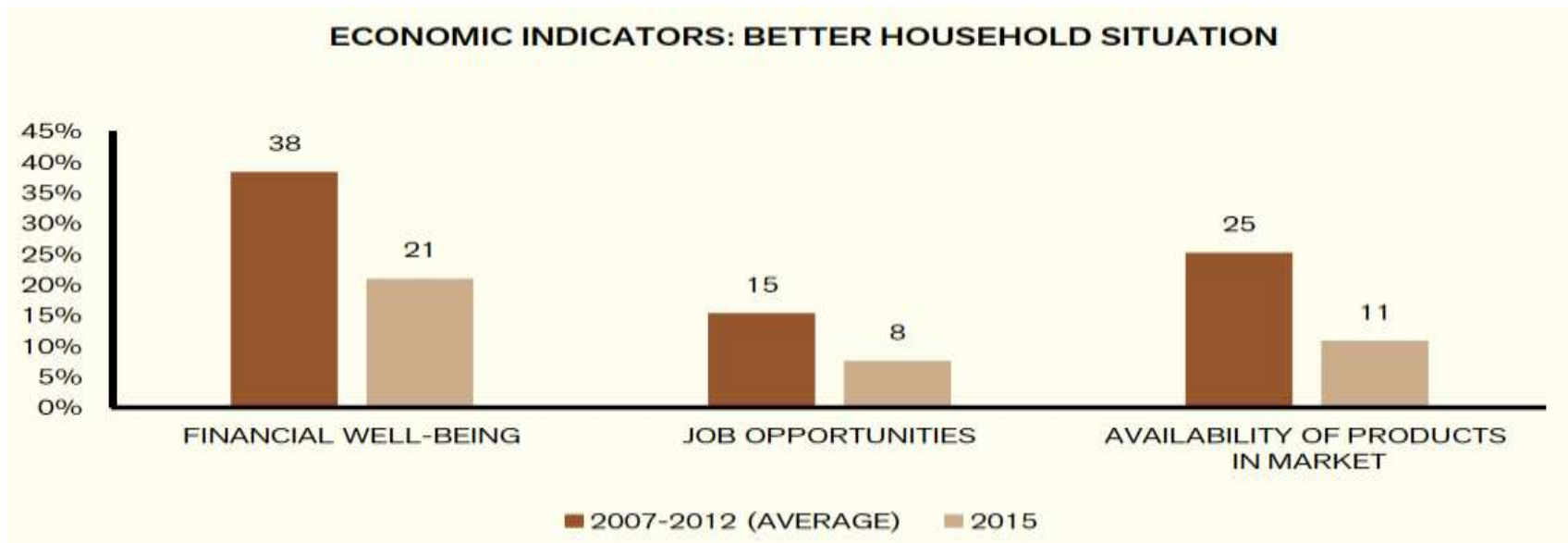
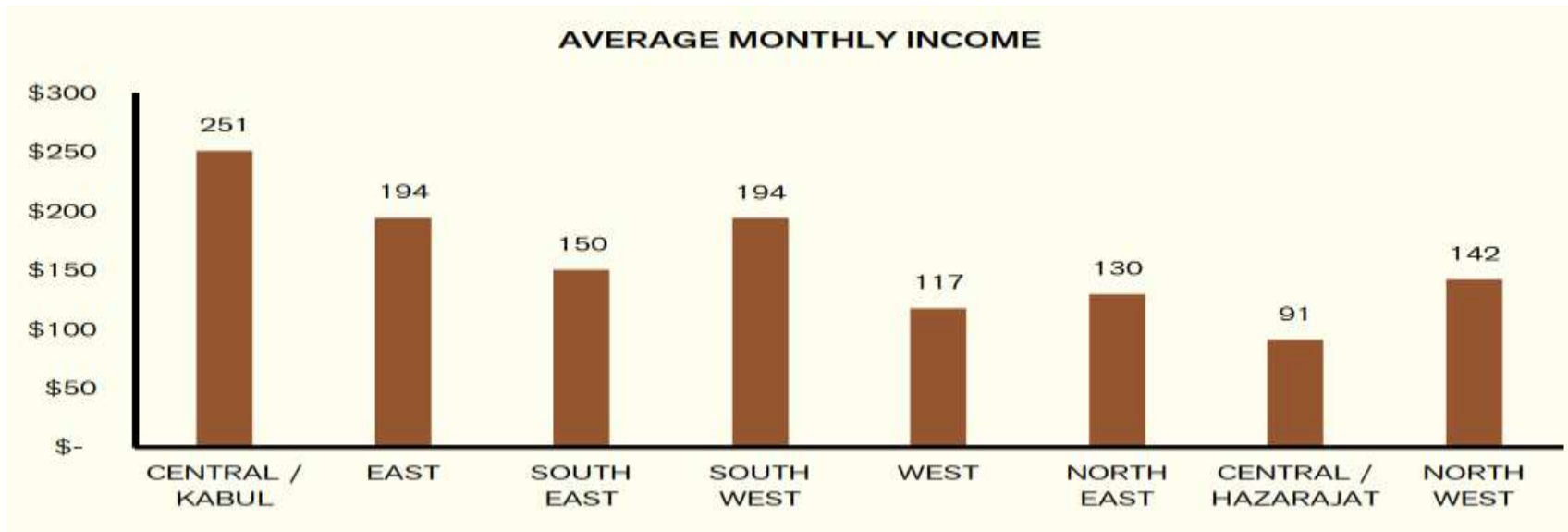
Afghan Perceptions of the Economy in 2015

ECONOMIC CONCERNS BY PROBLEM AREA

PROBLEMS IN YOUR LOCAL AREA	UNEMPLOYMENT (31.2%), POOR ECONOMY (6.7%), POVERTY, (5.9%), HIGH PRICES (5.5%)
PROBLEMS FACING AFGHANISTAN	UNEMPLOYMENT (22.4%), POOR ECONOMY (13.1%), POVERTY (5.9%)
PROBLEMS FACING YOUTH	UNEMPLOYMENT (71.4%), POOR ECONOMY (15.9%)
PROBLEMS FACING WOMEN	LACK OF JOB OPPORTUNITIES (22.3%), POVERTY (8.7%)
BIGGEST CAUSE OF CRIME	UNEMPLOYMENT (21.7%), POVERTY / WEAK ECONOMY (8.4%)

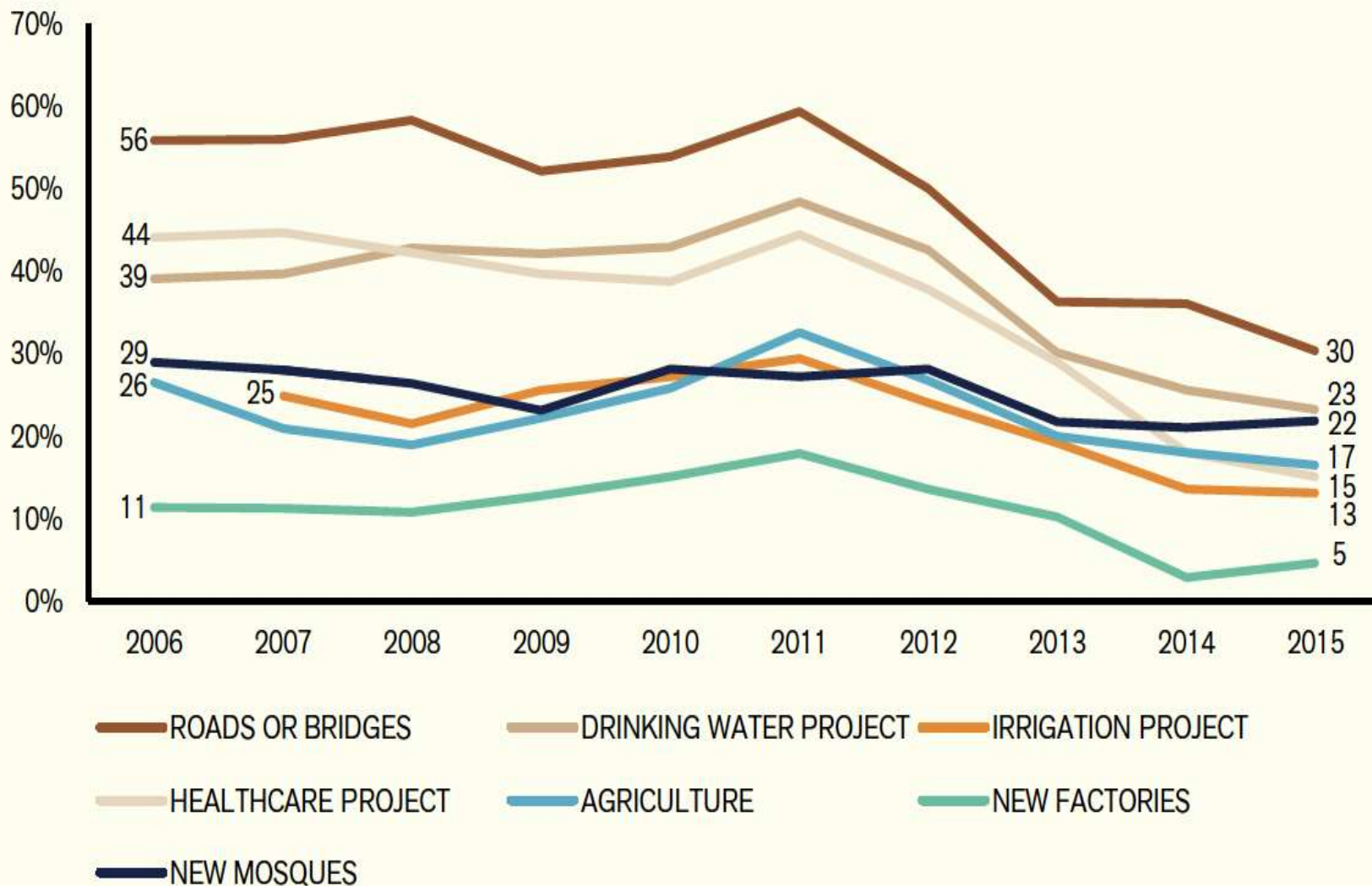
- This year the majority (57.5%) of Afghans say they believe their country is moving in the wrong direction.
- When asked about the reasons for their pessimism, the second most common response (after insecurity) is unemployment (25.4%). Other economic reasons for pessimism include a bad economy (12.4%) and high prices (3.4%).
- The survey has found that economic issues are cross-cutting. Afghans often cite economic concerns when asked about a range of
 - topics, including the problems in their local area, problems facing youth and women, problems facing Afghanistan as a whole, and even perceived causes of crime.
- Among Afghans who say that the nation is moving in the right direction, 43.1% cite positive reasons related to the economy, particularly reconstruction and rebuilding (31.8%) and economic revival (7.9%).
- Construction of roads and public infrastructure has been driven by foreign aid. In urban areas, the housing market has grown rapidly from a rise in Afghan private sector investment.
- When asked about their reasons for optimism about the direction of the country, notably few Afghans cite reasons of more job opportunities (2.4%), low prices (0.9%), or more factories (0.2%).

Poverty by Region: Declining Perception of Indicators



Declining Perception of Development

AWARENESS OF DEVELOPMENT PROJECTS IN LOCAL AREA: 2006-2015



Nine Major Challenges that are not War Related

- **Past reporting on GDP growth has been dishonest in that it took figures shaped by the agriculture sector, and gains determined by peak rainfall, and implied these were the result of development and aid.**
- **Transition and cuts in military and aid spending may have a critical impact on both the service and industries sector during transition. The lack of a comparable estimate of the impact of the narcotics sector is analytically absurd.**
- **In spite of these problems, there seems to have been real progress in human development in spite of gross exaggeration of improvement in medical services, and in students actually in school versus expected years of schooling.**
- **This still, however, has left Afghanistan far behind other poor Asian state like Bangladesh and Nepal.**
- **Transition will make the major barriers to doing business in Afghanistan – which ranks only 164th out of 189 countries – far more serious.**
- **There are no credible estimates of just how dependent Afghanistan has been on outside military spending and aid, but the World Bank and CIA warn that Afghan imports were 17 time exports in 2012.**

Formidable Development Challenges

Poverty and Demography

- Poverty high and persistent (36% of population in 2012)
- About 400,000 new entrants into labor force each year
- Low human development, despite decade of progress

Aid Dependence

- Economic activity, service delivery, security highly reliant on aid

Security and Fragility

- Undermine progress toward job creation and self-reliance
- Continued progress on service delivery critical for social cohesion

Corruption and Governance

- Progress in fighting corruption and building institutions critical

Possible Options; Key Issues for Attention

Restore fiscal stability by creating fiscal space

- Improve revenues, secure additional on-budget assistance, prioritize expenditures to safeguard progress on development outcomes
- Fiscal space even more important with revenues lower than previously projected
- Security spending pressures may require rethinking financing options

Restore confidence and create private sector jobs

- Investor confidence down; jobs needed for 400,000 new workers per year; poverty high and persistent at 36% and 50% considered vulnerable

Strengthen social cohesion and service delivery

- Fragility and conflict remain pervasive; women's labor force participation, literacy, infant mortality remain lacking despite improvements of the past decade

Corruption and Governance

- Fighting corruption and strengthening governance critical across the board

Tokyo Conference and Development Challenges: The Financing Gap

- **Persistent financing gap:**

Aid will decline as share of GDP, but a persistent financing gap will remain through 2025 (with considerable needs for security, O&M, and improving low levels of development)

- **Economic Growth:**

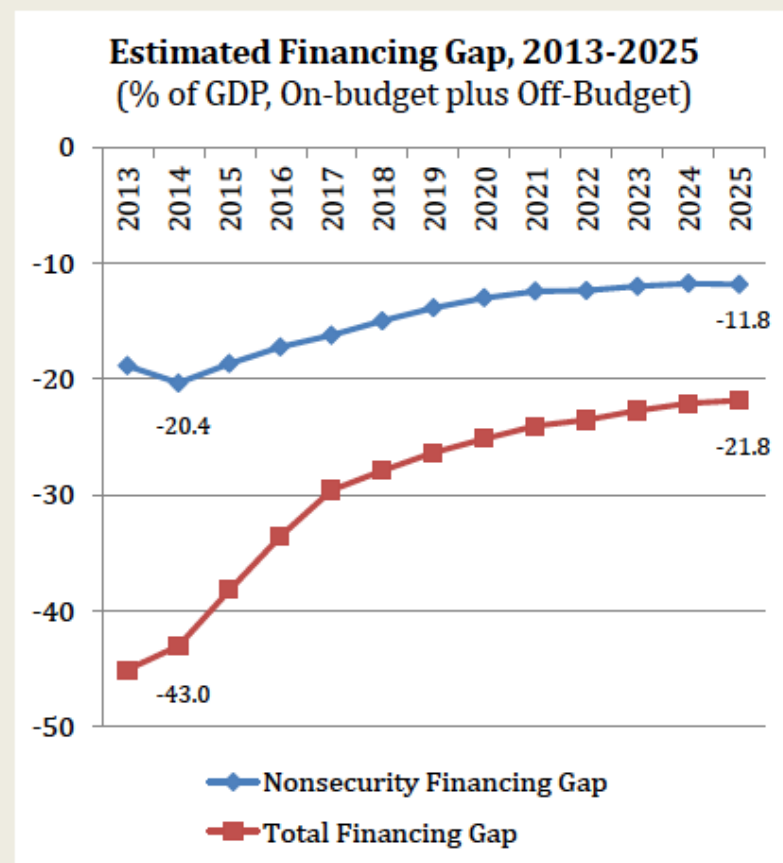
Projected at 5 percent per year given smooth political and security transition

- **International community:**

Recognized need for more on-budget assistance to mitigate impact of declining aid

- **Government:**

Recognized need to improve revenues, prioritize spending, and strengthen absorptive capacity and PFM systems



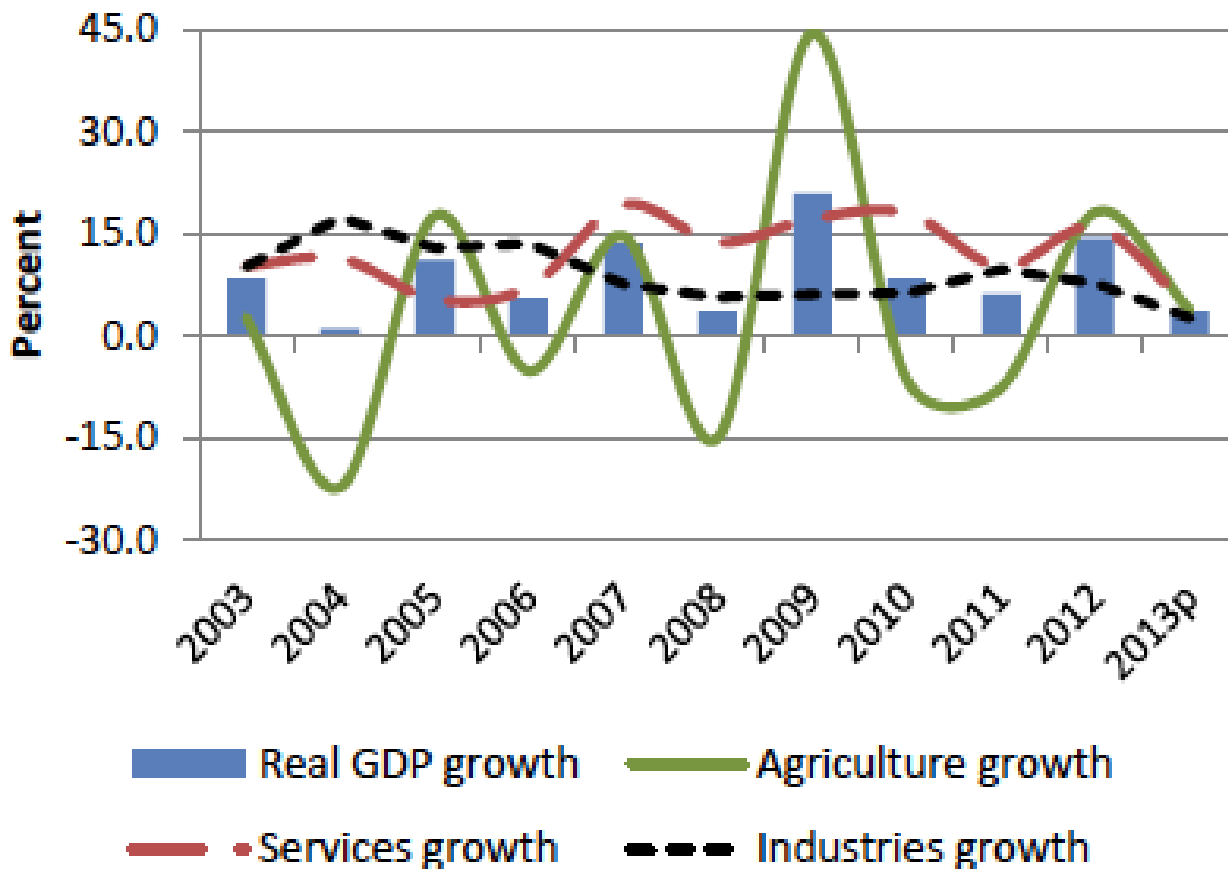
World Bank: Afghanistan's Growth and Development

Progress Remains Fragile – March 2014

While initial progress in producing development outcomes was very encouraging in the immediate post- Taliban era, recent trends point to rising insecurity, deteriorating governance, a stagnant poverty rate, and mounting challenges to employment:

- **The security situation deteriorated after 2009** and the level of violence remains high. Annually, between 2,000 and 3,000 civilians are harmed or killed in violent incidences related to the ongoing insurgency.
- **Economic growth has not been pro-poor.** Poverty levels are high, with 36 percent of the population living below the national poverty line in 2011/12 and more than 50 percent vulnerable to becoming poor. Recent data suggests that overall poverty levels have not declined between 2007 and 2011, despite rapid growth in this period. At the same time, inequality measured by the Gini coefficient appears to have increased somewhat.
- **Unemployment is relatively low**, at 8.2 percent in 2011/12 but underemployment is a serious issue, with 16.8 percent of the employed population working less than 40 hours per week. At the same time, labor participation is low, at 60 percent, due mainly to a very low participation of women in the labor market.
- **The governance deficit relative to other low-income countries is still very large.** Reforms in areas that could have improved rule of law and control of corruption have been very slow. Corruption is pervasive and widespread. In 2012 Transparency International ranked Afghanistan 174th out of 176 countries, joint last with North Korea and Somalia. But most concerning is that the governance situation appears to have regressed, especially in areas such as control of corruption, rule of law and political stability.
- **In addition, the country is facing huge demographic challenges.** The Afghan labor market is characterized by a young and fast-growing workforce. Decades of conflict, international migration and staggeringly high fertility rates make Afghanistan – together with Pakistan and Nepal – one of the youngest countries in South Asia. Between 2010/11 and 2015/16 alone, the labor force is expected to increase by 1.7 million people, and by an additional 4 million by 2025/26. These trends pose significant risks to social cohesion in a situation that is already characterized by strong political, regional, and ethnic tensions.

World Bank Estimate of Afghan GDP Growth Tied to Agricultural Growth and Rainfall

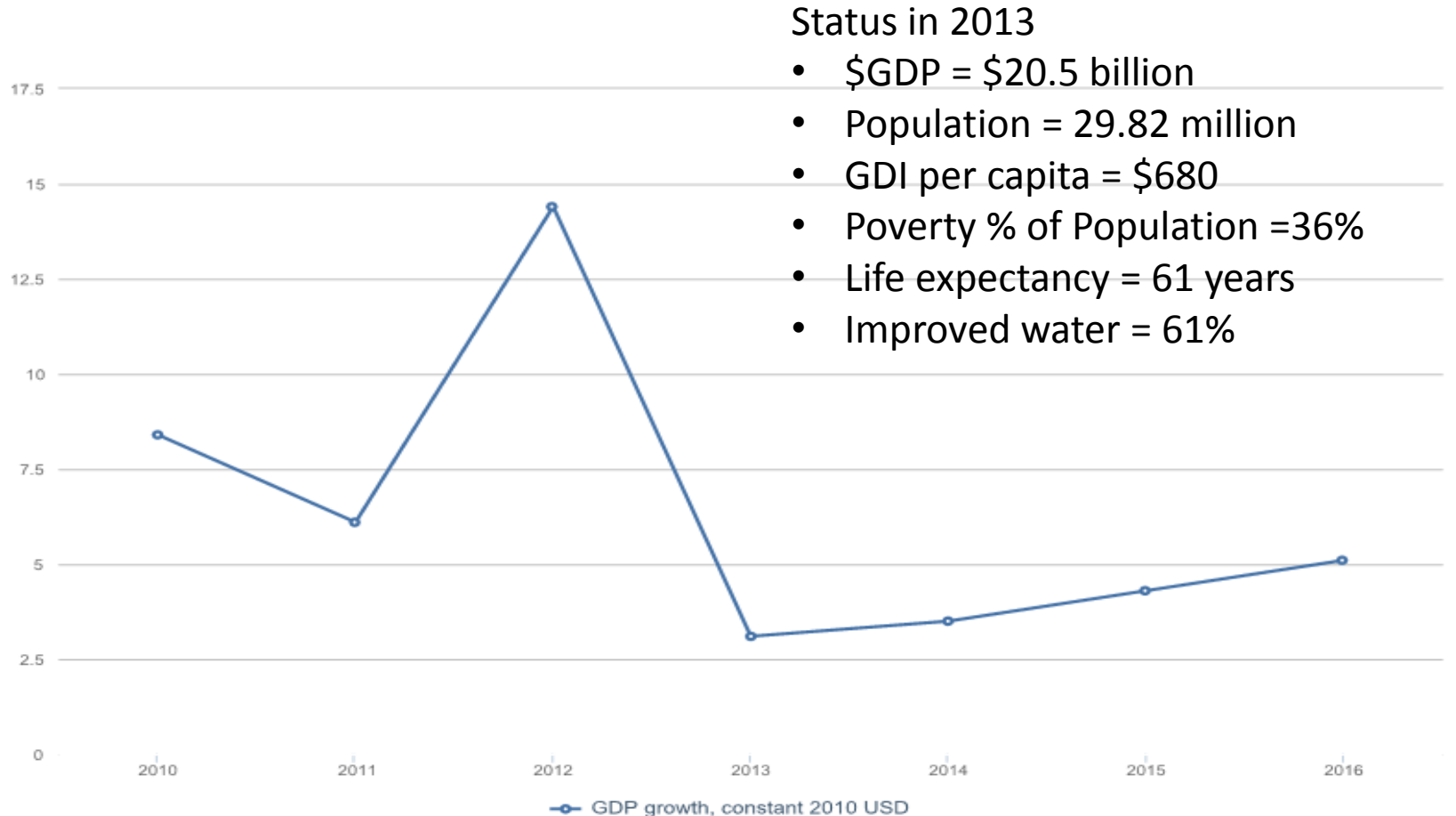


- Real GDP growth (excluding opium production) was 14.4% in 2012, which represented a sharp uptick from 6.1% in 2011.
- This strong performance was in large part due to an exceptional agricultural harvest supported by favorable weather conditions.
- Agriculture accounts for about a quarter of GDP (excluding opium). As a result, economic growth is influenced heavily by the volatile agricultural sector.

Source: CSO

World Bank Estimate of Afghan GDP Growth 2010-2016

(In Constant \$US 2010 Dollars)



Status in 2013

- \$GDP = \$20.5 billion
- Population = 29.82 million
- GDI per capita = \$680
- Poverty % of Population = 36%
- Life expectancy = 61 years
- Improved water = 61%

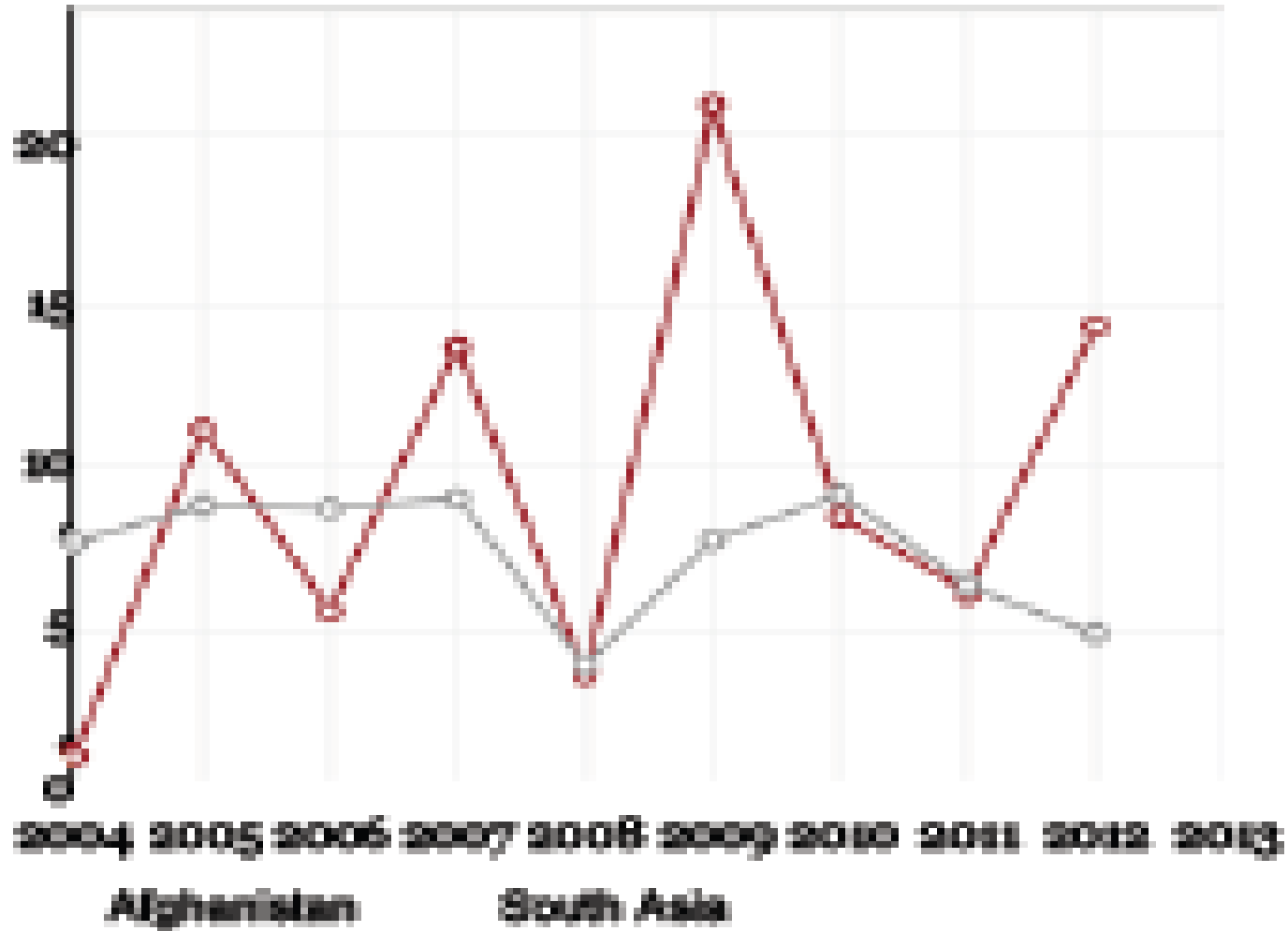
Country : Afghanistan

Created from: Global Economic Prospects

Created on: 05/05/2014

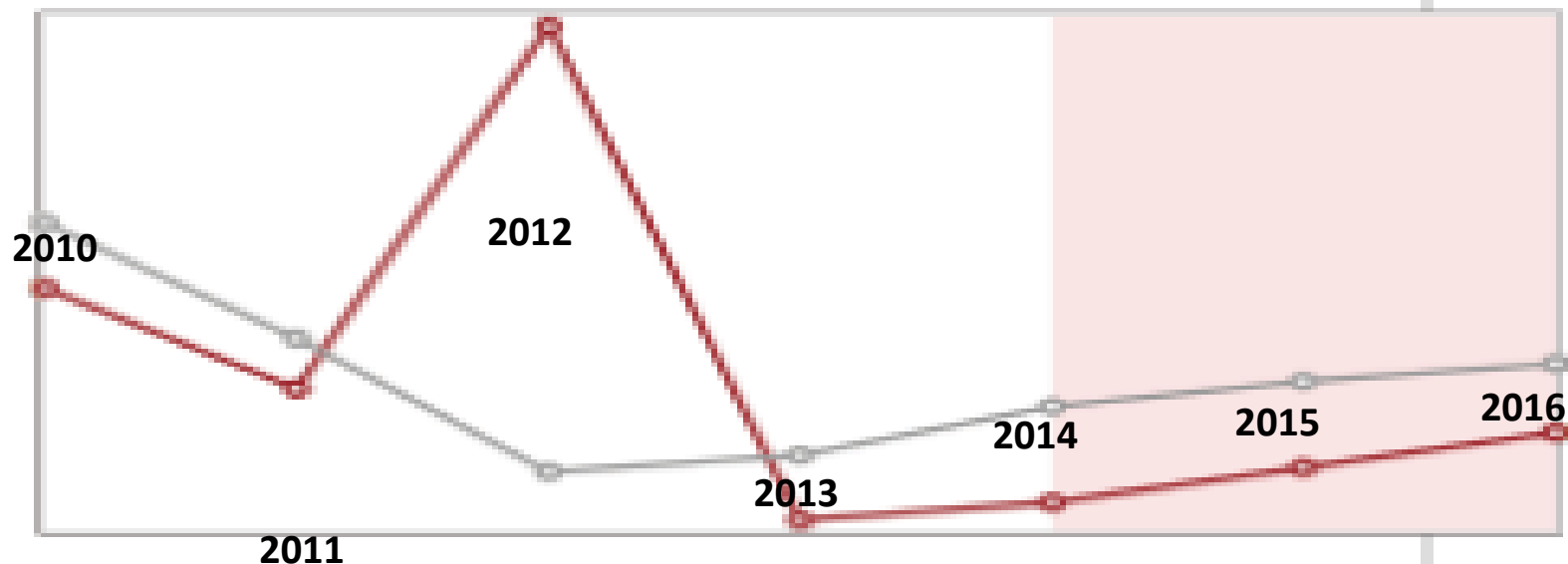
World Bank Estimate of Afghan GDP Growth 2004-2013

(Annual % Growth in Constant \$US 2010 Dollars)



World Bank Estimate of GDP Growth in Comparison with Rest of South Asia

Annual GDP Growth (%)



Afghanistan

South Asia

Forecast (2014, 2015, 2016)

Poverty Challenge

Poverty vs. Economic Pressure

- **Poverty data are national, dated, based on extremely uncertain inputs, and often do not reflect real world level of poverty and economic stress.**
- **No data to help locate key districts under stress.**
- **Acute pressure to leave for cities creates urban slums and pockets of poverty for which no clear data exist.**
- **Data are not precise but population pressure clearly increasing work force faster than real jobs are being created; major impact on disguised unemployment -- particularly for younger Afghans.**
- **No meaningful data on income distribution, but corruption, power brokering, misuse of aid have create acute problems, visible signs of elite benefiting at people's expense.**
- **Lack of security, narco-trafficking, power brokers all add to economic stress.**
- **Little security for educated, technically competent. Strong reasons to become corrupt or leave.**

World Bank: Most of Population Excluded from Economic Growth— March 2014

Growth has so far failed to produce more jobs and income for the poor: First, the volatility of agricultural growth likely hampers prospects for poverty reduction since agriculture accounts for more than half of employment. Poor households in Afghanistan, especially those who subsist on less than richer, wage-earning households. This would explain why growth has not benefited the poor and also perhaps why inequality has increased. Second, the persistent high level of un- and underemployment implies that growth in Afghanistan did not produce sufficient employment opportunities, which might have reduced the poverty impact. Finally, the increase in violence over the same period might have disproportionately affected the poor. Deterioration in the security situation limits the possibilities for public service delivery, the outreach of humanitarian development efforts, and access to markets for the poor. Moreover, insecurity also restricts access to public services, especially for women and children who might refrain from visiting clinics or going to school.

The report identifies four main population segments that have been largely excluded from the growth process and are at risk of being disadvantaged in future:

☒ **The low-skilled workforce.** Literacy levels in the Afghan working population are extremely low, especially among adults and women. Both literacy and education level tends to correlate with lower levels of poverty in Afghanistan.

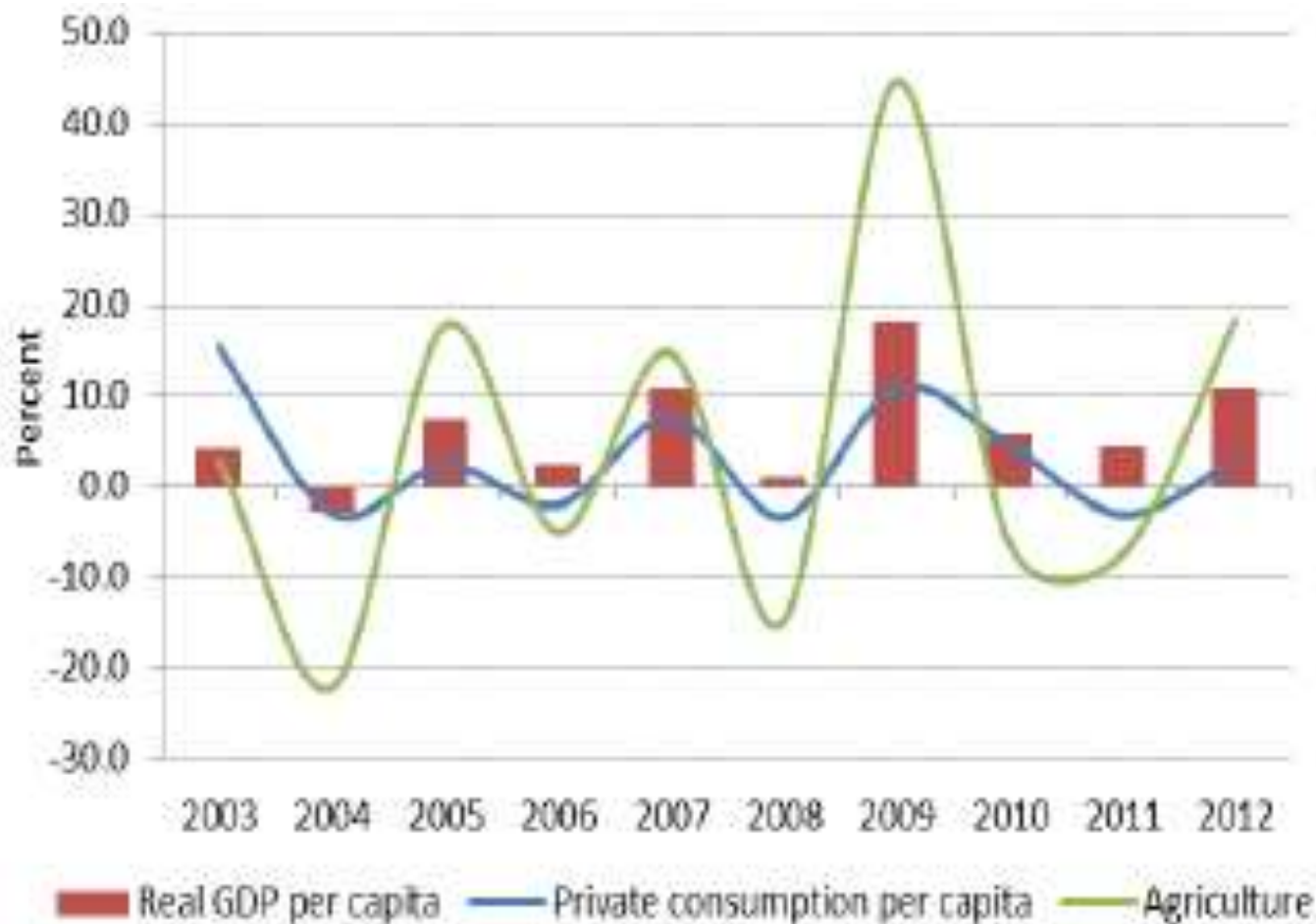
☒ **The rural poor.** Agriculture provides income for around half of Afghanistan's population; for 30 percent of households it constitutes the most important source of income. Agriculture is the main source of livelihood and subsistence for 70-80 percent of the rural population in Afghanistan. Employment in agriculture is characterized mainly by small family businesses that produce mainly for subsistence.

☒ **Youth.** The proportion of population aged 15 or below is as high as 51.3 percent, meaning that more than one in every two Afghans is economically dependent. Young people tend to be better educated on average, especially in urban areas. However, they are also less likely to find paid employment.

☒ **Women.** While almost every man in the age range of 25-50 is economically active, only one in every two women participates in the labor market. While the female participation rate does not appear very low within the South Asian cultural context, women in Afghanistan are much less engaged in wage-earning employment. At the same time, the fertility rate is very high, at 5.1 percent in 2011/12. Increasing the share of female labor market participation will key to reducing fertility and reducing demographic pressures in the future.

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 un- and underemployment, and little progress in reducing poverty. For example, at a rate of 4.8 percent GDP growth per year, it would take Afghanistan more than 20 years to increase real GDP per capita from its current estimated level to that of the South Asian region (2011), which is US\$786. Convergence to South Asian income levels would then become an even further distant goal. 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.

World Bank: Limited Growth in GDP per Capita and Personal Consumption



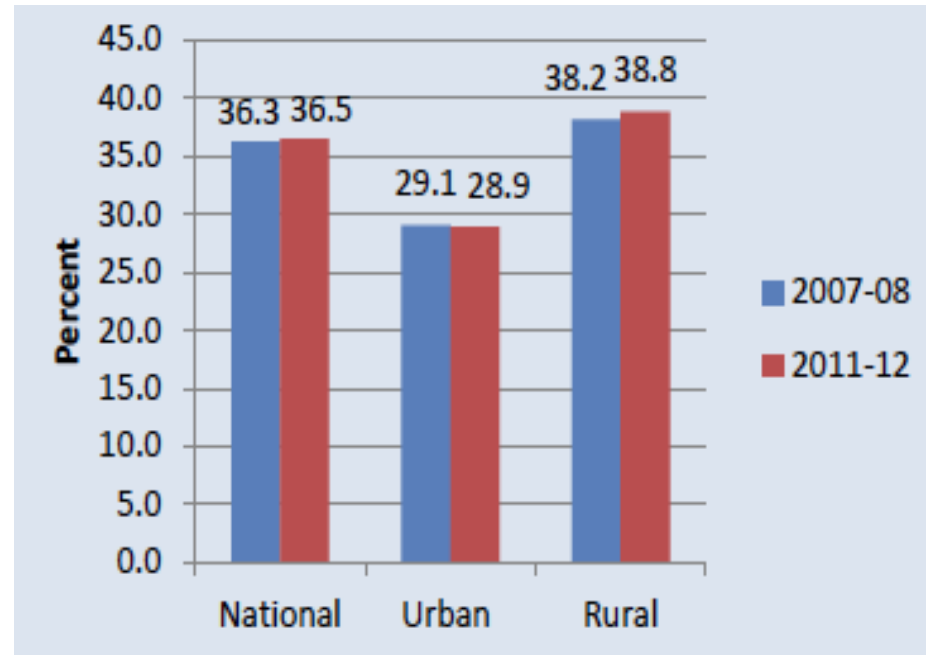
Source: CSO

World Bank Estimate of Worsening Afghan Poverty Trends

The national poverty rate in Afghanistan was around 36 percent in 2011-12, the same level measured in 2007-08...

Furthermore, the results showed that inequality edged up. In particular, the Gini coefficient increased to 31.6 in 2011-12 from 29.7 in 2007-08, while the growth rate of per capita expenditure of the richest 20 percent of the population was three times as high as that of the poorest 20 percent

...In addition, the bottom forty percent of the population commands only 21 percent of total consumption and more than 50 percent of the population is still vulnerable to becoming poor.



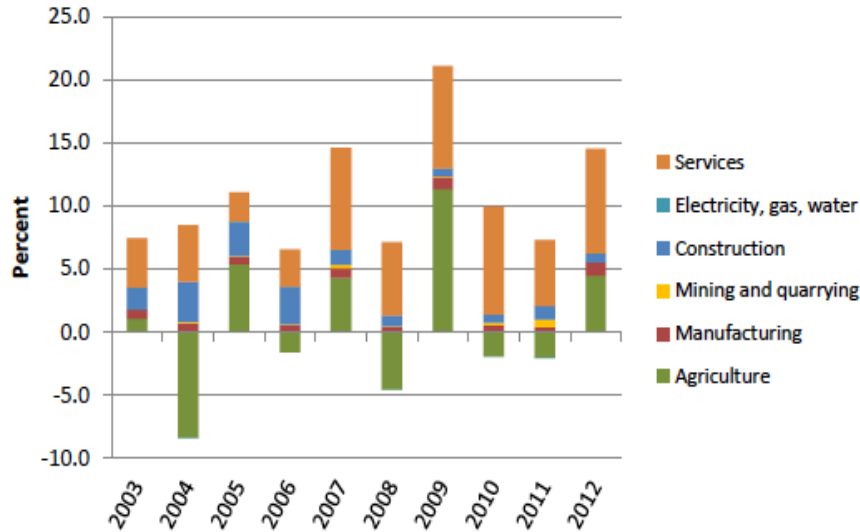
...A number of factors could be contributing to the measured trends. First, the volatility of agricultural production would affect measured poverty trends since agriculture accounts for more than half of employment. It is worth noting that 2010 and 2011, the two years preceding the 2011-12 survey, both featured negative growth in the agricultural sector. Second, pervasive underemployment likely affects the poverty impact of growth. Afghanistan faces a daunting demographic challenge, with around 400,000 new entrants into the labor force expected in the next few years.

...Finally, the high dependency ratio, low levels of female labor force participation, and low labor productivity all contribute to shaping Afghanistan's poverty profile. High economic dependency due to demographic pressure is further aggravated by extremely low levels of female labor force participation (19 percent) and the overwhelming prevalence of vulnerable forms of employment in informal and low productivity jobs (81 percent).

World Bank Estimate of Agricultural & Poverty Challenges

Agriculture, together with services, is still the largest contributor to economic growth. In spite of the structural shift in Afghanistan's economy, agriculture remains one of the largest contributors to economic growth. In 2012, for instance, it contributed over half of the 14.4 percent of GDP growth, thanks to favorable weather conditions and an exceptionally rich harvest. Depending on the harvest in any given year, agriculture accounts for one-fourth to one-third of GDP.

Figure 1.8: Sector Contributions to Real GDP Growth (percentage points)



Source: World Bank staff calculations based on CSO data

Afghanistan's economy is dominated by agriculture in more than one dimension. Aside from its direct contribution to GDP, agricultural production feeds into the economic growth process through its impact on aggregate demand and significance in manufacturing. In 2011/12, 49 percent of all households derived their income from agriculture; for 30 percent of all households agriculture constitutes the main income source. Not surprisingly, private aggregate demand is highly correlated with agricultural production (Figure 1.9). Moreover, 96 percent of the manufacturing sector depends on agricultural products for inputs (food and beverages, textiles, and leathers).

... there are indicators as to why growth has failed to produce more jobs and income for the poor. First, the volatility of agricultural growth likely affects prospects for poverty reduction since agriculture accounts for more than half of employment. Although agriculture grew by 45 percent in

2009, it actually contracted in 2008, 2010, and 2011, with limited irrigation and dependence on rain-fed crops contributing to volatility. Poor households in Afghanistan, especially those who subsist on agriculture, have only few risk-coping mechanisms and are more strongly affected by agricultural output contractions than richer, wage-earning households. In many cases, livelihood risks are being managed by disposing household assets or deferring expenditures for health and education services which, in turn, have negative dynamic effects for future income. This would not only explain why growth has not benefited the poor but could also explain the increase in inequality.

Second, the persistent high level of un- and underemployment implies that growth in Afghanistan did not produce sufficient employment opportunities, especially for the poor and underprivileged segments of the population. Finally, the increase in violence over the same period might have disproportionately affected the poor. A deteriorated security situation restricts public service delivery, the reach of humanitarian development efforts, and access to markets for the poor. Moreover, insecurity also restricts access to public services, especially for women and children who might refrain from visiting clinics or going to school

Cannot Meet Food Needs

Notwithstanding agriculture's importance to the economy, Afghanistan is not able to fully meet its food needs. Before the conflicts, Afghanistan was self-sufficient in cereals – and in some years was able even to be a small exporter. Today, however, and despite the large area devoted to cultivation of the primary staple (wheat), Afghanistan remains a highly food-insecure country (Table 1.3). High year-to-year fluctuations in domestic cereal production make the country dependent on food imports and have exposed the economy to external food-price shocks. For example, wheat demand in 2011 stood at 4.69 million tons, while national production was only 3.46 million tons, leaving a food deficit of more than 1.20 million tons. Adding to this a seed demand of 626,000 tons, the overall wheat deficit in 2011 was nearly 1.86 million tons.

Cereal Production in Afghanistan (thousands of tons)

	2007	2008	2009	2010	2011	2012
Total wheat production	4,343	2,767	5,064	4,532	3,456	5,008
Estimated wheat demand	4,330	4,416	4,505	4,595	4,687	4,362
Seed demand and losses	734	677	806	753	626	1,067
Surplus/shortfall	-721	-2,326	-247	-816	-1,857	-422

Sources: World Food Program (2012); Agriculture Commodity Price Bulletin (year 8, vol. 7), and Agriculture Prospects Report, July 2012

Business, Investment, Mining, and LoC Challenges

Growth and Development Challenges

- **Massive current dependence on outside war spending and aid**
- “New Silk Road” is dead, and “Ring Road” is uncertain; mineral wealth is no miracle solution to economic challenges. Very little real growth other than aid and military spending driven – cyclical impact of rainfall.
- Still at war and highly aid dependent.
- Unclear who will plan and manage aid and revenues in government. No clear structure for managing aid, revenue flows, outside plans and focus.
- The goal of 50% Afghan control ignores the roll back of aid/NGO presence; government ability to use and manage is insufficient.
- Failure of UNAMA, uncertain role of World Bank and outside help in development planning, post-Transition economic stability.
- Key problems in transport, agriculture, power sector. Rising poverty, acute population pressure, uncertain employment level
- Service sector was dependent on flow of outside money. may leave, export capital, collapse.
- Major barriers to private development
- **At least some risk of major recession and collapse of the market-driven sector.**

World Bank: Key Messages

- ✓ Afghanistan's economy remains largely agrarian. Manufacturing contributed very little to economic growth over the past decade with the economy dependent primarily on agricultural output. The service sector is relatively unsophisticated and mainly informal.
- ✓ Structural changes observed over the past ten years have come from reconstruction and recovery activities financed predominantly by donors.
- ✓ Private-sector investment, hampered by persistent and increasing violence, has been very small. Growth over the past decade was driven mainly by demand from public sector activities.
- ✓ There have been some important achievements. However, development challenges are still very large. In spite of strong economic growth, poverty remains pervasive and has not decreased in the past five years.
- ✓ With 400,000-500,000 young people entering the labor market annually, Afghanistan faces an unprecedented demographic challenge. Without drastic changes in the country's security situation to enable greater private investment, labor market pressures will continue to rise, and in turn increase the risk of conflict and violence.
- ✓ Enhancing the impact of growth on poverty and shared prosperity in the post-transition period will require steps to ensure that growth is strong and steady, accompanied by greater job creation.

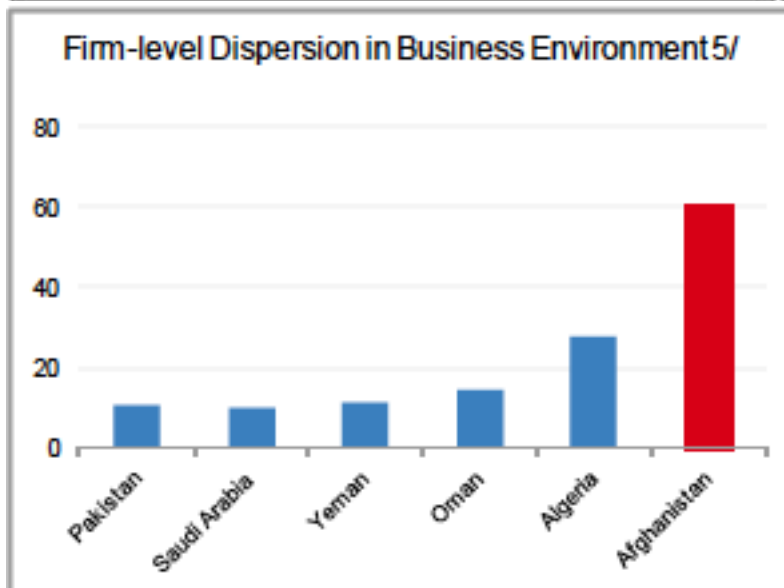
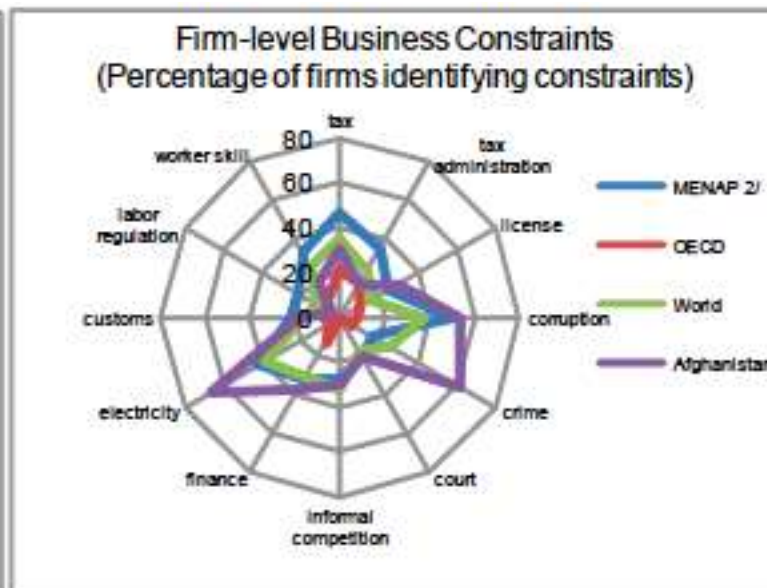
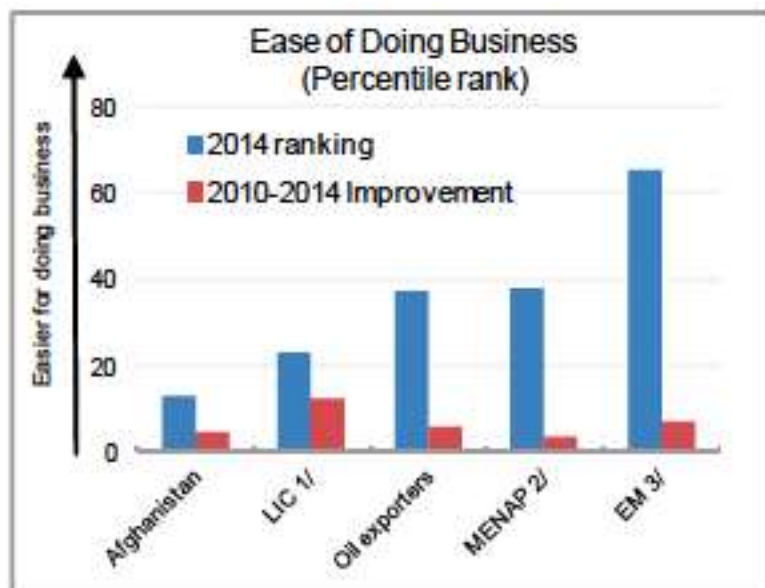
World Bank: Afghanistan's Near Bottom Ease of Doing Business

REGION	South Asia	DOING BUSINESS 2015 RANK	183	DOING BUSINESS 2014 RANK***	182	CHANGE IN RANK	↓ -1
INCOME CATEGORY	Low income	DOING BUSINESS 2015 DTF** (% POINTS)	41.16	DOING BUSINESS 2014 DTF** (% POINTS)	41.21	CHANGE IN DTF** (% POINTS)	↓ -0.05
POPULATION	30,551,674						
GNI PER CAPITA (US\$)	700						
CITY COVERED	Kabul						

TOPICS	DB 2015 Rank	DB 2014 Rank	Change in Rank
Starting a Business <i>X</i>	24	17	↑ -7
Dealing with Construction Permits	185	182	↑ -3
Getting Electricity	141	146	↑ 5
Registering Property	183	182	↑ -1
Getting Credit	89	86	↑ -3
Protecting Minority Investors	189	189	No change
Paying Taxes	79	75	↑ -4
Trading Across Borders	184	183	↑ -1
Enforcing Contracts	183	183	No change
Resolving Insolvency	159	158	↑ -1

✓=Doing Business reform making it easier to do business. *X*=Change making it more difficult to do business.

IMF Estimate of Business Problems



Sources: World Bank Doing Business Report (2014); World Bank Worldwide Governance Indicators; World Bank Business Environment and Enterprise Performance Survey; and IMF staff calculations.

- 1/ Low income countries;
- 2/ Middle East, North Africa, and Pakistan;
- 3/ Emerging market economies;
- 4/ Worldwide Governance Indicators include government effectiveness, regulatory quality, rule of law, and control of corruption; trend line is based on cross-country regression.

Going Forward: Restore Confidence and Creating Private Sector Jobs

Restore fiscal stability through improved revenues, securing adequate on-budget grant assistance, and prioritizing spending

Restore investor confidence and create private sector jobs by addressing financial sector, land, and business climate impediments and by unlocking the potential of agriculture, services, and extractive industries

Strengthen social cohesion and service delivery by promoting social inclusion, targeted rural and urban programs, and improving efficiency of service delivery

- ✓ Prioritize regional integration to establish Afghanistan's role as a regional economic partner in trade and transit, energy and water, and labor migration

High level commitment to tackle corruption, strengthen governance, and safeguard public financial management is critical across the board

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World Bank: Natural Resource Development – a Double-Edged Sword

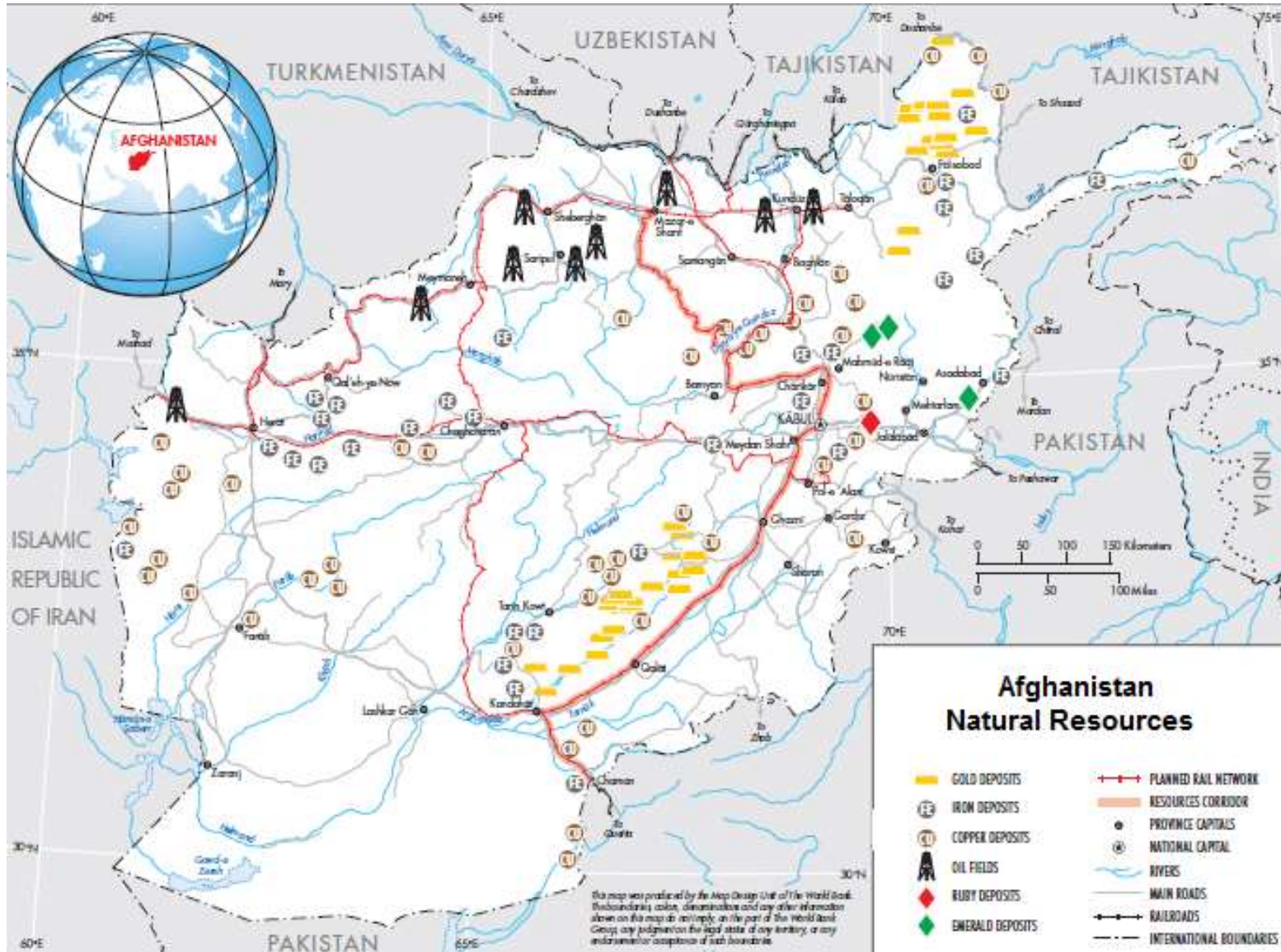
...considering the current level of violence and political developments, it is likely that it will take many years to fully restore peace and stability even in the best-case scenario. Any growth-enhancing policies therefore need to be realistic and aim at supporting sectors and economic activities that show the best potential for conflict resilience and, in turn, provide the largest impetus for conflict reduction.

Agricultural development meets this requirement as it would directly improve income for the majority of households in Afghanistan. And as the large volatility in agriculture output demonstrates, the sector still has potential to grow even within the existing parameters of insecurity and violence. The large international interest and successful outcome of the recent tenders for the exploration and production in Amu Darya, Aynak, and Hajigak indicate a similar “conflict resilience” for extractive industries. However, international experience shows that not only does natural resource exploitation have limited job creation potential, but that it also carries large risks, especially for governance, social cohesion, and conflict. With the development of the extractive industries, Afghanistan is now adding another stress factor to its already-vulnerable country context. In fact there is ample empirical evidence that natural resource endowment can be detrimental to the development prospects of a country – even under more favorable circumstances than those found in Afghanistan.

The phenomenon of countries endowed with natural wealth producing low development outcomes is described as the “natural resource curse” which is usually a result of (i) a decline in the competitiveness of other economic sectors due to an appreciation of the real exchange rate as resource revenues enter an economy (the “Dutch disease” effect), (ii) volatility of revenues from the natural resource sector due to exposure to global commodity market swings, (iii) governmental mismanagement of resources, and/or (iv) weak institutions, rent-seeking behavior, and redistributive struggles.

Most critical for Afghanistan is the notion that natural resources can undermine governance and spur conflict by challenging livelihoods, threatening the environment, and raising disputes over rights to control the resources; feelings of relative deprivation arise from the distribution of revenues from resource exploitation or providing financing to insurgent groups. In this sense, the development of extractive industries poses a serious threat to Afghanistan’s weak governance environment.

Natural Resources in Afghanistan



Meaningful Mining Resources Can Only Come After Transition

SIGAR July 2014 Report to Congress

The United States, the Afghan government, and the international donor community count on development of Afghanistan’s natural resources to underpin future economic growth in the face of declining external aid. Although mining has contributed less than 2% to the country’s GDP to date, the Afghan government expects to eventually receive significant revenues from large-scale investments in the Aynak (copper) and Hajigak (iron-ore) mines, and from oil and gas fields in the Afghan-Tajik basin.

The World Bank estimates annual extractive-sector revenues could reach between \$0.7 billion and \$1.5 billion by 2022–2024.⁶⁰⁸ However, the United States Institute for Peace warned that revenue projections from mineral extraction are often difficult to make with any accuracy, given commodity-price fluctuations and uncertainty whether identified resources can be fully extracted. Moreover, the government will not necessarily receive the full value of Afghanistan’s mineral wealth in revenues.

SIGAR has long cautioned that the Afghan government may not be able to earn substantial revenues from Afghanistan’s natural resources any time soon because of the considerable infrastructure investment required to develop them, especially given the difficult security environment. In addition, the Revenue Watch Institute gave Afghanistan a failing grade in 2013 for its minimal oversight of the mining-licensing process and of state-owned mining companies. It said lawmakers do not receive, regular reports on licensing decisions, which cannot be appealed, and are denied access to certain major mining contracts deemed confidential.

Allegations that members of the executive and legislative branches benefit from contracts won by relatives cannot be confirmed; Afghanistan’s Audit and Control Office does not specifically review resource revenues, and the reports it does prepare are not published. An Integrity Watch Afghanistan report this quarter compared Afghanistan’s governance of its mining-industry to best practices in six countries in order to help highlight Afghanistan’s opportunities and challenges.

It found that corruption is a major investor concern in Afghanistan, and that mining-sector transparency—in licensing process, tax and royalty data, distribution of funds, and public access to information—along with good governance were essential to sustainable development that benefits the public.

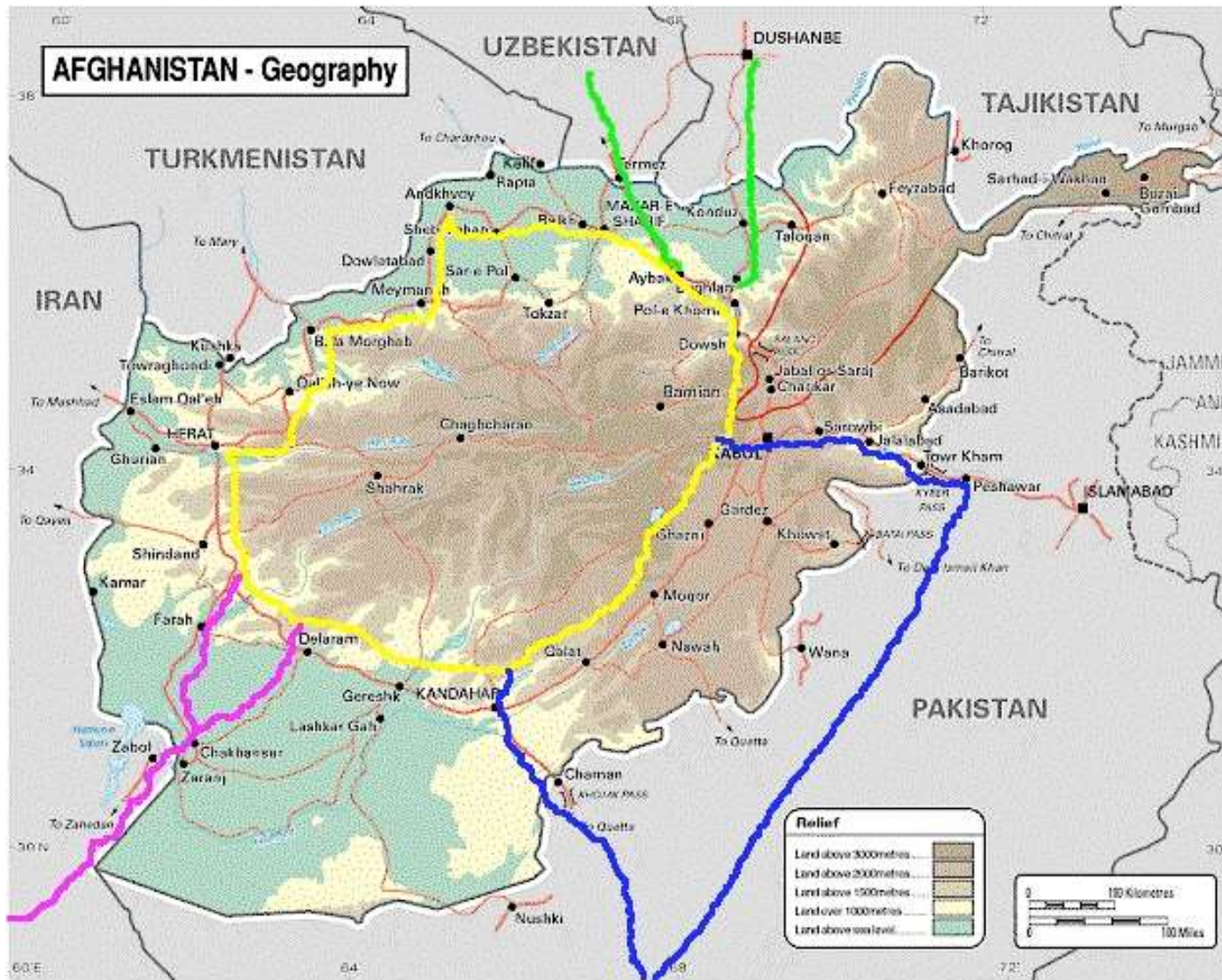
So Much for the New Silk Road: A Collapsing Road System

SIGAR July 2014 Report to Congress

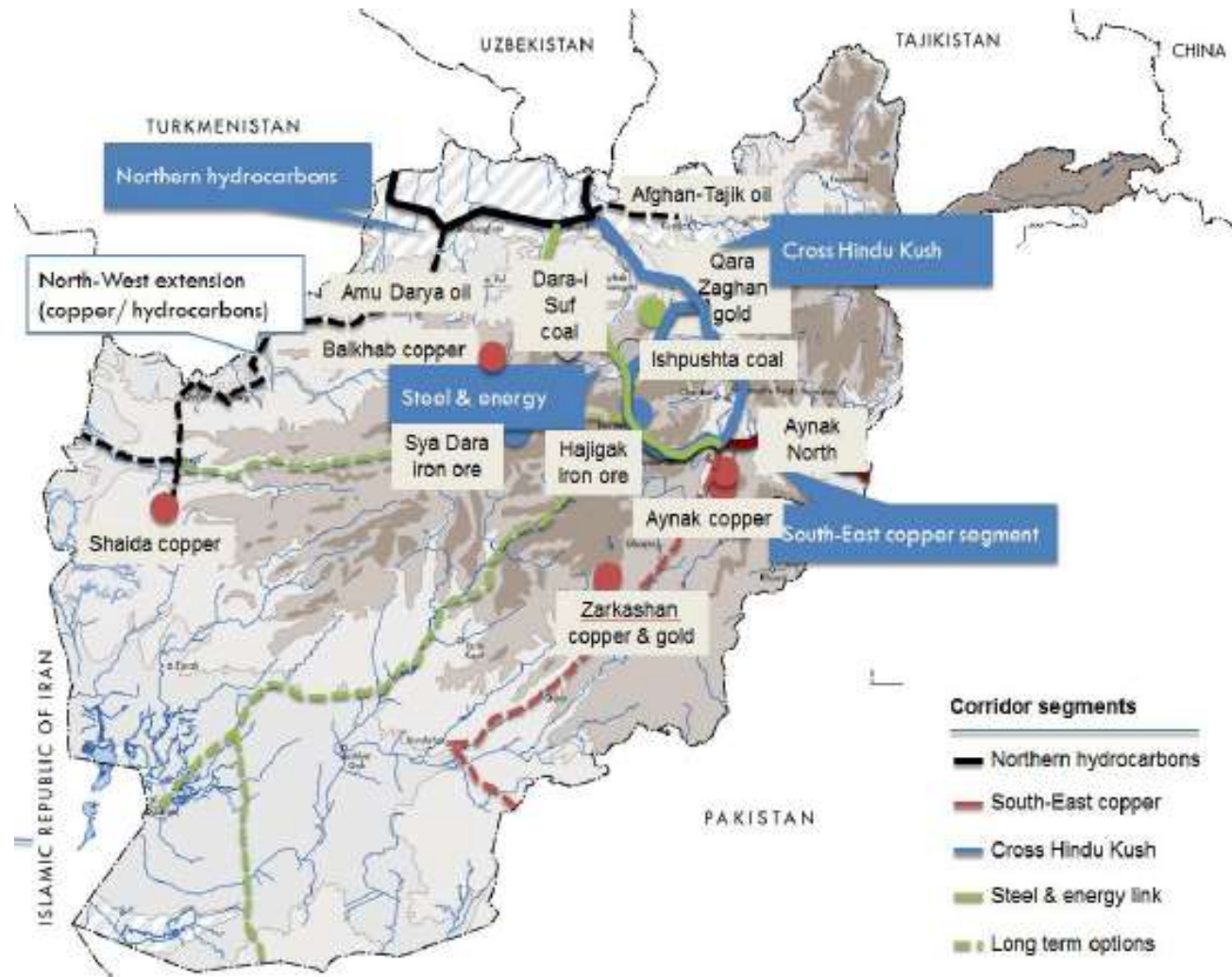
Afghanistan's lack of transportation infrastructure hinders internal commerce, foreign trade, and economic growth. The World Bank said restoring the transportation sector is imperative for economic development. Afghanistan's infrastructure shortcomings particularly constrain the service and agriculture sectors, currently the leading contributors to GDP. They also hold back the mining industry, whose future revenues the Afghan government and international donor community are counting on to offset declining aid. This quarter, the United States continued its efforts to assist Afghanistan in developing ministry capacity, sustaining operations and maintenance, and complying with international Standards.

...While the United States has provided \$2.2 billion cumulatively for road construction and O&M and currently spends about \$5 million annually for O&M efforts, the World Bank said 85% of Afghan roads are in poor shape and a majority cannot be used by motor vehicles. Afghanistan does not currently have sufficient funding and technical capacity to maintain its roads and highways, according to the U.S. Department of Transportation (DOT). Moreover, the lack of a functioning roads authority has significantly affected road infrastructure across Afghanistan. Although the Cabinet and the President gave approval in August 2013 for the Ministry of Public Works (MOPW) to create a roads authority and road fund, the authority has not yet been established

“Layered Defense” – From “New Silk Road” to LOC Survival



Critical Importance of Uncertain LoC Security and \$7-9 Billion in Added Investment Funds



Narco-Economy Challenge

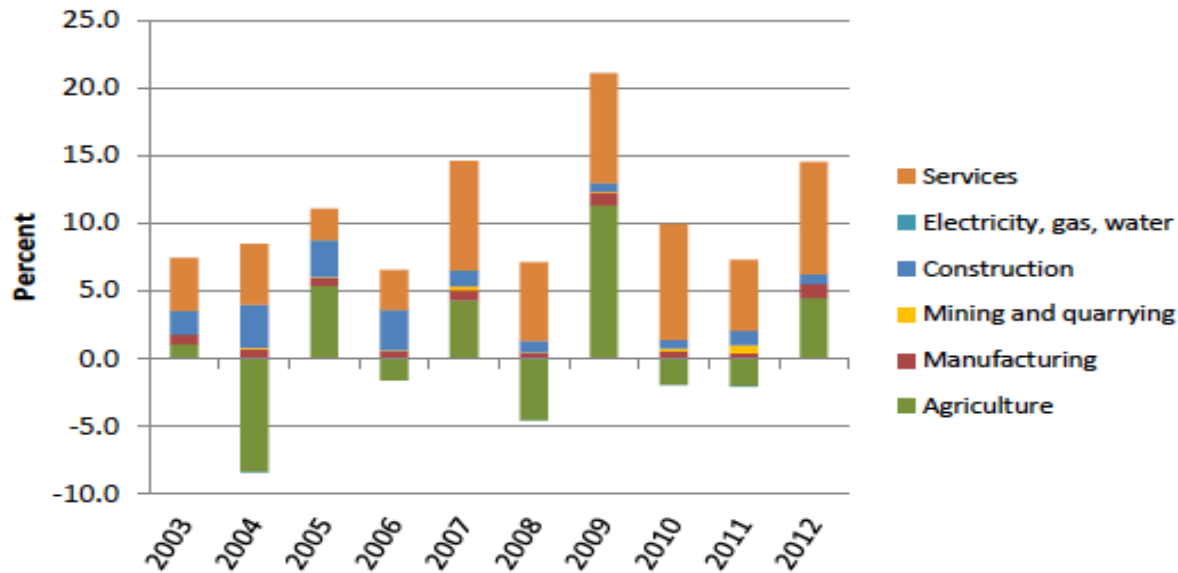
The Uncertain Realities of a Narco-Economy

- Lack of proper attention leads to widely different estimates of overall impact on economy.
- Limited analysis of actual economic impact. Generally excluded from development plans, overall assessment of agriculture and service sectors, and comparative economics of aid.
- US government literature sharply downplay political impact, effects on corruption and security services.
- **Focuses on farm gate prices (4%+ of GDP) and not overall impact on economy once processed and/or begins transit to export markets (13%+ of GDP).**
- Focus on eradication, seizures, and alternative crops although UNDOC reporting shows such programs have have a negligible effect on overall cultivation and production.
- No explicit analysis of impact on corrupt power brokers, and financing of Taliban and other threat elements.
- SIGAR raises critical questions about value of counterdrug aid effort.
- Do not examine problems of population pressure and low agricultural incomes on reasons for cultivation. CIA estimates Agriculture is a far lower percent of GDP than labor force: Distribution of GDP is : **agriculture: 24.6%**, industry: 21.8%, services: 53.5% and data exclude opium production (2012 est.) Distribution of labor force is **agriculture: 78.6%** industry, 5.7%, services: 15.7% (FY08/09 est.)
- Cannabis largely excluded from economic analysis.

Drugs in a Rural Economy

Agriculture, together with services, is still the largest contributor to economic growth. In spite of the structural shift in Afghanistan's economy, agriculture remains one of the largest contributors to economic growth. In 2012, for instance, it contributed over half of the 14.4 percent of GDP growth, thanks to favorable weather conditions and an exceptionally rich harvest. Depending on the harvest in any given year, agriculture accounts for one-fourth to one-third of GDP.

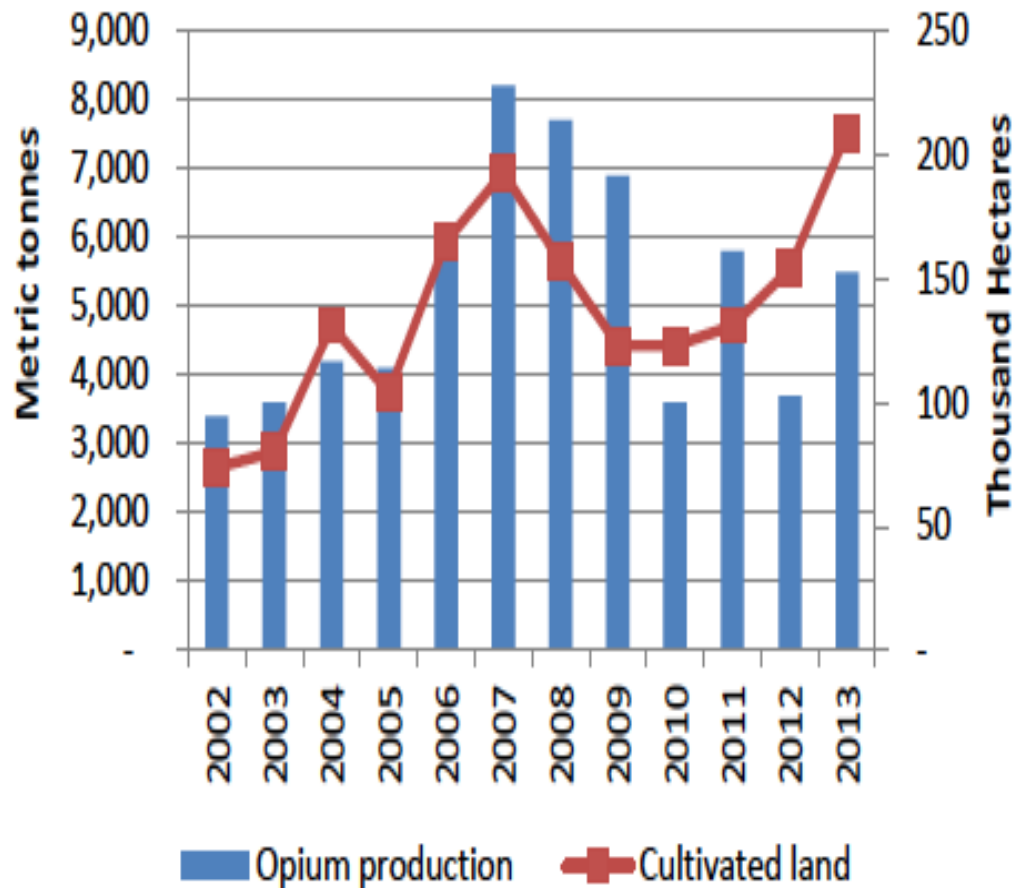
Figure 1.8: Sector Contributions to Real GDP Growth (percentage points)



Source: World Bank staff calculations based on CSO data

Afghanistan's economy is dominated by agriculture in more than one dimension. Aside from its direct contribution to GDP, agricultural production feeds into the economic growth process through its impact on aggregate demand and significance in manufacturing. In 2011/12, 49 percent of all households derived their income from agriculture; for 30 percent of all households agriculture constitutes the main income source. Not surprisingly, private aggregate demand is highly correlated with agricultural production (Figure 1.9). Moreover, 96 percent of the manufacturing sector depends on agricultural products for inputs (food and beverages, textiles, and leathers).

Shifting Back Towards a Narco-Economy



Source: UNODC

Both opium production and area under poppy cultivation increased considerably in 2013 –and is expected to remain at a high level in 2014.

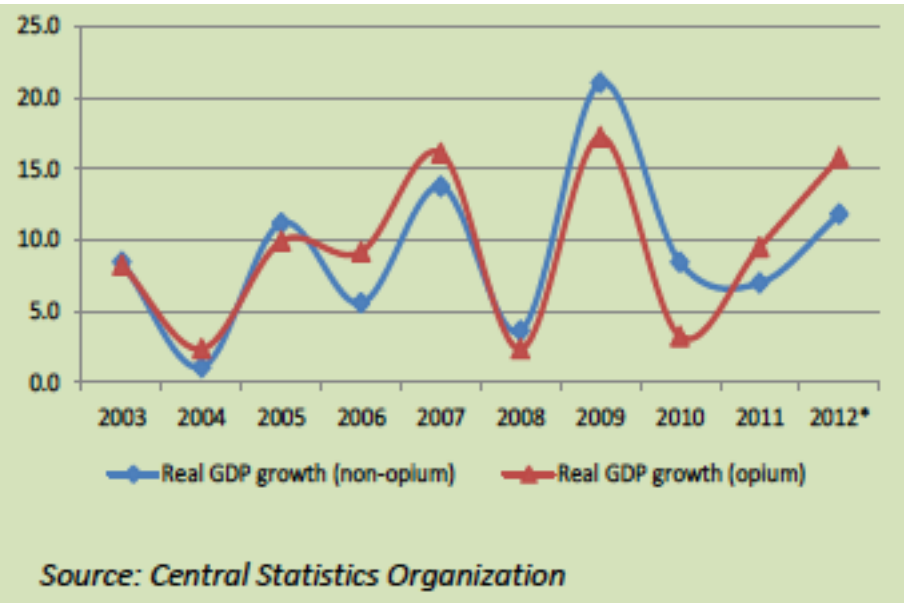
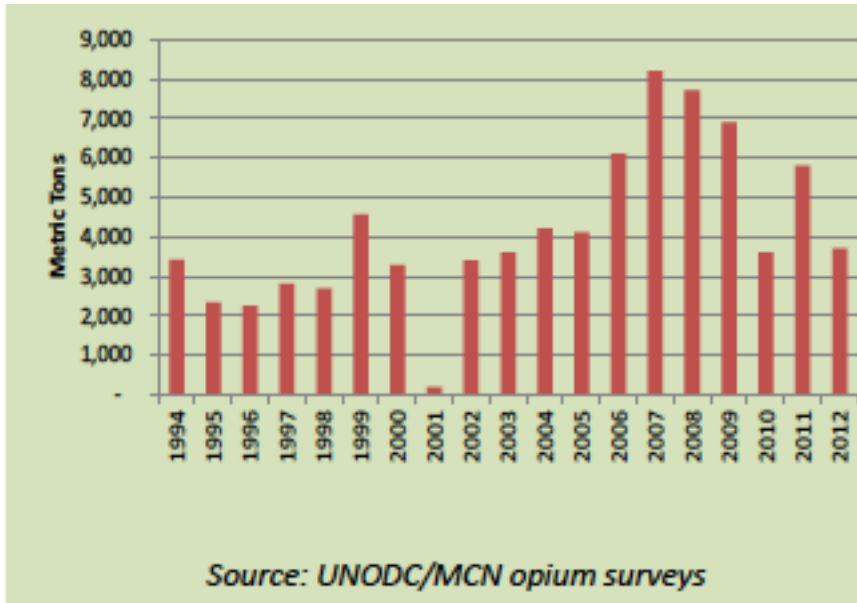
According to UNODC data, opium production increased by almost 50 percent to 5,500 tons in 2013, while the total area under poppy cultivation expanded by 36 percent to 209,000 hectares.

Opium production in 2013 appears to have recovered from the decline in 2012 triggered by adverse weather and disease. While the total value of opium production at farmgate prices remained at about 4 percent of GDP (or \$950 million) in 2013 due to a decline in the farm-gate price, the export value of opiates (including drugs) increased from 11 percent of GDP in 2012 to 15 percent of GDP – or \$3.1 billion – in 2013.

A number of factors could have contributed to the recent increase in poppy production, including (i) the introduction of new production technologies (e.g. irrigation); (ii) fewer livelihood opportunities or the expectation thereof; and (iii) the rollback of international forces and associated counternarcotic efforts from the provinces.

Although opium's importance in GDP has been declining over time (down from 13 percent of GDP in 2007 to 4.1 percent in 2013 at farm-gate prices), it is likely an important source of livelihood for a segment of the rural population

World Bank Estimate of Opium Economy



Opium Production in Afghanistan

In terms of production and share of GDP, opium’s importance has been declining since 2007, when it reached a record production of 8,200 tons. Nowadays, production is closer to 3,700 tons (UNODC, 2012), which amounts to 3.3 percent of GDP in farm-gate value, or 10 percent in export value – compared to 13 percent of GDP by farmgate value in 2007. However, measuring opium production as part of the national income is not straightforward. While the nominal difference between opium-GDP and non-opium-GDP is relatively small – an average of US\$500 million each year – non-opium and opium GDP growth can differ by more than 5 percentage points in some years). However, average opium GDP growth has been only slightly higher than non-opium GDP growth: 9.4 percent compared to 9.2 percent, which suggests that between 2003 and 2012 opium has not been an important driver of economic growth.

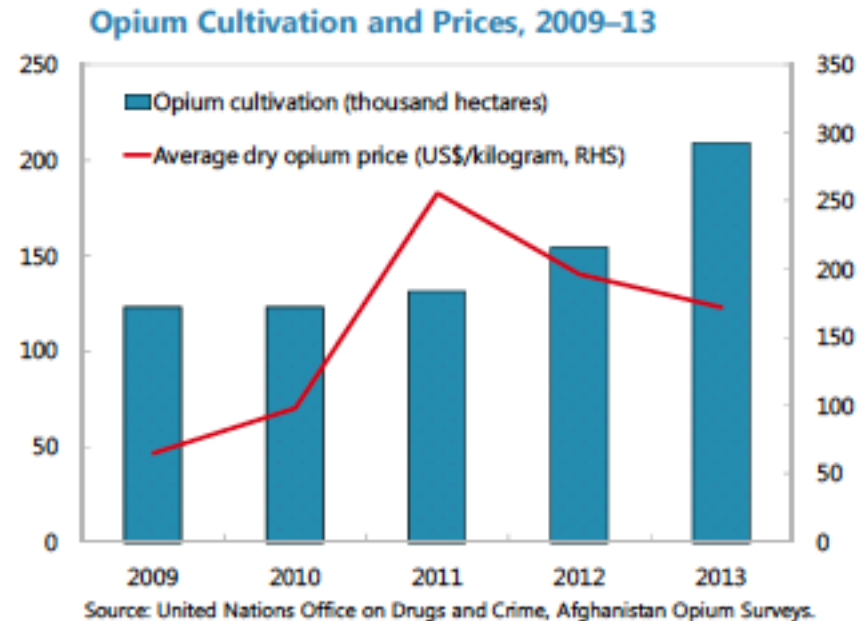
That said, opium is still Afghanistan’s single most important cash crop and therefore has significant implications for income and consumption of rural, poor households. The average cash income of poppy-growing households is 52 percent higher than that of households that had never grown poppy. Poppy-growing households also tend to be farther away from markets⁵ This, in turn, adds to the complexity of finding the right approach to reducing opium production, which ultimately hinges on the development of alternative and competitive agricultural supply chains.

IMF Estimate of Opium Economy

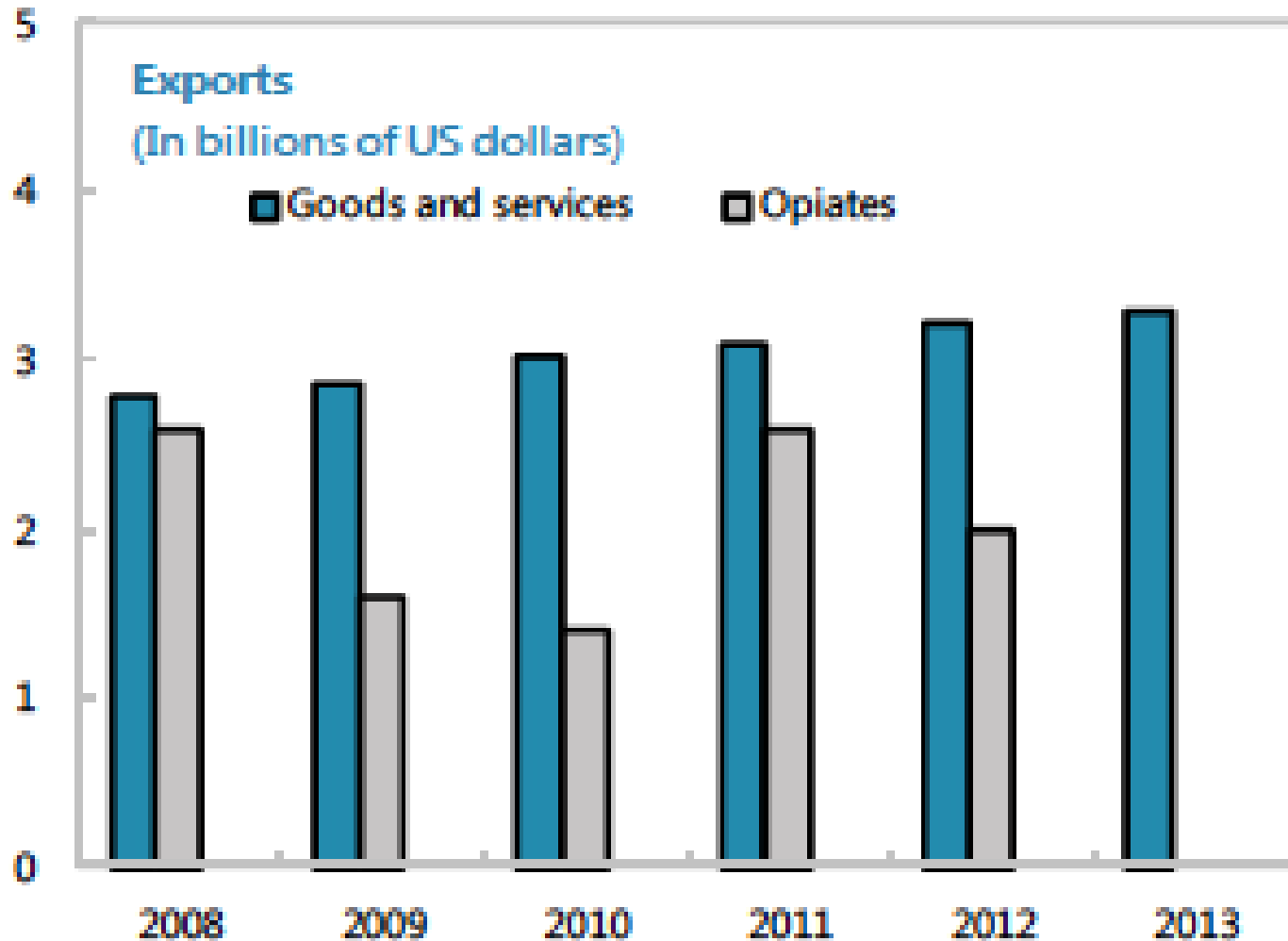
Drug production and trafficking are macro-relevant in Afghanistan. Production includes opium, heroin, morphine, and cannabis. In 2013, the farm-gate value of potential opium production was estimated at 4 percent of GDP. The potential net value of opiates and the value of opiates potentially available for export were estimated at 15 percent and 14 percent of GDP, respectively.¹ The combination of high opium prices and Afghanistan's significant involvement in its cultivation exposes the country to risks of economic instability, as a number of factors could trigger a shock to production and prices which would transmit to the formal economy, including through farmers' incomes. These include climate and water supply, eradication campaigns, external demand, change in policies (e.g., Taliban's ban in 2000), border controls, and conflicts in neighboring countries.

There could be significant distorting effect of the drug industry on the formal economy.²

Resources devoted to drug cultivation and trafficking are diverted from other productive opportunities, decreasing activity in others sectors of the economy. It is also possible that spillovers from the drug sector may increase activity in other sectors.

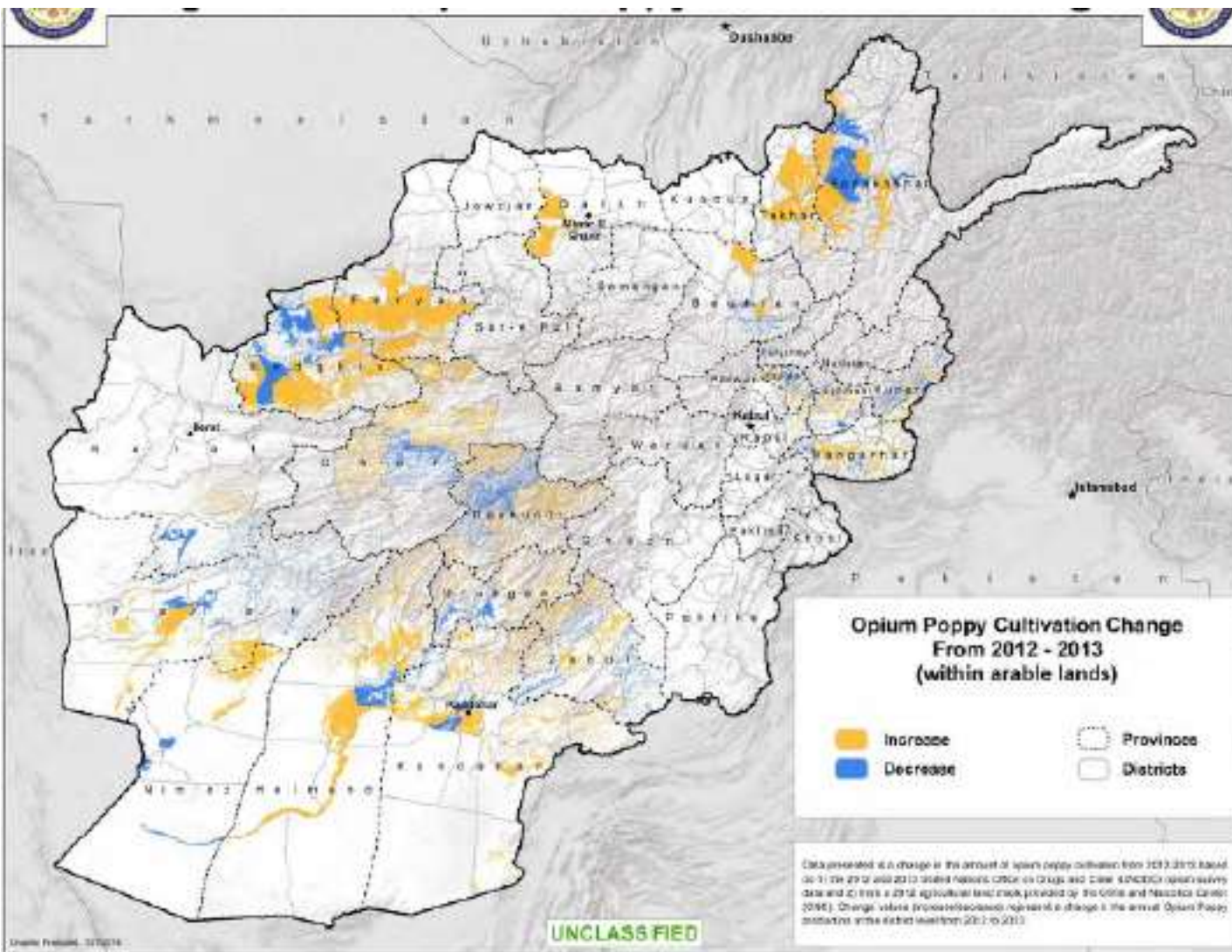


IMF Estimate of Value of Opium vs. Other Exports

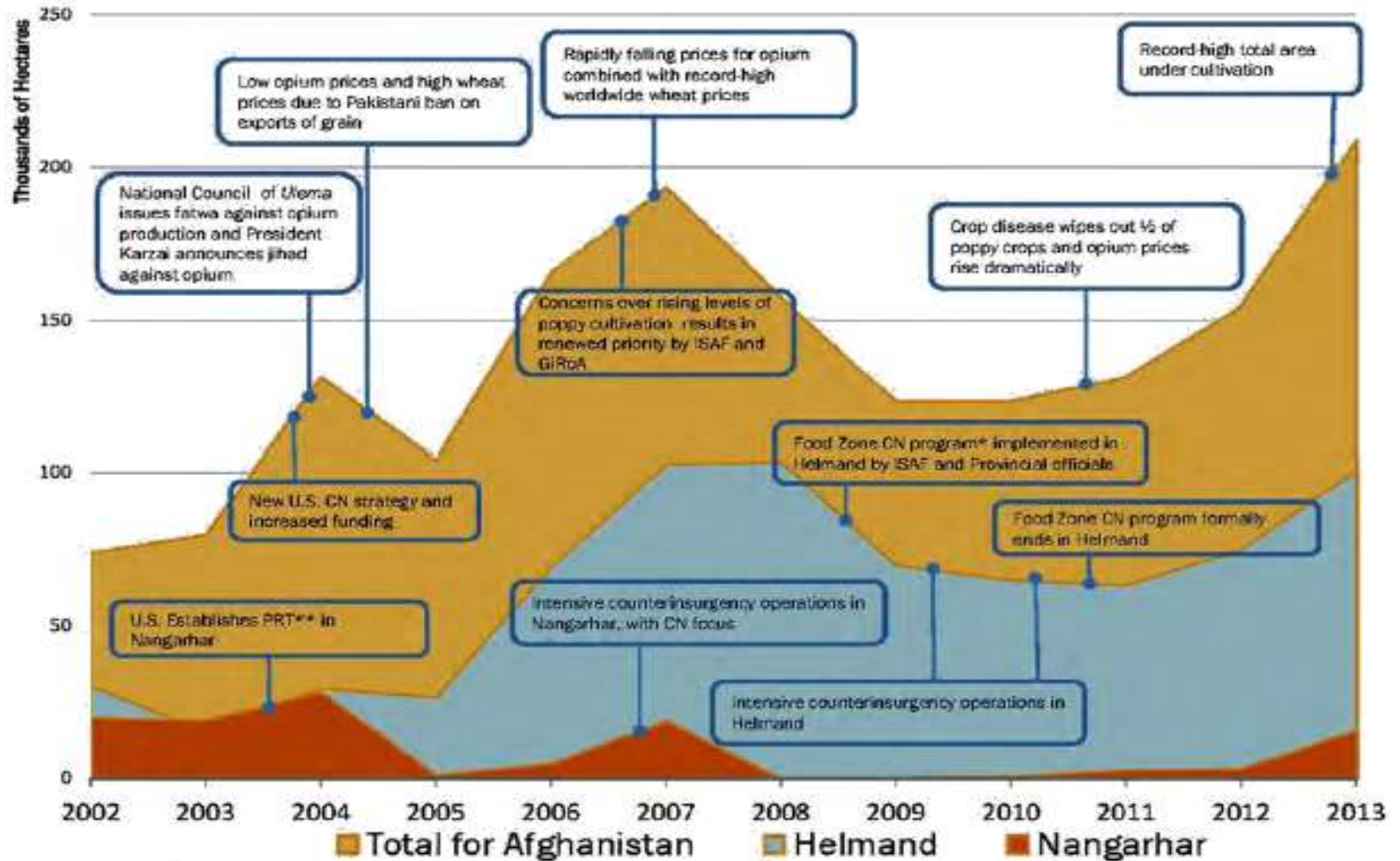


Source: ISLAMIC REPUBLIC OF AFGHANISTAN. 2014 ARTICLE IV CONSULTATION—STAFF REPORT; PRESS RELEASE; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR THE ISLAMIC REPUBLIC OF AFGHANISTAN, <http://www.imf.org/external/pubs/ft/scr/2014/cr14128.pdf>, p. 35.

The Drug Outcome of the Surge: Change in Poppy Cultivation 2012-2013



SIGAR Estimate Total Area Under Poppy Cultivation: 2002-2013



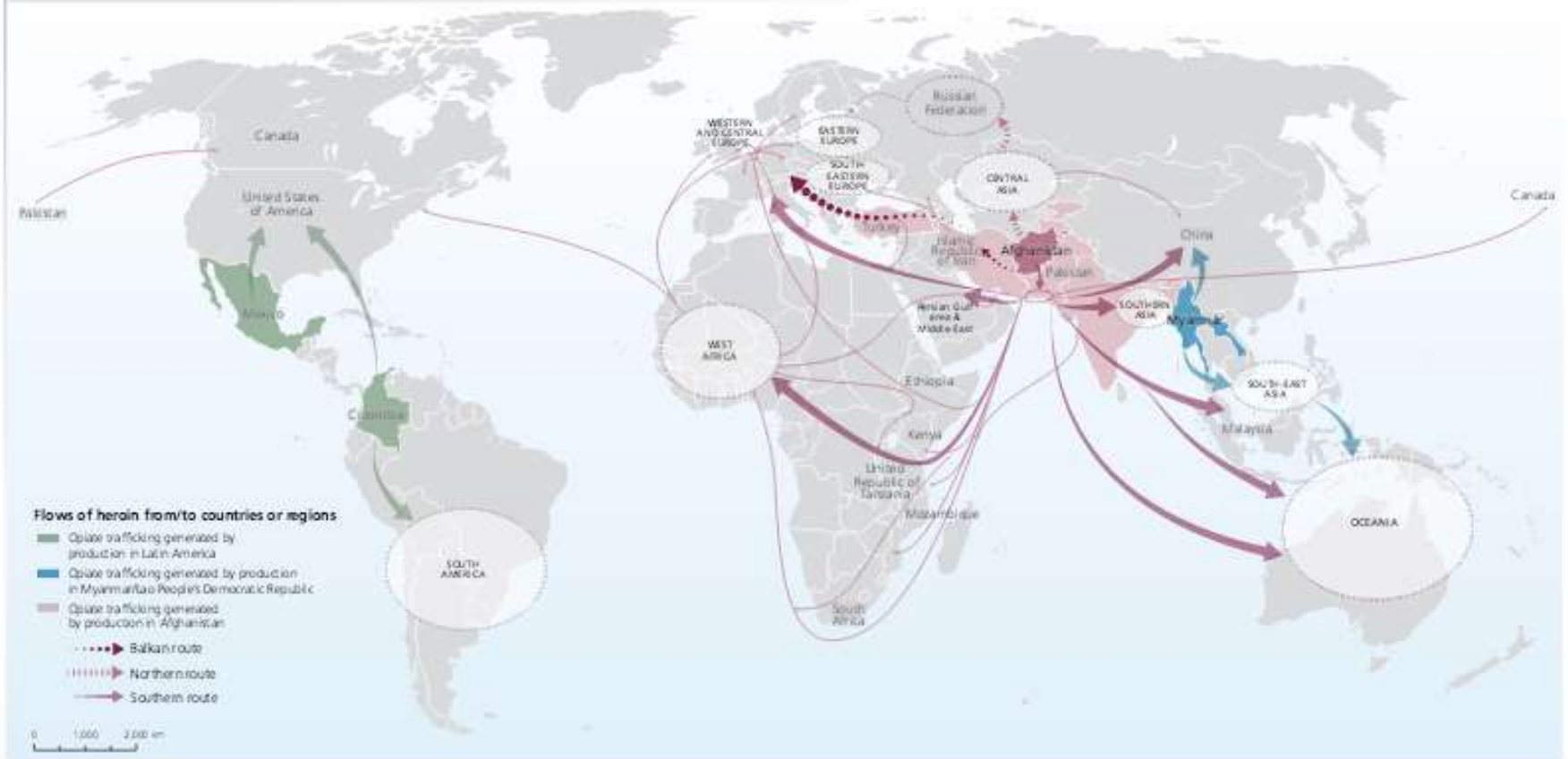
Source: UNODC, Afghanistan Opium Survey 2013, December 2013

*The Food Zone Program was a concentrated alternative livelihood agricultural program implemented by the United States and the United Kingdom in coordination with Afghan provincial officials. The program cost \$58 million and paired alternative crop development with intensive poppy eradication efforts.

**Provincial Reconstruction Teams (PRTs) are units consisting of military forces, diplomats, and economic development and reconstruction subject matter experts. PRTs are intended to improve stability in an area and build host nation legitimacy by providing security to citizens and delivering public services.

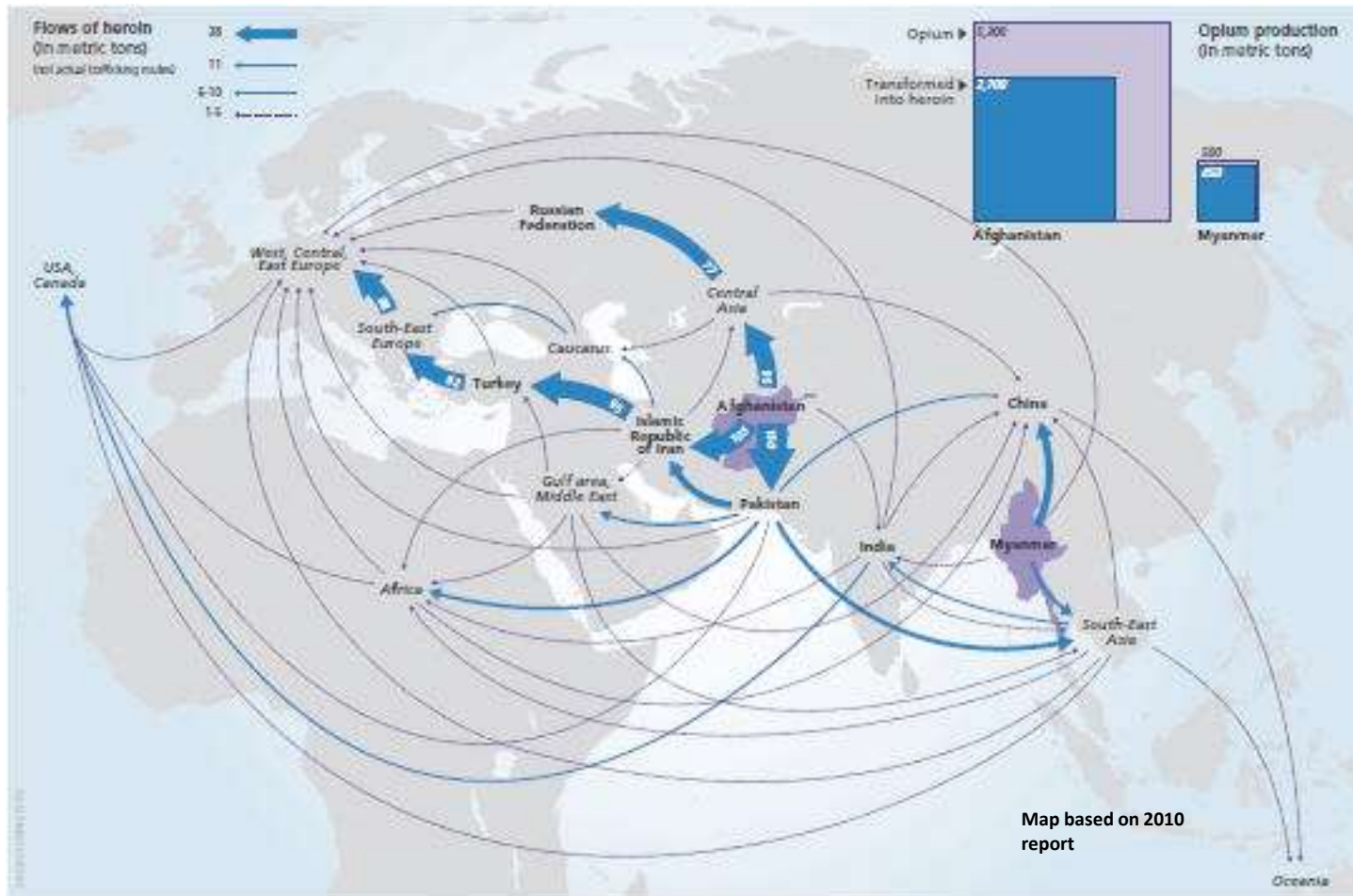
Afghanistan's Global Role in Opiates - I

Main global trafficking flows of opiates



Sources: UNODC, responses to annual report questionnaire and individual drug seizure database.

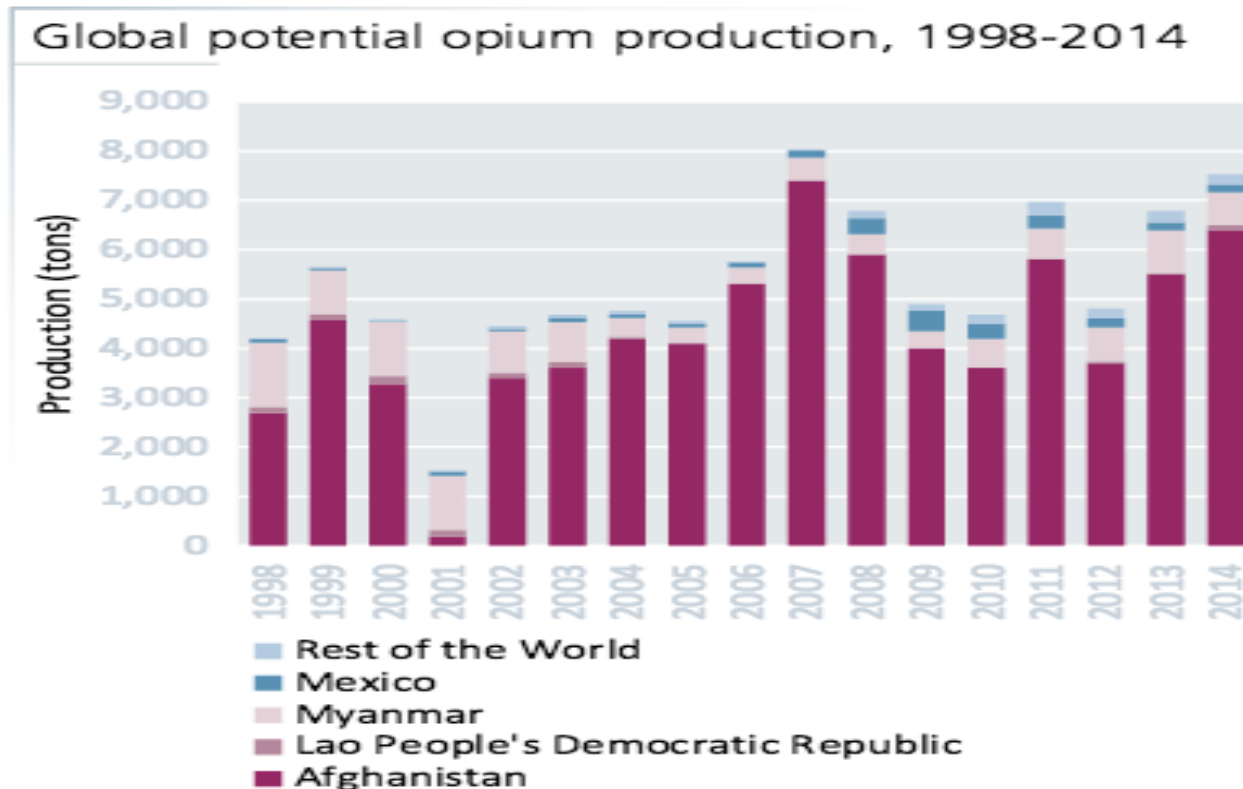
Afghanistan's Global Role in Opiates - II



At current levels, world heroin consumption (340 tons) and seizures represent an annual flow of 430-450 tons of heroin into the global heroin market. Of that total, opium from Myanmar and the Lao People's Democratic Republic yields some 50 tons, while the rest, some 380 tons of heroin and morphine, is produced exclusively from Afghan opium. While approximately 5 tons are consumed and seized in Afghanistan, the remaining bulk of 375 tons is trafficked worldwide via routes flowing into and through the countries neighboring Afghanistan.

The Balkan and northern routes are the main heroin trafficking corridors linking Afghanistan to the huge markets of the Russian Federation and Western Europe. The Balkan route traverses the Islamic Republic of Iran (often via Pakistan), Turkey, Greece and Bulgaria across South-East Europe to the Western European market, with an annual market value of some \$20 billion. The northern route runs mainly through Tajikistan and Kyrgyzstan (or Uzbekistan or Turkmenistan) to Kazakhstan and the Russian Federation. The size of that market is estimated to total \$13 billion per year.

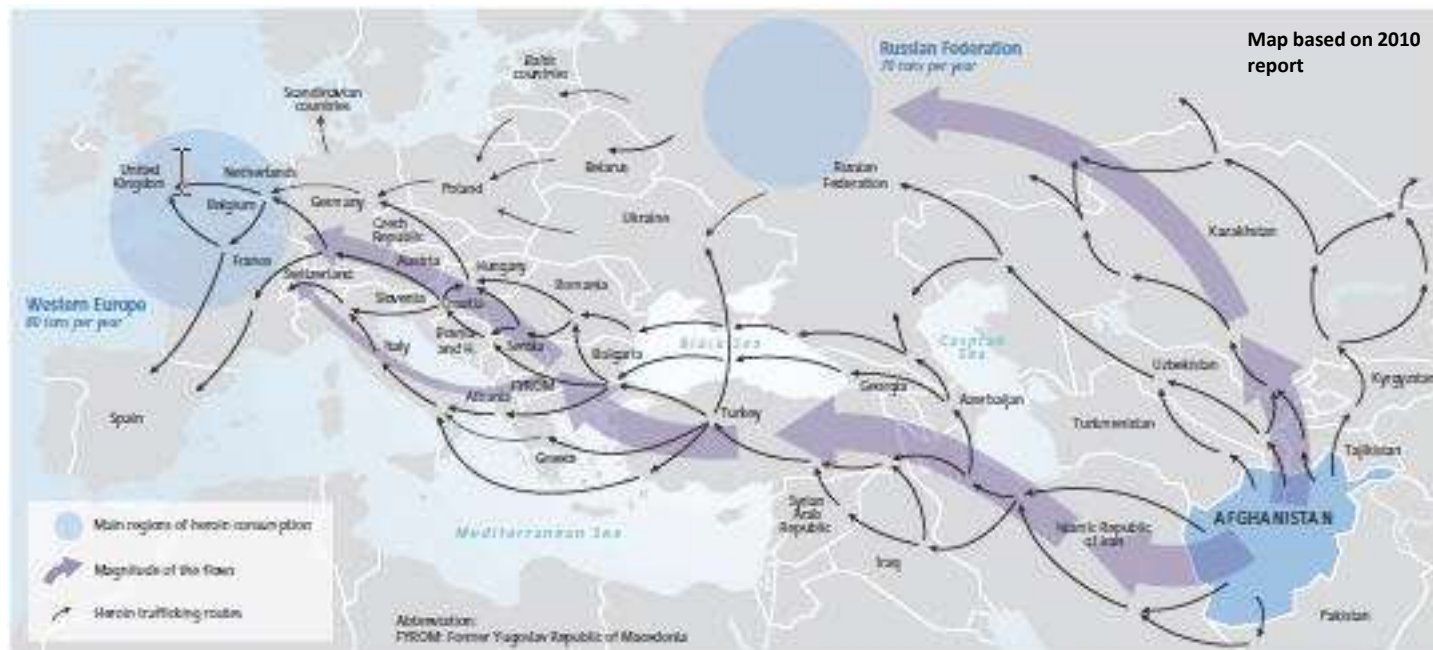
Afghanistan's Global Role in Opiates - III



According to the limited information available, global prevalence of the use of opioids (0.7 per cent of the world's adult population, or 32.4 million users) and the use of opiates (0.4 per cent, or 16.5 million users worldwide) has remained stable, whereas global opium poppy cultivation in 2014 reached the highest level since the late 1930s. This was mainly attributable to the fact that opium poppy cultivation reached historically high levels in the main country in which opium poppy is cultivated, Afghanistan, where potential production of opium also continued to increase.

Global opium production reached 7,554 tons in 2014, also the second highest level since the late 1930s, though global seizures of opium, heroin and illicit morphine decreased by 6.4 per cent from 2012 to 2013

Afghan Opiate Flow to Europe, Russia, and Asia



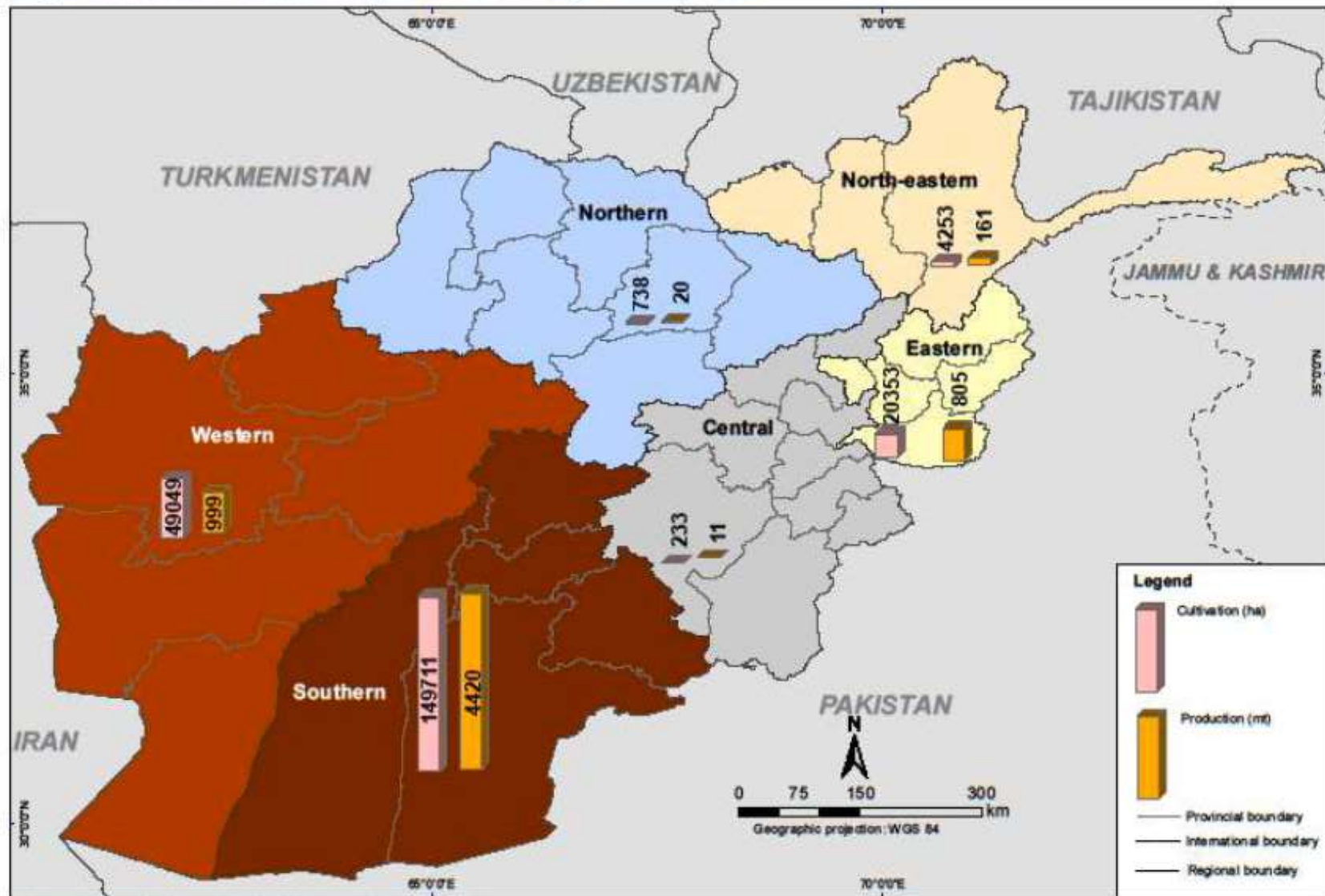
Afghanistan has dominated the worldwide opium market for more than a decade. In 2009, the total quantity of opium produced in that country was 6,900 metric tons, accounting for 90 per cent of global supply. Afghan heroin feeds a global market worth some \$55 billion annually, and most of the profits of the trade are made outside Afghanistan. Afghanistan and its neighbors are affected by trafficking as the drugs are moved to their key destination markets of Western Europe and the Russian Federation. About a third of the heroin produced in Afghanistan is transported to Europe via the Balkan route, while a quarter is trafficked north to Central Asia and the Russian Federation along the northern route.

Afghan heroin is also increasingly meeting a rapidly growing share of Asian demand. Approximately 15-20 metric tons are estimated to be trafficked to China, while a further 35 metric tons are trafficked to other South and South-East Asian countries. Some 35 metric tons are thought to be shipped to Africa, while the remainder supplies markets in other parts of Asia, North America and Oceania. Every year, approximately 375 tons of heroin flow from Afghanistan to the rest of the world and Southern Afghanistan acts as the primary heroin manufacture and export point towards Iran and Pakistan. Approximately 160 tons of heroin was trafficked through Pakistan in 2009, putting an estimated \$650 million in the pockets of drug traffickers. 115 tons of heroin was estimated trafficked into Iran towards Turkey and Western Europe. The other path from Afghanistan is the northern route which carried an estimated 90 tons of heroin on different paths through the Central Asian States to the Russian Federation and beyond. Reports also indicate a growing importance of these northward trafficking routes for Afghan opiates flowing into China.

Besides opiates, reports show a growing prevalence of cannabis production in Central Asia. The hashish trade has grown in recent years, and total production today may rival that of Europe's traditional supplier, Morocco. All of Afghanistan's neighbors are reporting increases in cannabis seizures, and cannabis production has been reported in 20 of Afghanistan's 33 provinces. With entrenched smuggling networks, widespread insecurity and a drug-based economy, Afghanistan is ideally placed to become a major player in the global hashish market.

UNDOC Estimate of Rising Afghan Opium Cultivation 1994-2014

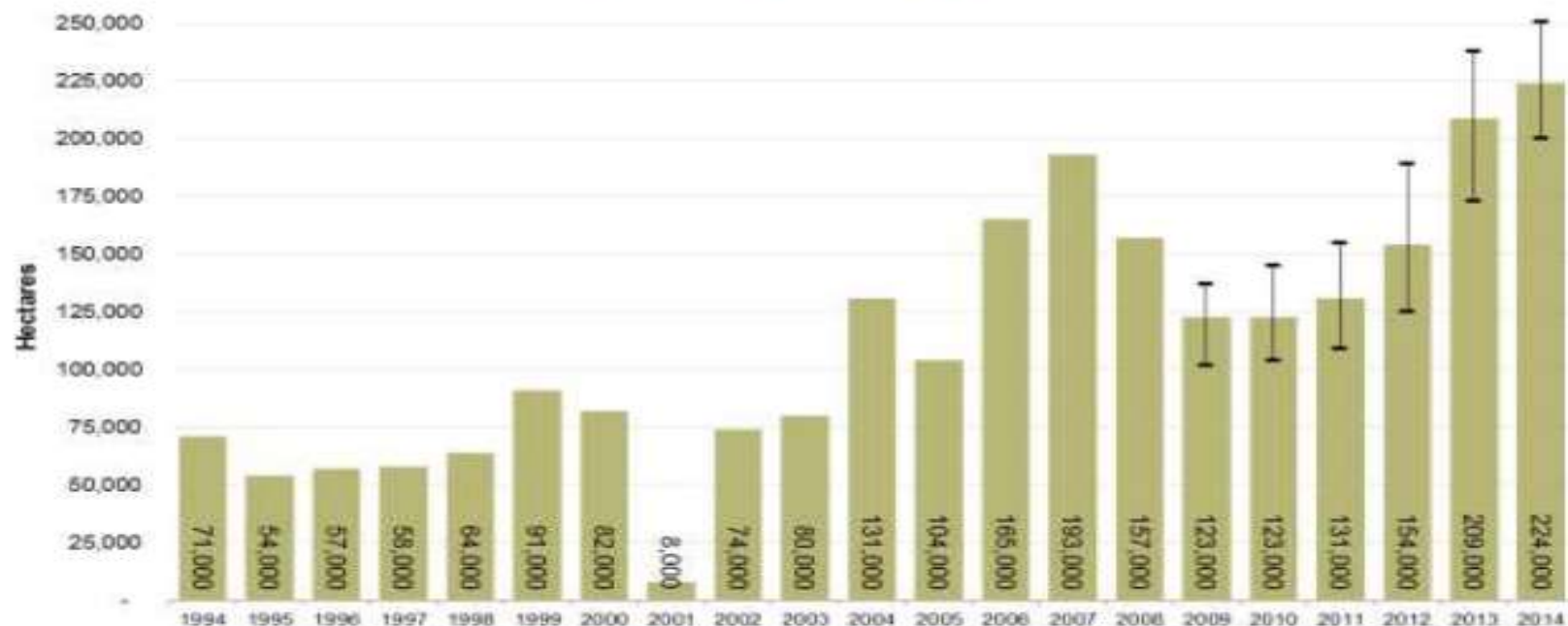
Regional opium cultivation and production in Afghanistan, 2014



Source: Government of Afghanistan - National monitoring system implemented by UNODC
 Note: The boundaries and names shown and the designations used on this map do not imply official endorsement or acceptance by the United Nations.

UNDOC Estimate of Rising Afghan Opium Cultivation: 1994-2014

Figure 1: Opium cultivation in Afghanistan, 1994-2014 (Hectares)



Sources: UNODC and UNODC/MCN opium surveys 1994-2014. The high-low lines represent the upper and lower bounds of the 95% confidence interval.

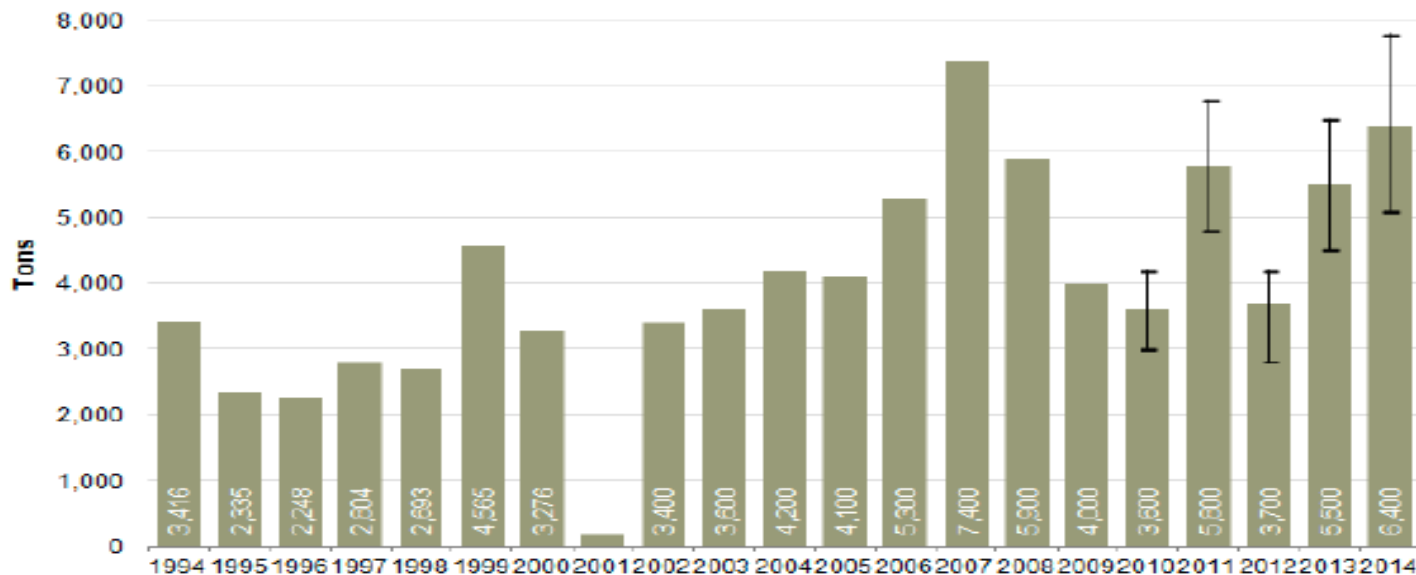
The total area under opium poppy cultivation in Afghanistan was estimated to be 224,000 hectares (200,000-250,500) in 2014, which represents a 7% increase from 2013, which was a 36 percent increase over 2012.

In 2014, 98% of total opium cultivation in Afghanistan took place in the Southern, Eastern and Western regions of the country: in the Southern region, 67% was concentrated in Day Kundi, Hilmand, Kandahar, Uruzgan and Zabul provinces; in the Western region, 22% was concentrated in Badghis, Farah, Hirat and Nimroz provinces; in the Eastern region, 9% was concentrated in Nangarhar, Kunar, Laghman and Kapisa provinces. These are the most insecure provinces, with a security risk classified as “high” or “extreme” by the United Nations Department of Safety and Security (UNSS), and they are mostly inaccessible to the United Nations and NGOs. Day Kundi is the only province in the South where security is generally good, with the exception of Kejran district.

Hilmand remained the country’s major opium-cultivating province (103,240 hectares), followed by Kandahar (33,713 hectares), Farah (27,513 hectares), Nangarhar (18,227 hectares), Nimroz (14,584 hectares), Uruzgan (9,277 hectares), Badghis (5,721 hectares), Badakhshan (4,204 hectares), Zabul (2,894 hectares), Laghman (901 hectares), Kunar (754 hectares), Hirat (738 hectares), Day Kundi (587 hectares), Ghor (493 hectares), Kapisa (472 hectares), Kabul (233 hectares) and Sari Pul (195 hectares).

UNDOC Estimate of Rising Afghan Opium Production: 1994-2014

Figure 13: Potential opium production in Afghanistan, 1997-2014 (Tons)



Sources: UNODC and UNODC/MCN opium surveys, 1994-2014. The high-low lines represent the upper and lower bounds of the confidence interval of the estimates. Figures refer to oven-dry opium. Production figures for 2006 to 2009 have been revised; see UNODC/MCN Afghanistan opium survey 2012.

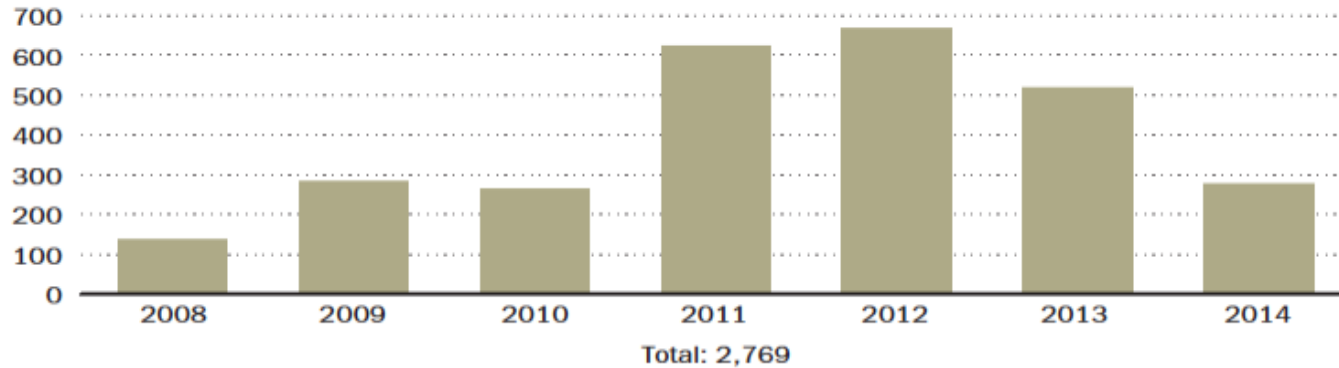
In 2014, estimated potential opium production in Afghanistan amounted to 6,400 tons (5,100-7,800 tons), an increase of 17% from its 2013 level (5,500 tons). Average opium yield amounted to 28.7 kilograms per hectare in 2014, which was 9% more than in 2013 (26.3 kilograms per hectare).

The increase in production was mainly the result of an increase in opium cultivation and yield. The 27% increase in yield in the Southern region, in particular, caused an increase in overall production. However, as in the previous year, adverse weather conditions in parts of the Western and Southern regions affected poppy plants, thereby reducing the yield in comparison to the relatively unaffected 2011 yield (44.5 kilograms per hectare). In the Southern region, for example, the yield survey showed a reduction of more than 39% from its 2011 level.

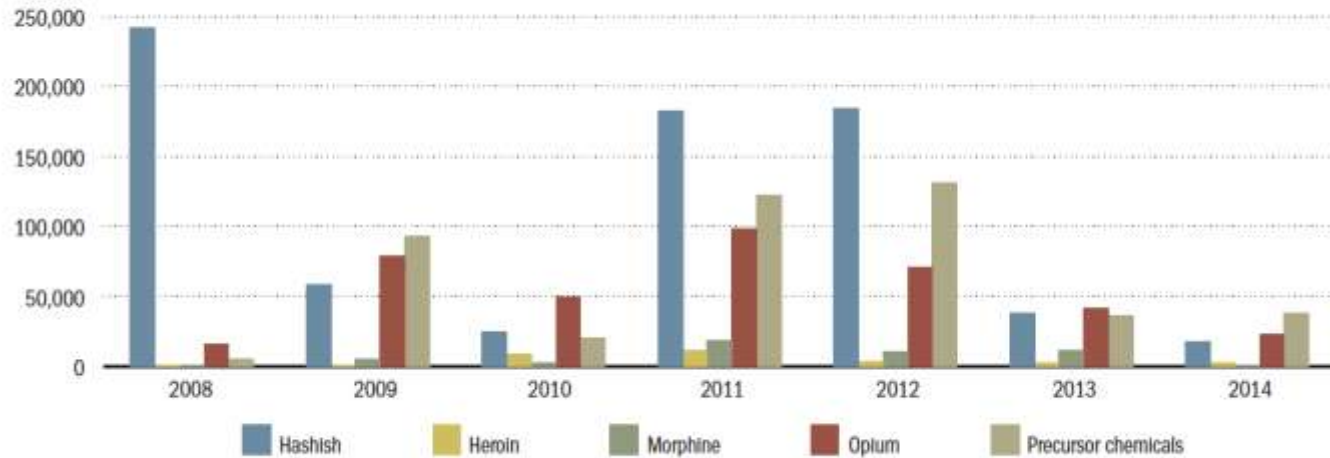
...The Southern region continued to produce the vast majority of opium in Afghanistan in 2014, representing 69% of national production. The Western region was the country's second most important opium-producing region (16%). The rest of the country contributed 15% of total opium production.

Trends in Counternarcotics Activity: 2008-2014

INTERDICTION OPERATIONS, 2008-2014



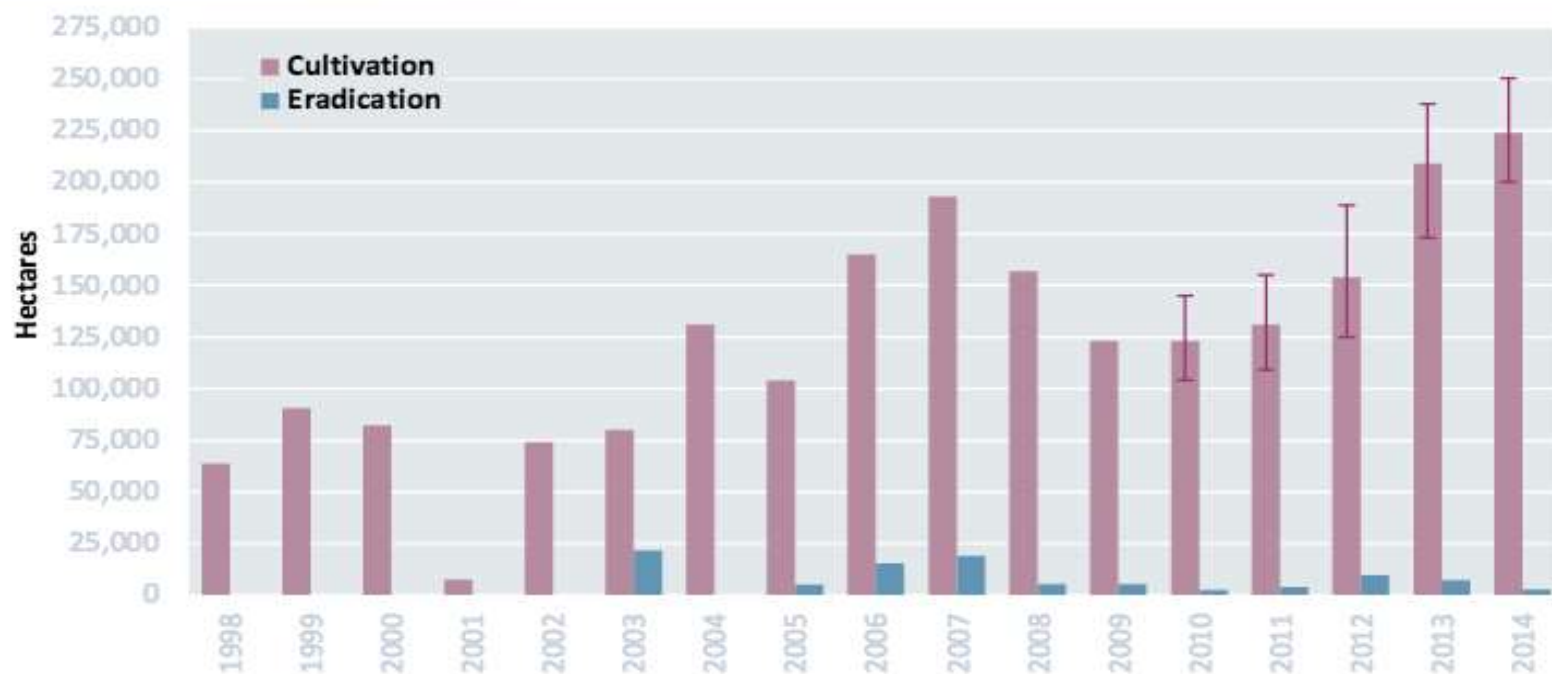
DRUG SEIZURES, 2008-2014 (KILOGRAMS)



Note: Fiscal year.

Drug Eradication Has Had a Negligible and Dropping Impact: 1998-2014

FIG. 39. Opium poppy cultivation and eradication in Afghanistan, 1998-2014



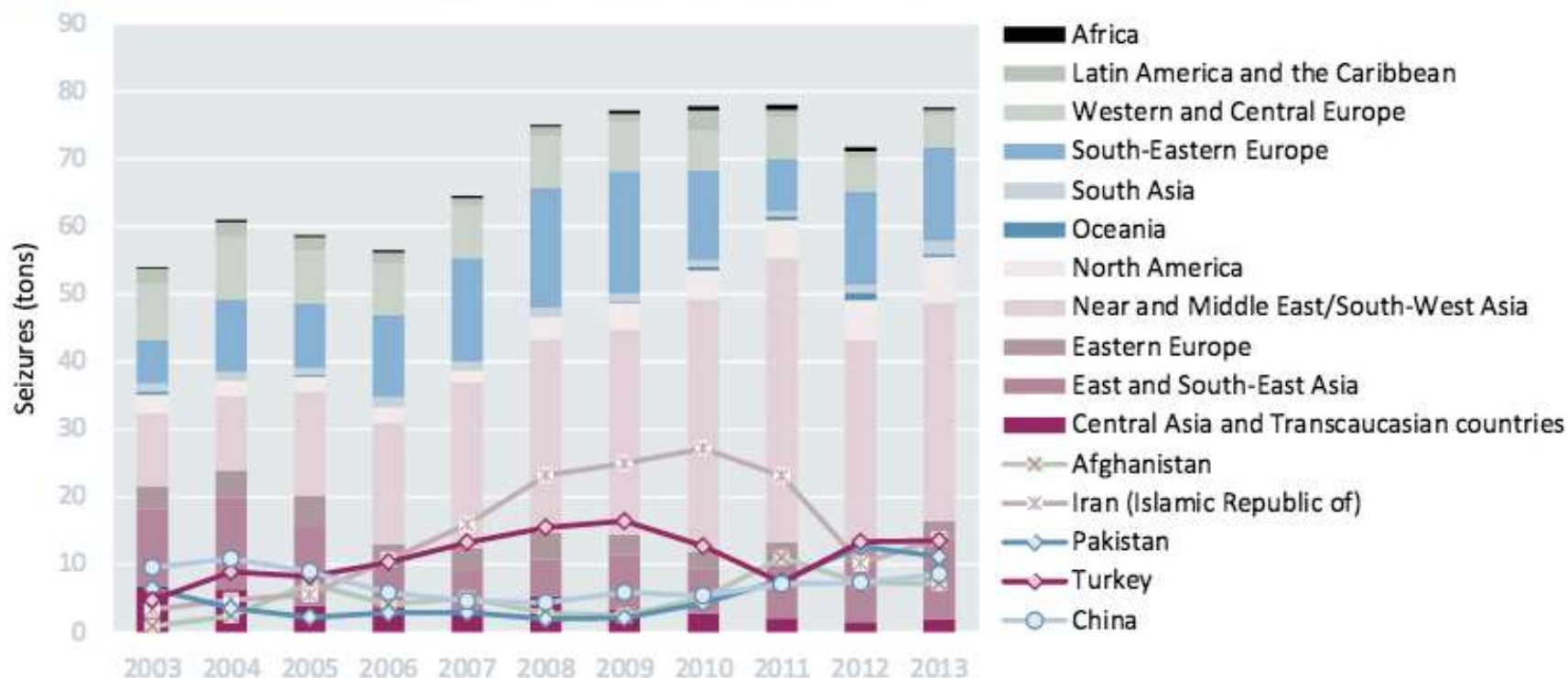
Source: Period 1997-2002: UNODC; since 2003: national illicit crop monitoring system supported by UNODC.

Global potential opium production continued to increase in 2014, reaching 7,554 tons, its second-highest level since the late 1930s (see figure 40). Opium production in Afghanistan accounted for an estimated 85 per cent of that total (6,400 tons) and, at 410 tons of heroin of export purity, 77 per cent of global heroin production (estimated at 526 tons). The remaining 116 tons (heroin of unknown purity) were produced in the rest of the world, but because the conversion ratios were updated in 2014, potential heroin production in 2014 is not comparable with production in previous years.

...According to the limited information available, at 0.7 per cent and 0.4 per cent of the population aged 15-64 respectively, the global prevalence of use of opioids and opiates has remained stable, representing 32.4 and 16.5 million users. Due to a 7 per cent increase, from 209,000 ha in 2013 to 224,000 ha in 2014, opium cultivation in Afghanistan is now at its highest level since estimates became available, although the increase was actually greater from 2012 to 2013 (36 per cent). The 63 per cent reduction in poppy eradication in Afghanistan, from 7,348 ha in 2013 to 2,692 ha in 2014, may be a contributing factor.

Drug Seizures Largely Occur Outside the Country and Are a Normal Cost of Doing Business: 2003-2013

FIG. 41. Global quantities of heroin seized, by region and in selected countries, 2003-2013

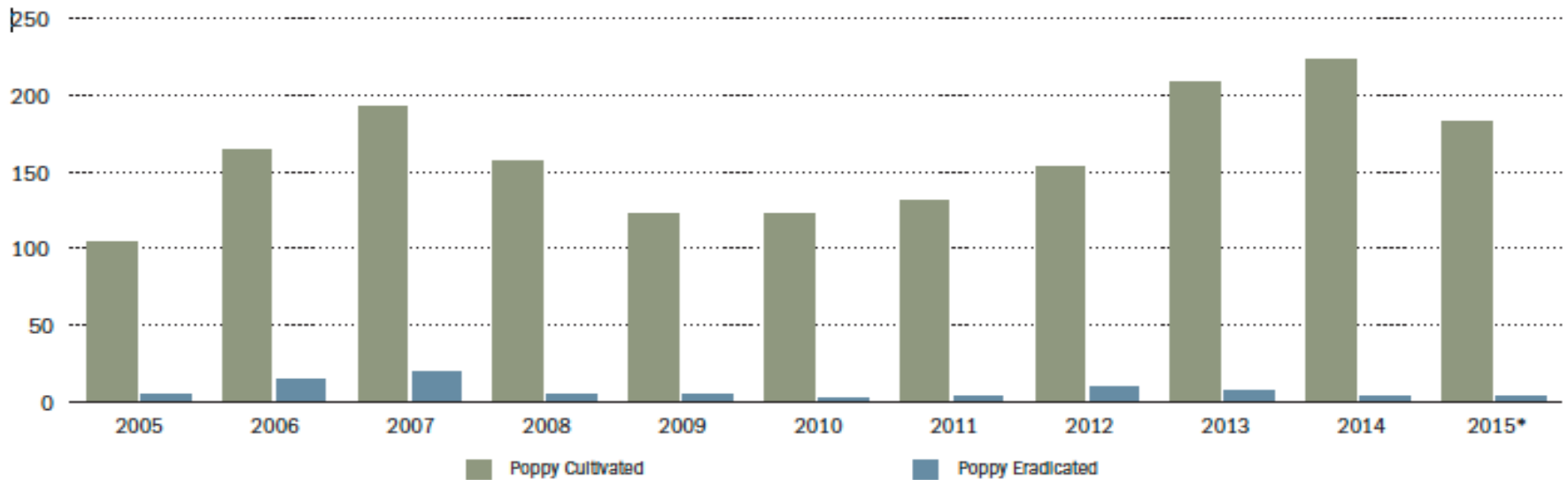


Source: UNODC, responses to annual report questionnaire and other official sources.

Global potential opium production continued to increase in 2014, reaching 7,554 tons, its second-highest level since the late 1930s (see figure 40). ...The majority of the opium and illicit morphine seized in 2013 was concentrated around poppy cultivation areas in Afghanistan and its neighboring countries, while heroin seizures covered a wider area). Since 2002, Afghanistan, Iran (Islamic Republic of) and Pakistan have consistently accounted for more than 90 per cent of the global quantity of opium seized each year and this pattern continued in 2013 when, with a 13 per cent increase from the previous year, the Islamic Republic of Iran remained the country with the largest quantity of opium seized (436 tons). Globally, heroin seizures increased by 8 per cent from 2012 to 2013, whereas illicit morphine seizures decreased by 26 per cent). The largest drop in illicit morphine seizures was observed in Afghanistan, where they fell from 44 tons seized in 2012 to 24 tons in 2013..

Things Did Not Improve in 2015

OPIUM CULTIVATION AND ERADICATION RESULTS, 2005–2015 (HECTARES IN THOUSANDS)



Note: A hectare is 10,000 square meters, or almost 2.5 acres.

* UNODC notes that its report methodology changed between 2014 and 2015, possibly "making the extent of changes appear greater than it actually was."

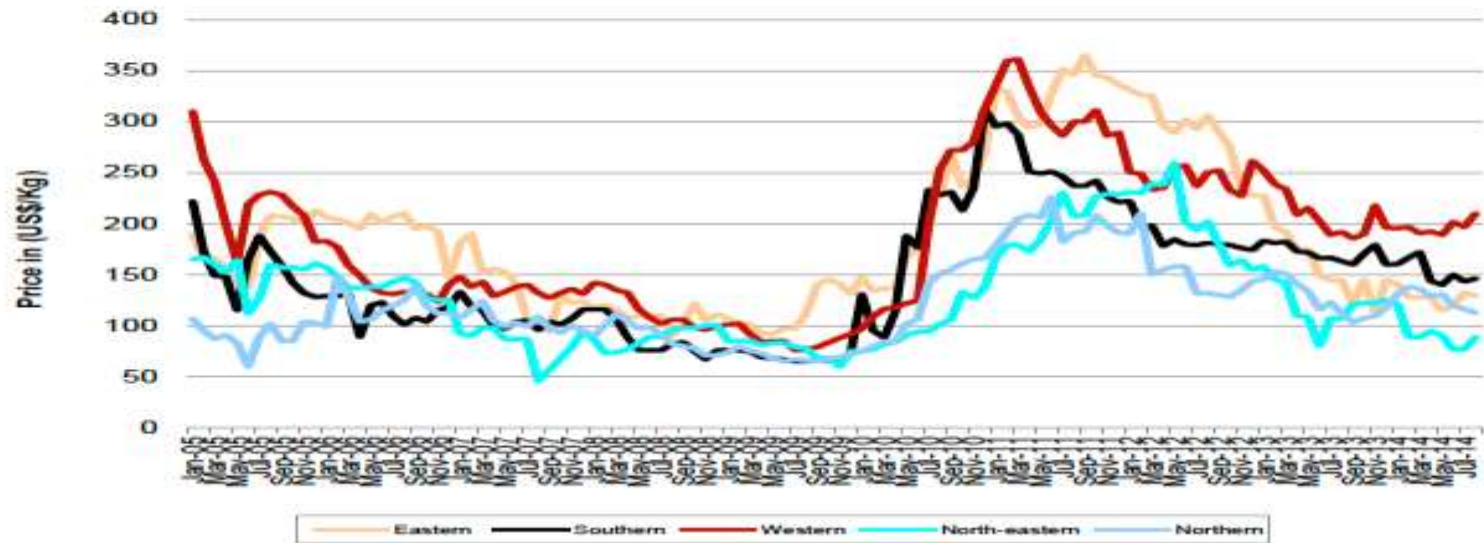
Source: UNODC, *Afghanistan Opium Survey 2015: Executive Summary*, 10/2015, pp. 4, 5; UNODC, *World Drug Report 2014*, 7/2014, p. 21.

As of September 30, 2015, the United States has provided \$8.4 billion for counternarcotics efforts in Afghanistan since 2002...The U.S. track record in combating narcotics production in Afghanistan is not encouraging. U.S. spending on counternarcotics since 2002 already exceeds \$8 billion, yet Afghanistan remains the world's leading producer of opium. Limiting opium cultivation and curtailing drug use are becoming even more formidable challenges with a rising number of heroin users in China increasing the demand for Afghan opium.

The United Nations Office on Drugs and Crime (UNODC) reported this quarter that opium production decreased 48% this year compared to last year. The drop would be significant, but UNODC cautions that its reporting methodology changed between 2014 and 2015, possibly "making the extent of changes appear greater than it actually was." The 2014 opium production was estimated at 6,400 tons (14.1 million pounds); 2015 results are estimated at 3,300 tons (7.3 million pounds). Cultivation levels also decreased from 224,000 hectares in 2014 to 183,000 hectares in 2015, but the number of poppy-free provinces declined in 2015, with Balkh losing its status. Despite the reduced opium production levels, cultivation remains significant and eradication levels have little impact on curtailing production or cultivation.

Alternative Crop Programs Have Not Worked, In Spite of Drop in Farm Gate Price with End of Crop Disease That Began in 2010

Figure 18: Regional average price of dry opium reported by traders, January 2005 to August 2014 (US dollars per kilogram)



Many factors influence the decision to cultivate illicit crops. Income generation, particularly differences in the income derived from licit and illicit crops, is just one element in a complex mix of monetary and non-monetary incentives, but it can explain some of the fluctuations in illicit cultivation.

In Afghanistan, for example, the ratio of income per hectare from opium cultivation to income per hectare from wheat cultivation, which can be interpreted as an indicator of the appeal of cultivating opium poppy, was close to 10:1 during the 2004-2007 period (\$5,200 per ha under poppy cultivation versus \$545 per ha under wheat cultivation in 2007). During that period, the area under poppy cultivation in Afghanistan increased by 47 per cent. By 2009, the ratio of income from opium cultivation to income from wheat cultivation per hectare had declined to 3:1 (\$3,600 vs. \$1,200); in parallel, the area under opium poppy cultivation in Afghanistan had fallen by 36 per cent between 2007 and 2009. In subsequent years, the ratio increased again to 4:1 (\$3,800 vs. \$1,000 in 2014), even reaching a proportion of 11:1 in 2011, prompting a strong increase in opium poppy cultivation. During the period 2009-2014 as a whole, the area under opium poppy cultivation rose by 82 per cent.

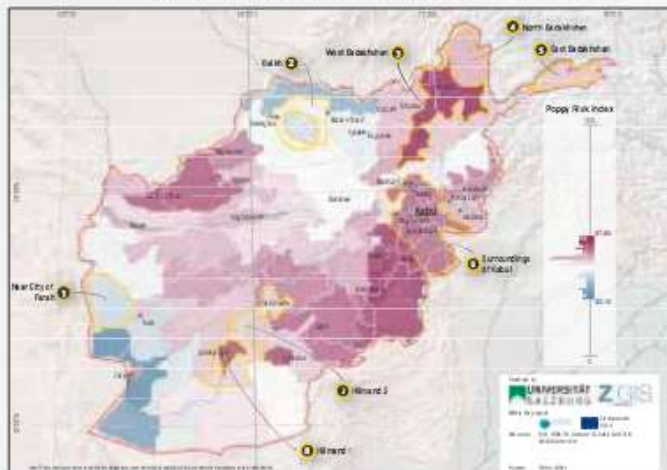
The importance of income generation is also reflected in the socioeconomic surveys conducted by UNODC in individual countries to identify the reasons why farmers cultivate illicit crops. The Afghanistan Opium Survey 2014, for example, revealed that the main reasons for cultivating opium were the high price of opium (44 percent of all responses), followed by the ability of opium poppy to reduce poverty, i.e. provide “basic food and shelter” (20 per cent), and to “improve living conditions” (13 per cent). There have been a few instances in which the income generated by alternative agricultural products (such as palm oil in the Andean countries; saffron and, in some years, black cumin, grapes, apricots, pomegranates and almonds in Afghanistan; and potatoes, red cabbage, tomatoes and Japanese apricots in Thailand) turned out to be higher than that from illicit crops, yet some farmers still opted for illicit cultivation.

Possible explanations provided by experts and in evaluation documents included the following: (a) farmers were not convinced that such price differentials would last for a prolonged period of time; (b) there were risk considerations in taking the licit harvest to traders in the next town (as opposed to traders coming to villages and purchasing illicit crops directly from the farmers); (c) farmers were forced by the insurgency to continue planting illicit crops; (d) the initial funds needed for the investment in licit crops were rather large and yielded returns only after a certain period of time; and (e) there was a lack of recognized land titles, which fostered a tendency towards farmers taking a short-term approach in their decision-making processes

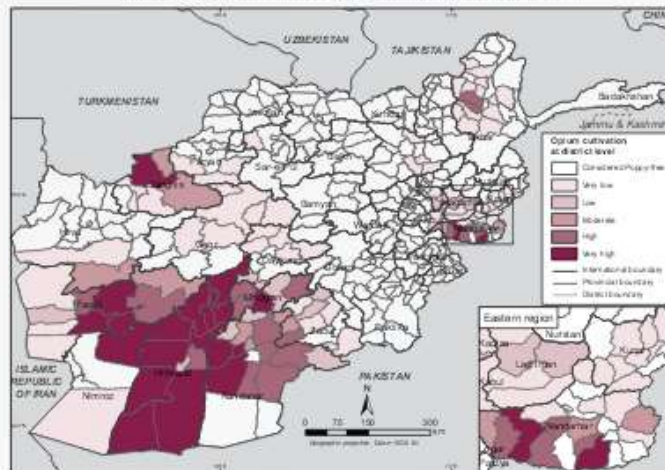
Incentives for Drug Cultivation Remain High

Risk maps and actual opium poppy cultivation in Afghanistan in 2014

Potential environmental and socioeconomic vulnerability to opium poppy cultivation



Actual opium poppy cultivation, 2014



Source: *Afghanistan Opium Survey 2014: Cultivation and Production*.

In cooperation with the University of Salzburg (Austria), UNODC has developed an environmental suitability model and a socioeconomic vulnerability model for opium cultivation. The former includes four variables: land use (land cover), water availability, climatic conditions and quality of soil. The socioeconomic vulnerability model considers nine indicators: governance (recognition of governor authority), stability (conflict incidents), location (peripheral versus central regions), accessibility (travel time to nearest city of more than 50,000 inhabitants), education (access to schools), awareness (of agricultural assistance and initiatives designed to convince farmers not to cultivate opium poppy), alternative (off-farm) employment opportunities, credit availability and poverty.

These models were applied to Afghanistan, where a comparison with the actual areas under opium poppy cultivation in 2014 showed that many of the hotspots for opium poppy cultivation were located in the areas identified as potentially high-risk areas in the resulting environmental and socioeconomic risk maps. At the same time, the results of the risk assessment identified a number of additional areas, particularly in the south-eastern and northern parts of the country, that are potentially vulnerable to large-scale opium cultivation but have so far not turned out to be significant opium-producing regions.

The risk maps also show that the risk factors behind opium cultivation vary from region to region, with the principal ones being environmental suitability, socioeconomic vulnerability, security/rule of law issues (as insecurity continues to be highly correlated with opium cultivation) and opium prices. For example, in selected areas of Badakhshan Province (north-eastern Afghanistan), the role played by environmental conditions, particularly climate, in deterring farmers from cultivating opium appears to have had more of an impact than the socioeconomic factors that can push farmers to cultivate opium. In selected areas of Nangarhar Province (southern Afghanistan), there was a comparatively low risk of opium cultivation resulting from socioeconomic vulnerability, yet there was still an increase in opium cultivation in 2014. This implies that other drivers play a role in opium cultivation, thus requiring more of a political response as opposed to purely development-related measures.

Although certain areas of the Provinces of Farah and Balkh (northern Afghanistan) have similar levels of risk of opium cultivation, despite great variations in their levels of socioeconomic vulnerability and environmental suitability, their respective outcomes in terms of opium cultivation are completely different: the area around Balkh is poppy-free, while Farah is one of Afghanistan's main poppy-producing provinces

Warfighting and Violence Challenge

Afghanistan is Still Very Much at War

- **Taliban not popular, but with so many Afghan government challenges, people focus on survival.**
- **No evidence that the “surge” has defeated Taliban. Won’t know the balance of power until US and ISAF military are largely gone and a new government is in place – i.e., 2015 campaign season.**
- **Pakistan sanctuaries and ISI are still in place.**
- **US and allies rushing to meet 2014 deadline – about 2-4 years before ANSF is fully ready to assume all security responsibilities.**
- **ANSF is an awkward mix of army, national police, local police. Cutting force mix early is very dangerous.**
- **Money has been the most important single aspect of transition in past cases, keeping government forces active, supplied, sustained.**
- **Next most important is proving high-level enablers and training/advisory presence in the field. 9,500-13,500 seem minimal. Costs uncertain, but transition below \$4 billion annually uncertain. May need \$6-7 billion.**

The Uncertain Structure of Security

- **Data on Afghan Surge show had little or no lasting impact.**
- **NATO/ISAF stopped most meaningful reporting on security trends after fiasco in which misestimated Enemy Initiated Attacks, had to admit no favorable trend existed even for largely meaningless metrics .**
- **After McChrystal left, reverted to only counting data national on tactical trends with no meaningful net assessments of insurgent vs. government influence and control.**
- **No maps or assessments of insurgent control or influence versus limited data for worst areas of tactical encounters.**
- **No maps or assessments of areas of effective government control and support and areas where government is not present or lacks support.**
- **Shift from direct clashes to high profile and political attacks makes it impossible to assess situation using past metrics, but HPAs sharply up.**
- **UN casualty data and State Department START data on terrorism highly negative.**
- **No reason for insurgents to engage NATO/ISAF or ANSF on unfavorable terms before combat NATO/ISAF forces are gone.**

Department of Defense Threat Assessment: June 2015 - I

Afghanistan faces a continuing threat from both the Afghan insurgency and extremist networks, including the Taliban, al Qaeda, the Haqqani Network, and other insurgent and extremist groups, which continue to attempt to reassert their authority and prominence. Favorable weather in the winter prolonged the 2014 fighting season and allowed critical facilitation routes, which would normally have been snow-covered, to remain open. The ANDSF prevented the insurgency from gaining the control of key terrain through both defensive and offensive operations. Although some checkpoints were temporarily seized, insurgents failed to retain any territory or achieve their strategic objectives during this reporting period.

The convergence of insurgent, terrorist, and criminal networks is pervasive and constitutes a threat to Afghanistan's stability. Revenue from opium trafficking continues to sustain the insurgency and Afghan criminal networks. Additionally, some areas of Afghanistan have seen a recent increase in extortion and kidnappings by low-level criminal networks.

The Afghanistan-Pakistan border region remains an extremist safe haven providing sanctuary for various groups, including al Qaeda, the Haqqani Network, Lashkar-e Tayyiba, Tehrik-e-Taliban Pakistan, and the Islamic Movement of Uzbekistan. These extremist sanctuaries remain a security challenge for both Afghanistan and Pakistan and pose a threat to regional stability.

The Taliban-led insurgency does not currently represent an existential threat to the Afghan government but continues to test the ANDSF as the coalition draws down, often using indiscriminate, high-profile attacks that harm innocent civilians. Despite an uptick in violence before the fighting season, the ANDSF have proven largely capable of defending against direct insurgent attacks.

...Collectively, terrorist and insurgent groups continued to present a formidable challenge to Afghan, U.S., and coalition forces during the reporting period. In 2014, the insurgency modified its tactics, launching direct attacks against ANDSF checkpoints and smaller garrisons to test the responsiveness of Afghan and coalition forces. However, the overall capability of insurgents remained static while the ANDSF continued to improve and adapt to the drawdown of U.S. and coalition support.

Al Qaeda activities remained more focused on survival than on planning and facilitating future attacks. The organization has a sustained presence in Afghanistan of probably fewer than 100 operatives concentrated largely in Kunar and Nuristan Provinces, where they remain year-round. In the border districts between Kunar and Nuristan provinces, al Qaeda received support from local Taliban and at least tacit support from the local populace. Outside these provinces, the number of al Qaeda fighters fell during the winter, in line with seasonal norms; however, these fighters began to infiltrate back into provinces, including Ghazni, Zabul, and Wardak in the spring.

The resilient Taliban-led insurgency remains an enduring threat to U.S., coalition, and Afghan forces, as well as to the Afghan people. The Taliban has been weakened by continued pressure, but has not yet been defeated. Politically, they have become increasingly marginalized. Continued doubts about whether the Taliban's leader, Mullah Mohammed Omar, is still alive may have caused some disagreement within the organization. Other senior Taliban leaders disagreed on the prioritization of their political and military efforts.

12/10/20

Department of Defense Threat Assessment: June 2015 - II

Although the Taliban spread its footprint across the country, it suffered considerable casualties and did not accomplish any of its major strategic or operational objectives in 2014. Early in the reporting period, insurgents emphasized high-profile attacks against soft targets—particularly in

Kabul—in order to undermine perceptions of improved security and increased public confidence in the Afghan government. These strikes garnered considerable media attention, while requiring minimal resources and entailing little risk; however, many of these attacks killed innocent bystanders. These attacks slowed precipitously in January and February 2015. Insurgents continued to seek to conduct high-profile attacks in other population centers – as well as against remote outposts – to garner media attention, to project an image of robust capability, and to expand perceptions of insecurity.

Many Taliban fighters suffered from acute resource shortfalls. Numerous Taliban fighters continue to fight and die at high rates while their senior leaders remain in safe havens in Pakistan. The absence of coalition combat units on the battlefield has also weakened one of the principal propaganda lines for the Taliban armed struggle: that they seek to rid Afghanistan of “malevolent foreign influences.” Now they are fighting almost exclusively against their fellow Afghans.

The Taliban officially announced the beginning of the fighting season as April 24, 2015, stating it would target foreigners and Afghan government officials. In preparation for the fighting season, insurgents sought to prepare the battle space by attempting to secure safe havens and facilitation routes throughout the country. Yet insurgents had to contend with independent and advised offensive ANDSF operations over the reporting period, specifically ANDSF shaping operations in northern Helmand, as well as Pakistani military operations that likely disrupted some Pakistan-based insurgent sanctuaries. Additionally, the insurgency mounted coordinated attacks but was generally overmatched when engaged by ANDSF; it could not capture or destroy well-defended targets and was unable to hold key terrain. Nevertheless, the insurgency remained determined, maintained or consolidated its influence in traditional rural strongholds, and carried out attacks with a similar frequency to a year ago. Although of limited tactical effect, these attacks allowed the Taliban to reap potential publicity gains. The Afghan government will continue to struggle to compete with the Taliban in the information space.

Of the groups involved in the Taliban-led insurgency, the Haqqani Network remained the greatest threat to U.S., coalition, and Afghan forces and continues to be a critical enabler of al Qaeda. The Haqqani Network and affiliated groups share the goals of expelling U.S. and coalition forces, overthrowing the Afghan government, and re-establishing an Islamic Emirate of Afghanistan. The Haqqani Network led the insurgency in the eastern Afghan provinces of Paktika, Paktiya, and Khost, and demonstrated the capability and intent to support and launch high-profile, complex attacks across the country and in the Kabul region. Recent Pakistani military operations have caused some disruption to the Haqqani Network; however, it has still been able to plan and conduct attacks. In response to several dangerous threat streams against U.S., coalition, and Afghan personnel—particularly in Kabul—U.S. and Afghan special operations forces increased security operations against the Haqqani Network during this reporting period. These operations disrupted several dangerous threats streams that sought to inflict significant casualties on the force.

12/10/2015

Department of Defense Threat Assessment: June 2015 - III

The coalition and the Afghan government watched closely ISIL's attempt to expand its reach to Afghanistan and Pakistan. The potential emergence of ISIL has sharply focused the ANDSF, NDS, and Afghan political leadership. All are collaborating closely in order to prevent this 27

threat from expanding. Thus far, U.S. forces have seen some evidence of limited recruiting efforts, and a few individuals formerly associated with other militant groups have "rebranded" themselves as members of "ISIL of Khorasan Province." This rebranding is most likely an attempt to attract media attention, solicit greater resources, and increase recruitment. Yet ISIL's presence and influence in Afghanistan remains in the initial exploratory phase. The Islamic Movement of Uzbekistan has publicly expressed support for ISIL as the leader of the global jihad; however, the Taliban has declared that it will not allow ISIL in Afghanistan.

The insurgency remained resilient during this reporting period. Security incidents²³ declined to relatively low levels during this winter, but have begun to increase in line with previously observed seasonal trends (see Figure 4). RS leaders expect to see a continued increase of reported incidents until mid to late summer.

Headquarters, RS has become increasingly reliant on ANDSF operational reporting, as the ANDSF have increased their responsibility for providing security, and coalition unit presence alongside Afghan units has diminished. The ANDSF have developed a working system to compile and consider national security trends, which RS staff monitors. Due to the different collection and input methods, the data's quality differs than during previous years when Afghan forces were typically partnered with coalition forces. A large proportion of Afghan reporting must be translated from Dari into English, which introduces reporting delays and translation errors. Yet overall, the data collected and compiled by the ANDSF is still considered useful and valid when compared to previous years' metrics.

Very few of the incidents from this reporting period involved coalition forces. In line with historical trends, direct fire and improvised explosive device attacks made up the majority of security incidents. Insurgents also continued to conduct high-profile and complex attacks against individuals, population centers, and remote outposts.

SIGAR Threat Assessment: July 30 2015

Conflict-related violence increased in Afghanistan as the ANDSF sought to contain insurgent activity whose intensification resulted in record-high levels of civilian casualties, according to the United Nations Assistance Mission in Afghanistan (UNAMA).

For example, the UN reported a 45% increase in armed clashes the week after the start of the Taliban spring offensive on April 24, 2015, and a 23% increase in civilian casualties over the same period in 2014.⁹⁹ According to the UN, more than 10,000 civilians were killed or injured during 2014, as compared to 8,615 in 2013, and a UNAMA representative predicted an increase in civilian casualties this year in Afghanistan.

Insurgents continued to demonstrate their willingness to target civilians even during the holy month of Ramadan. On July 12, 2015, a vehicle-borne explosive device detonated at an Afghan security forces checkpoint near a village bazaar in Khowst killed 27 civilians and wounded at least 10.

On July 13, 2015, explosives set off at a mosque in Baghlan wounded more than 40 civilians gathered for dinner and for government-sponsored distribution of oil and rice.

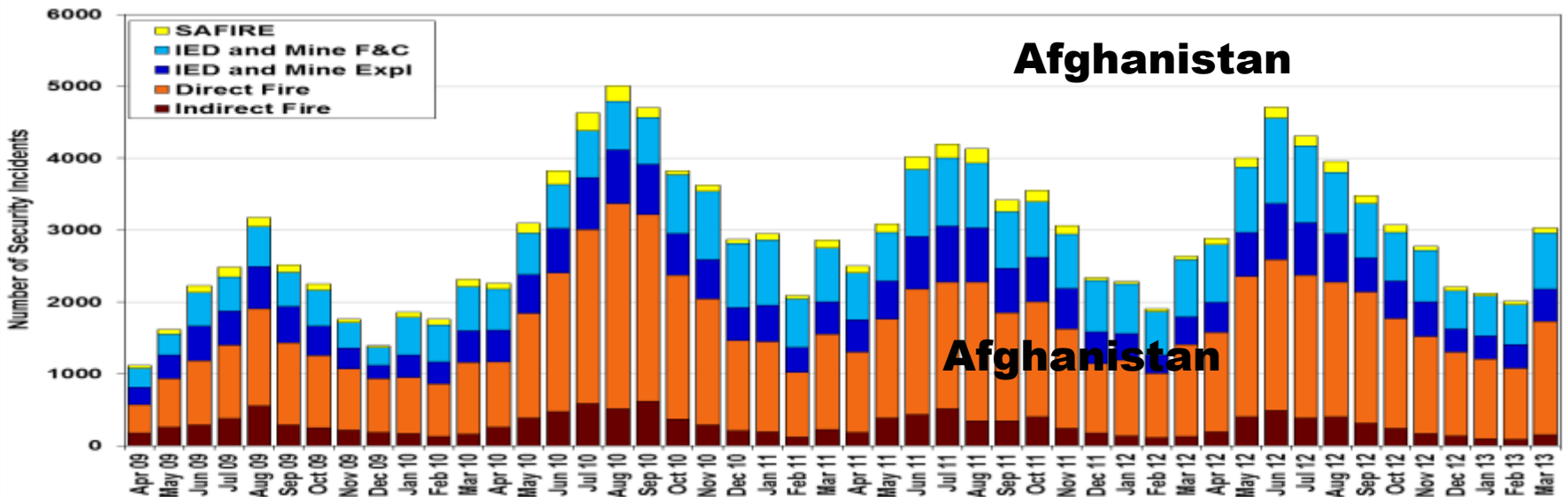
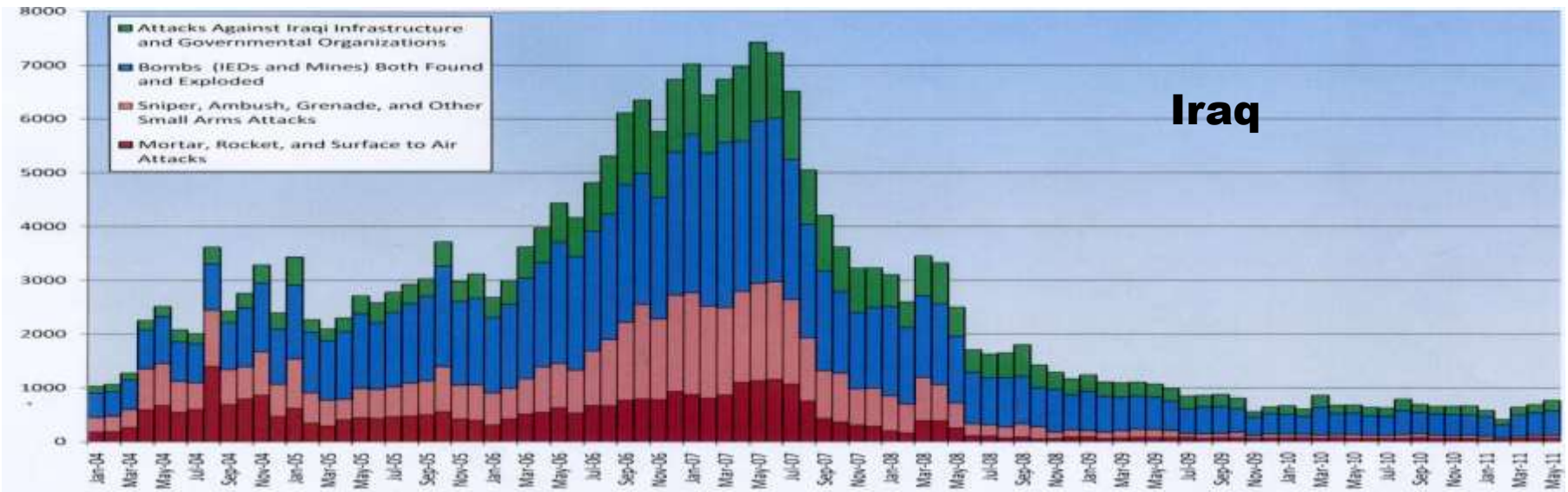
...While fewer security incidents were reported than last quarter, as reflected in Figure 3.26, there were fewer days in the latest reporting period, so the incidents-per-day average was higher this period than in the same periods in 2014 or 2013.

The UN reported the southern, southeastern, and eastern regions continued to endure most of the security incidents. But even the relatively safe northern and northeastern regions saw security incidents increase by 12% compared with the same period in 2014.⁵ A UNAMA representative reported that Kunduz Province experienced 250 civilian casualties, the highest of the northeast-region provinces.

The UN recorded 5,033 security incidents from February 15, 2015, through April 30, 2015. The count included 160 assassinations and 40 attempted assassinations, and an increase of 21.3% in abductions over the same period in 2014. Armed clashes (54%) and IED events (28%) accounted for 82% of all security incidents. Although the Taliban announced their main targets would be “foreign occupiers” as well as government offices and Afghan security forces, the UN reported that less than 1% of the incidents were directed against Coalition bases. During one incident, a June 9, 2015, rocket attack on Bagram Airfield, however, a Department of Defense (DOD) civilian was killed.

The majority of the Taliban offenses were directed against the ANDSF and Afghan government officials and facilities.¹⁰⁹ A spokesman for an Afghan advocacy group for NGOs reported 26 humanitarian aid workers had been killed this year, and an additional 17 wounded and 40 abducted. One attack targeted a Czech aid group in Balkh, killing nine workers.

Failed Surge in Afghanistan vs. Surge in Iraq



14810/2015

United Nations Department of Safety and Security Estimate of Security Incidents Per Month



Source: ISLAMIC REPUBLIC OF AFGHANISTAN. 2014 ARTICLE IV CONSULTATION—STAFF REPORT; PRESS RELEASE; AND STATEMENT BY THE EXECUTIVE DIRECTOR FOR THE ISLAMIC REPUBLIC OF AFGHANISTAN, <http://www.imf.org/external/pubs/ft/scr/2014/cr14128.pdf>, p. 33.

Shift from Tactical clashes to High Profile Attacks in 2012-2014

April 1 – September 15, 2012 vs. April 1 – Sept 15, 2013.

Metric	EIAs	HPA	Direct Fire	IED Events	IED/Mine Explosions	Complex/ Coordinated Attack	IDF
% YoY Change	-6%	1%	-1%	-22%	-5%	5%	-18%

October 1, 2012 – March 13, 2013 vs. October 1, 2013 – March 13, 2014.

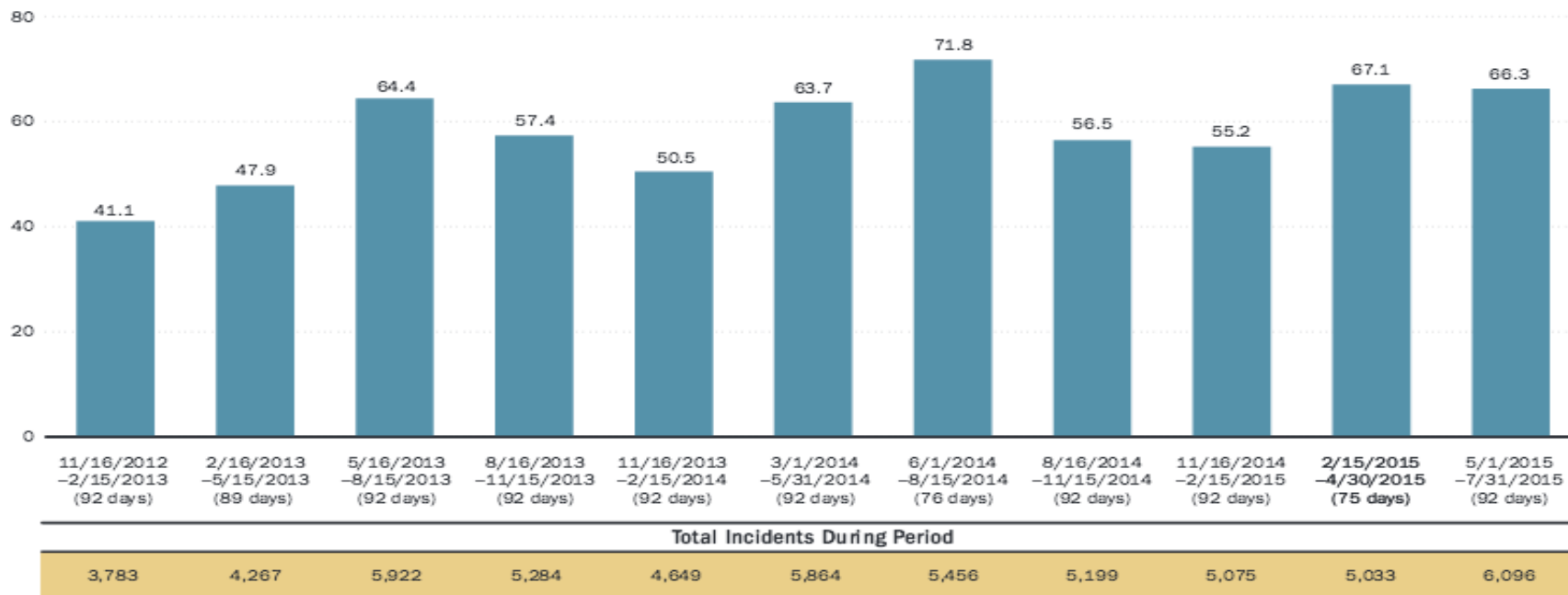
Metric	EIA	HPA	Direct Fire	IED Events	IED/Mine Explosions	Complex/ Coordinated Attack	IDF
% YoY Change	-2%	43%	5%	-24%	-11%	-8%	-15%

April 1, 2013 – August 31, 2014, compared to April 1 – August 31, 2014

Metric	Enemy Initiated Attacks	High Profile Attacks	Direct Fire	IED/ Mine Explosions	Complex/ Coordinated Attacks	Indirect Fire Attacks
Percentage Year Over Year Change	-27%	16%	-23%	-34%	-31%	-37%

AVERAGE NUMBER OF REPORTED SECURITY INCIDENTS PER DAY: 11/2012 - 8/2015

AVERAGE NUMBER OF REPORTED SECURITY INCIDENTS PER DAY



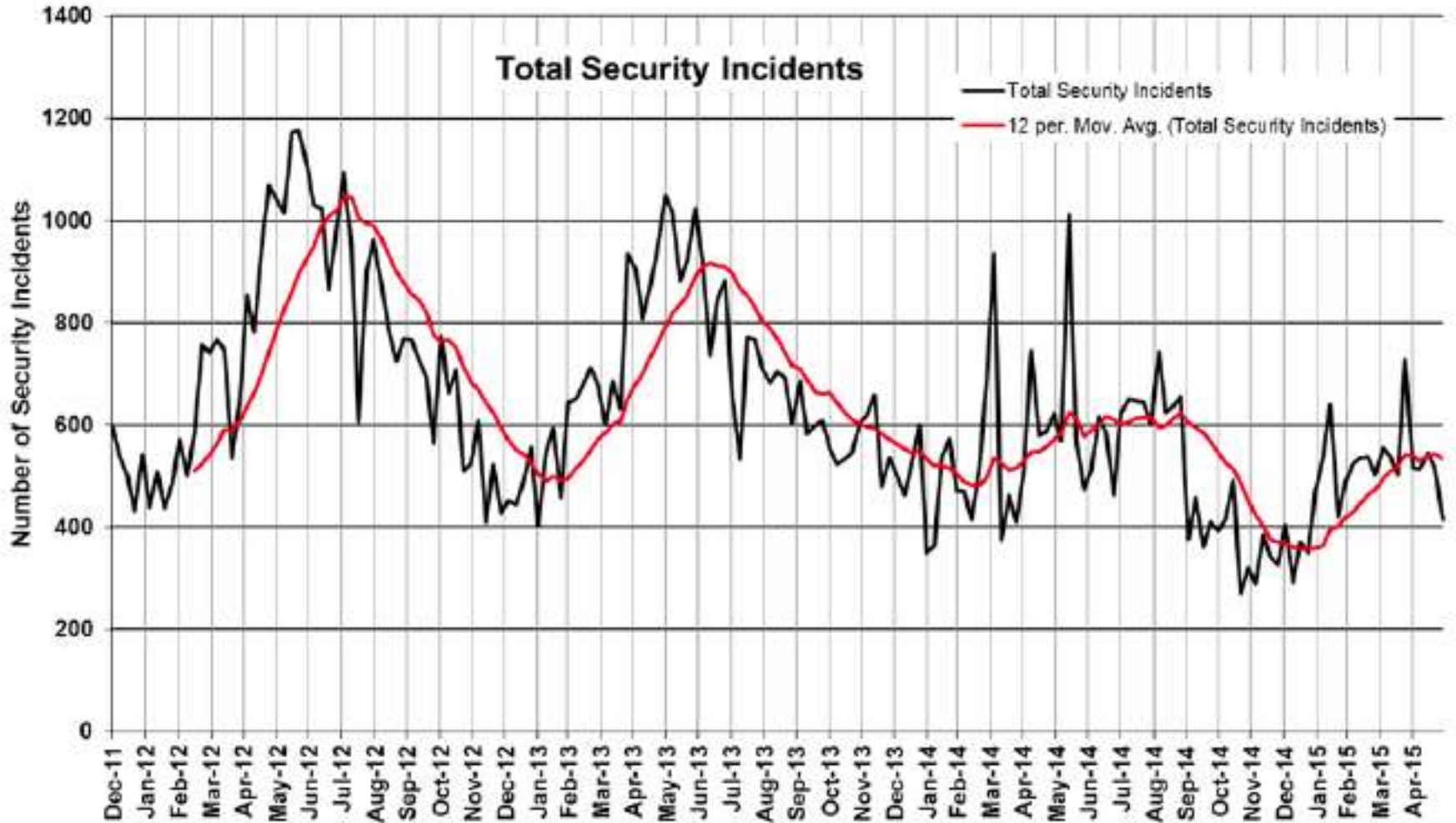
Source: UN, reports of the Secretary-General, *The situation in Afghanistan and its implications for international peace and security*, 9/1/2015, 6/10/2015, p. 4; 2/27/2015, p. 4; 12/9/2014, p. 5; 9/9/2014, p. 6; 6/18/2014, p. 5; 3/7/2014, p. 5; 12/6/2013, p. 6; 9/6/2013, p. 6; 6/13/2013, p. 5; and 3/5/2013, p. 5.

The UN recorded 6,096 security incidents from May 1, 2015, through July 31, 2015, a 4.6% decrease compared to the same period in 2014 during the second round of the presidential election. The count included 291 assassinations and attempted assassinations, an increase of 11.4% compared to the same period in 2014. The UN reported armed clashes (53%) continued to account for the majority of the incidents, together with improvised-explosive device (IED) events (26%) accounting for 79% of all security incidents. The UN said the majority of the incidents were reported in the southern and eastern regions, with Kandahar, Nangarhar, Ghazni, Helmand, and Kunar enduring 44.5% of all security incidents.

The UN reported that the period was marked by antigovernment elements' efforts to capture and hold district centers in a number of provinces. Of the 364 districts in Afghanistan, seven district centers were captured, a significantly larger number than in previous years, with five recaptured by the ANDSF during the reporting period.

Civilians continue to endure most of the attacks; from May 1 through July 31, UNAMA documented 2,985 civilian casualties (934 killed and 2,051 injured). The UN reported August 7, 2015, to have been the deadliest day since UNAMA began tracking civilian casualties in 2009, with 355 civilian casualties (42 deaths and 313 injured). UNAMA attributed a 78% increase in civilian casualties to antigovernment elements from suicide and complex attacks in the first half of 2015.

Weekly Reported Security Incidents” : 12/2011-4/2015

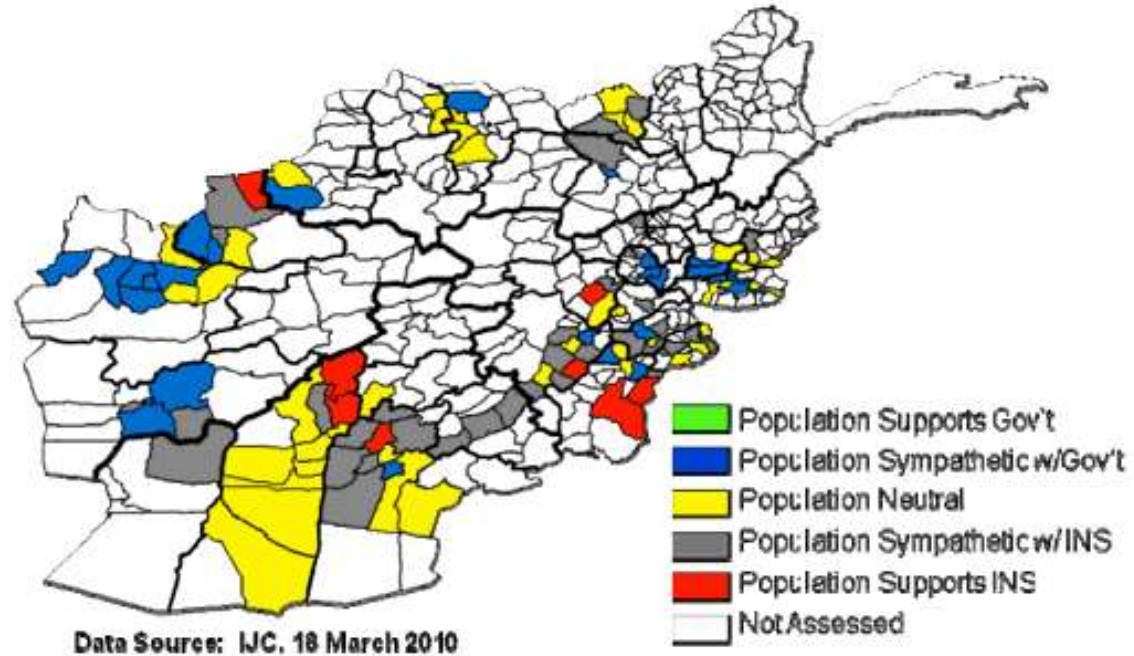


* Data as of June 8, 2015

**A Focus on Tactical Outcomes
Disguises a Lack of Meaningful
Reporting on the Key Impact of
the Insurgency: Growing
Insurgent Influence and Control
and Declining Support for the
Government**

Overall Assessment of Key Districts

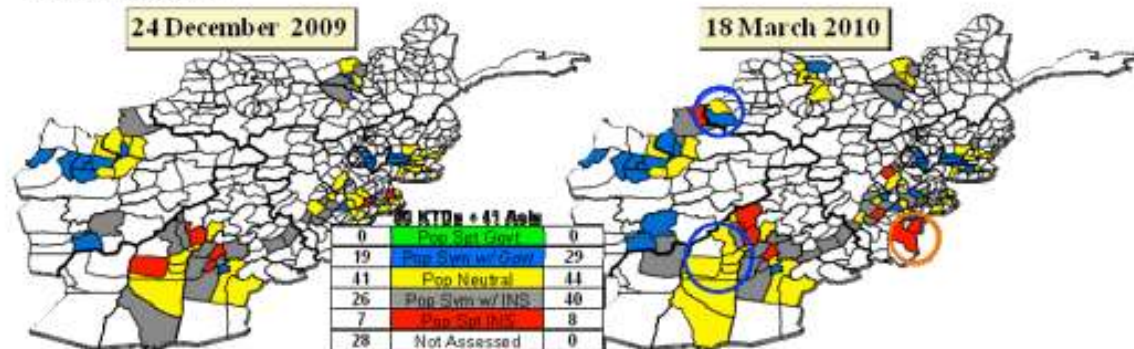
Figure 5 - Overall Assessment of Key Districts, March 18, 2010



Lying By Omission - I: The Last USG Report on District Support for the Afghan Government in April 2010

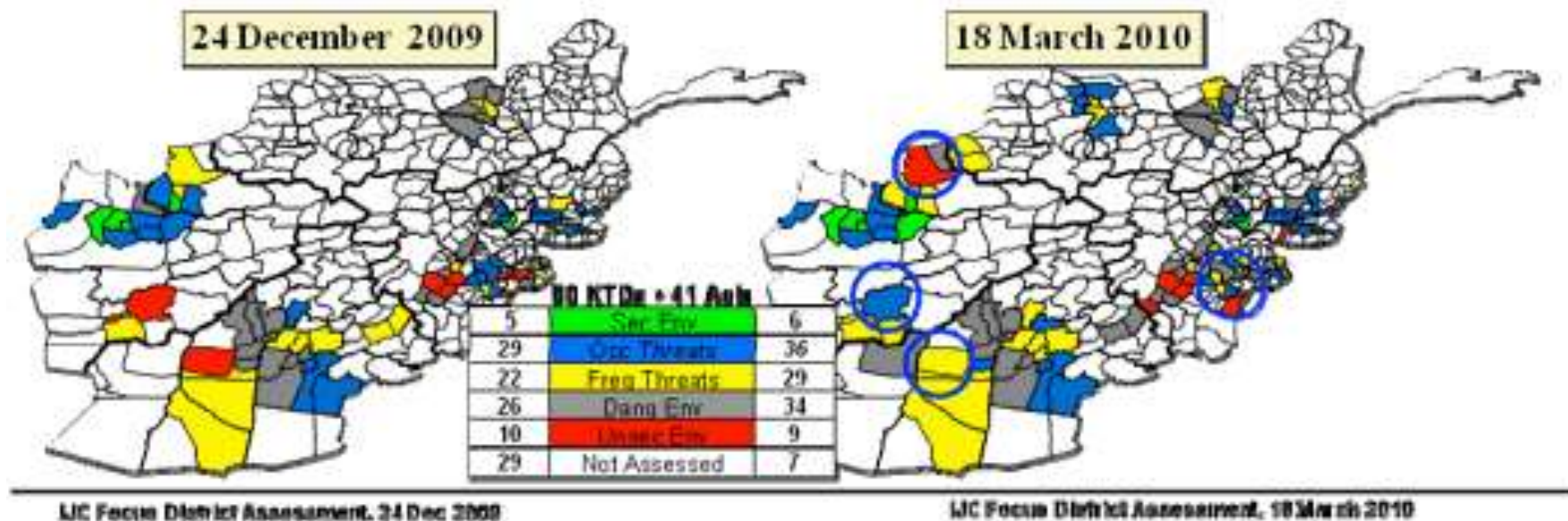
(Reporting Halted Once Shows Decline. Population only sympathized or support Afghan government in 24% (29 of 121 Key Terrain and area of Interest Districts))

Figure 6 - Comparison of Overall Assessment of Key Districts, December 24, 2009 - March 18, 2010



Source: Department of Defense, Report on Progress Toward Security and Stability in Afghanistan, 1230, April 2010,, p. 36.

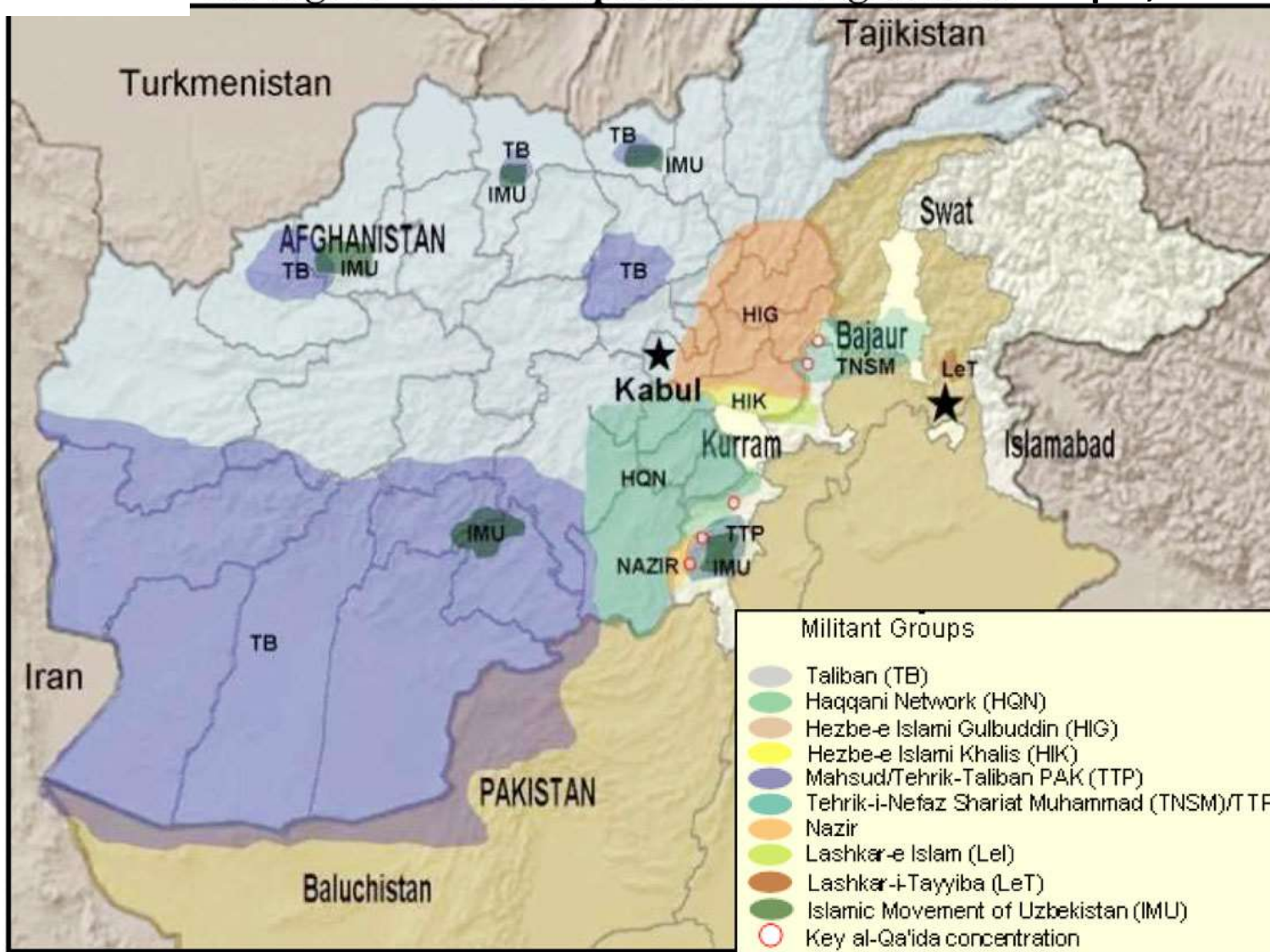
Lying By Omission - II: The Last USG Report Comparing Security Assessment of Key Districts Over Time in April 2010



Currently 35% (42 of 121) of the Key Terrain and Area of Interest districts are assessed favorably at the “occasional threats”¹³ level or better.

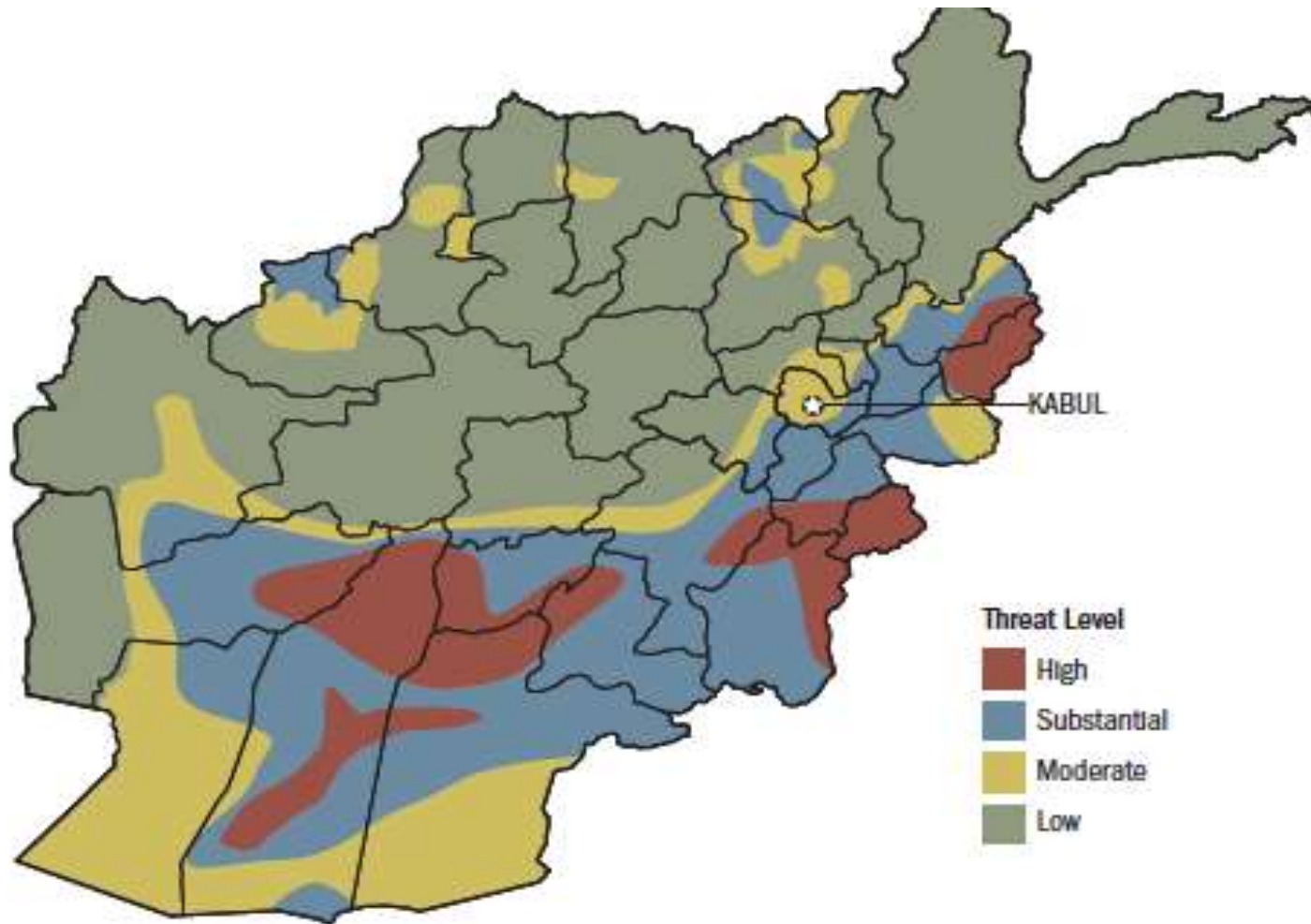
Although the overall security situation has stabilized somewhat since the end of 2009, violence during the current reporting period is still double that for the same period in 2008-2009. However, some individual islands of security exist in the sea of instability and insecurity. A new contiguous island of security is reported by RC-North in the districts surrounding Mazar-e-Sharif. Additionally, a small secure contiguous area exists within RC-South from the Ring Road to the Wesh-Chaman Border Control Point. The limits of security are significantly related to the presence of well-led and non-corrupt ANSF. In a significant number of cities, the secure zone is primarily the inner portion of the city center, with the outlying, more rural areas less secure due to insurgent presence. The location and size of the security zones is primarily the location where improvements in governance and development can occur. Therefore, the expansion of the security zones leads to the opportunity to improve governance and development in those areas.

Insurgent Areas of Operation in Afghanistan April, 2010



Source: Department of Defense, Report on Progress Toward Security and Stability in Afghanistan, 1230, April 2010,, p. 23,
https://books.google.com/books?id=5-BBKEPhm4QC&pg=PA23&lpg=PA23&dq=Figure+3+-+Insurgent+Areas+of+Operation+in+Afghanistan&source=bl&ots=J09HDVvupa&sig=zJ0JjezLHqIJQneZ_Zv_MMjYsAA&hl=en&sa=X&ved=0CB4Q6AEwAGovChMIqr3dooWcyAIVTgWOCh2b6gSE#v=onepage&q=Figure%203%20-%20Insurgent%20Areas%20of%20Operation%20in%20Afghanistan&f=false

German Government Map of Threat Levels from Anti -Government Forces: 11/2014



Source: Die Bundesregierung (German federal government), 2014 Progress Report on Afghanistan, 11/2014, p. 19.

Source: Die Bundesregierung (German federal government), 2014 Progress Report on Afghanistan, 11/2014, p. 19.; UN Security Council, *The situation in Afghanistan and its implications for international peace and security* reports, 12/9/2014, p. 5; 9/9/2014, p. 6; 6/18/2014, p. 5; and 3/7/2014, p. 5.; and SIGAR, *Quarterly Report to the United States Congress*, January 30, 2015, p.

ISW/Washington Post Map of Insurgent Activity in 2015: 9/2015

Source: Tim Craig, Sayed Salahuddin, “Taliban storms into northern Afghan city in major blow for security forces,” Washington Post, September 29, 2015:

https://www.washingtonpost.com/world/taliban-overruns-half-of-northern-afghan-city/2015/09/28/53798568-65df-11e5-bdb6-6861f4521205_story.html

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Taliban Presence

New York Times: 29/9/2015

View map here:

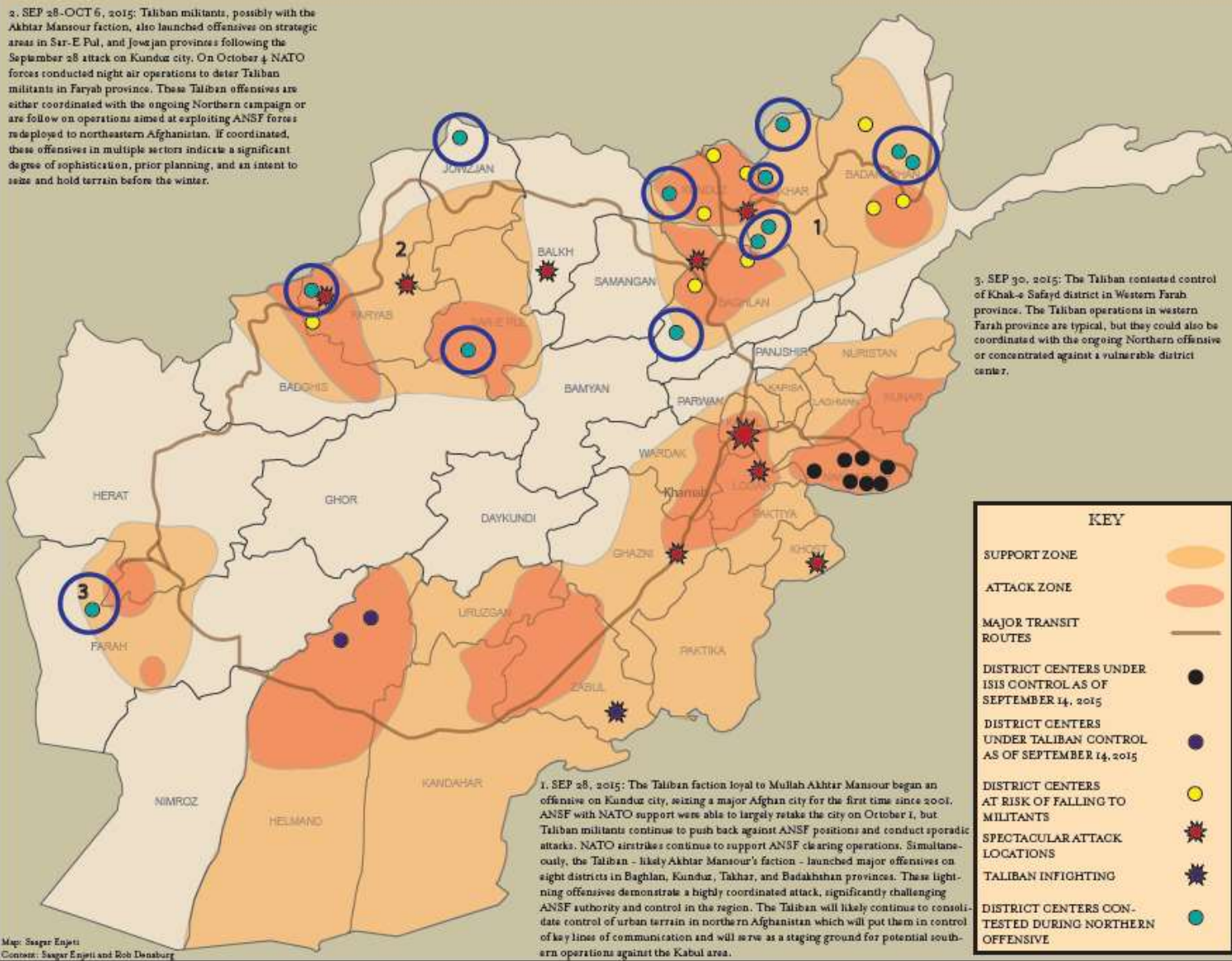
<http://www.nytimes.com/interactive/2015/09/29/world/middleeast/taliban-support-attack-zone-map.html>.

ISW Insurgent Activity : 7/2015



Militant Attack and Support Zones in Afghanistan: April - October 6, 2015

2. SEP 28-OCT 6, 2015: Taliban militants, possibly with the Akhtar Mansour faction, also launched offensives on strategic areas in Sar-e Pul, and Jowzjan provinces following the September 28 attack on Kunduz city. On October 4 NATO forces conducted night air operations to deter Taliban militants in Faryab province. These Taliban offensives are either coordinated with the ongoing Northern campaign or are follow on operations aimed at exploiting ANSF forces re-deployed to northeastern Afghanistan. If coordinated, these offensives in multiple sectors indicate a significant degree of sophistication, prior planning, and an intent to seize and hold terrain before the winter.



3. SEP 30, 2015: The Taliban regained control of Khak-e Safayd district in Western Farah province. The Taliban operations in western Farah province are typical, but they could also be coordinated with the ongoing Northern offensive or concentrated against a vulnerable district center.

KEY	
SUPPORT ZONE	
ATTACK ZONE	
MAJOR TRANSIT ROUTES	
DISTRICT CENTERS UNDER ISIS CONTROL AS OF SEPTEMBER 14, 2015	
DISTRICT CENTERS UNDER TALIBAN CONTROL AS OF SEPTEMBER 14, 2015	
DISTRICT CENTERS AT RISK OF FALLING TO MILITANTS	
SPECTACULAR ATTACK LOCATIONS	
TALIBAN INFIGHTING	
DISTRICT CENTERS CONTESTED DURING NORTHERN OFFENSIVE	

1. SEP 28, 2015: The Taliban faction loyal to Mullah Akhtar Mansour began an offensive on Kunduz city, seizing a major Afghan city for the first time since 2001. ANSF with NATO support were able to largely retake the city on October 1, but Taliban militants continue to push back against ANSF positions and conduct sporadic attacks. NATO airstrikes continue to support ANSF clearing operations. Simultaneously, the Taliban - likely Akhtar Mansour's faction - launched major offensives on eight districts in Baghlan, Kunduz, Takhar, and Badkhash provinces. These lightning offensives demonstrate a highly coordinated attack, significantly challenging ANSF authority and control in the region. The Taliban will likely continue to consolidate control of urban terrain in northern Afghanistan which will put them in control of key lines of communication and will serve as a staging ground for potential southern operations against the Kabul area.

Map: Saagar Enjeti
Context: Saagar Enjeti and Rob Danaberg

Source: Institute for the Study of War:
http://understandingwar.org/backgrounder/militant-attack-and-support-zones-afghanistan-april-october-6-2015?utm_source=Copy+of+Militant+Attack+and+Support+Zones+in+Afghanistan%3A+April-October+6%2C+20&utm_campaign=Iraq+Situatio+n+Report+July+28-30%2C+2015&utm_medium=email

UN Estimate of Areas of Risk in Afghanistan: 9/2015 - I

- **Districts with extreme threat levels either have no government presence at all, or a government presence reduced to only the district capital; there were 38 such districts scattered through 14 of the country's 34 provinces.**
- **In all, 27 of Afghanistan's 34 provinces had some districts where the threat level was rated high or extreme.**
- **In Oruzgan Province, in southern Afghanistan, four of its five districts were rated under extreme or high threat, with only the capital, Tarinkot, classified as under "substantial" threat. Many local officials predicted that the province might soon become the first to entirely fall to the Taliban.**
- **Similar concerns were raised by officials in two other Oruzgan districts, Dehrawad and Chora. They all reported increased activity by the Taliban in recent months.**
- **In Maimana, the capital of Faryab Province, American airstrikes, along with the arrival of pro-government militiamen, helped beat back the Taliban's effort to overrun the city last week, but the Taliban remain active in districts surrounding the provincial capital.**
- **United Nations Assistance Mission in Afghanistan evacuates 4 of 13 provincial— the most it has ever done for security reasons — in October 2015.**
- **Rated threat level in about half of the country's administrative districts as either "high" or "extreme," more than at any time since 2001.**
- **In many districts that are nominally under government control, like Musa Qala in Helmand Province and Charchino in Oruzgan Province, government forces hold only the government buildings in the district center and are under constant siege by the insurgents.**
- **Tempo of the insurgency has increased in many parts of the country where there had been little Taliban presence in the past, including some areas in the north with scant Pashtun populations. The Taliban have been a largely Pashtun-based insurgency and have been historically strongest in Pashtun-majority areas in southern and eastern Afghanistan, with some pockets in the north, such as Kunduz.**
- **"We have had fighting in 13 provinces of Afghanistan over the past six months, simultaneously," President Ashraf Ghani said this month in response to criticism after the fall of Kunduz.**

UN Estimate of Areas of Risk in Afghanistan: 9/2015 - II

- **Districts with extreme threat levels either have no government presence at all, or a government presence reduced to only the district capital; there were 38 such districts scattered through 14 of the country's 34 provinces.**
- **In all, 27 of Afghanistan's 34 provinces had some districts where the threat level was rated high or extreme.**

Source: Rod Norland and Joseph Goldstein, "Afghan Taliban's Reach Is Widest Since 2001, U.N. Says" New York Times,

<http://www.nytimes.com/2015/10/12/world/asia/afghanistan-taliban-united-nations.html?smprod=nytcore-ipad&smid=nytcore-ipad-share>

Taliban Areas of Control in Afghanistan: 15.10.15

New York Times map:

<http://www.nytimes.com/interactive/2015/09/29/world/asia/afghanistan-taliban-maps.html>

Declining Afghan Perceptions of Security

Taliban and US/Allies as Major Threats: Level of Fear by Activity

LEVEL OF FEAR BY ACTIVITY

	CENTRAL / KABUL	EAST	SOUTH EAST	SOUTH WEST	WEST	NORTH EAST	CENTRAL / HAZARAJAT	NORTH	NATIONAL AVERAGE
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
VOTING IN A NATIONAL / PROVINCIAL ELECTION	46	61	68	69	69	42	32	57	56
PARTICIPATING IN A PEACEFUL DEMONSTRATION	55	75	76	81	77	67	55	74	69
RUNNING FOR PUBLIC OFFICE	64	77	79	78	76	77	52	76	73
ENCOUNTERING ANP	32	54	51	66	58	39	27	41	45
ENCOUNTERING ANA	28	51	46	64	54	35	30	41	42
TRAVELING FROM ONE PART OF AFGHANISTAN TO ANOTHER PART OF THE COUNTRY	78	73	86	80	83	79	72	80	80
ENCOUNTERING INTERNATIONAL FORCES (WESTERN MILITARY FORCES ONLY)	74	84	86	86	80	77	60	83	79
ENCOUNTERING THE TALIBAN	90	91	94	88	91	94	94	96	92

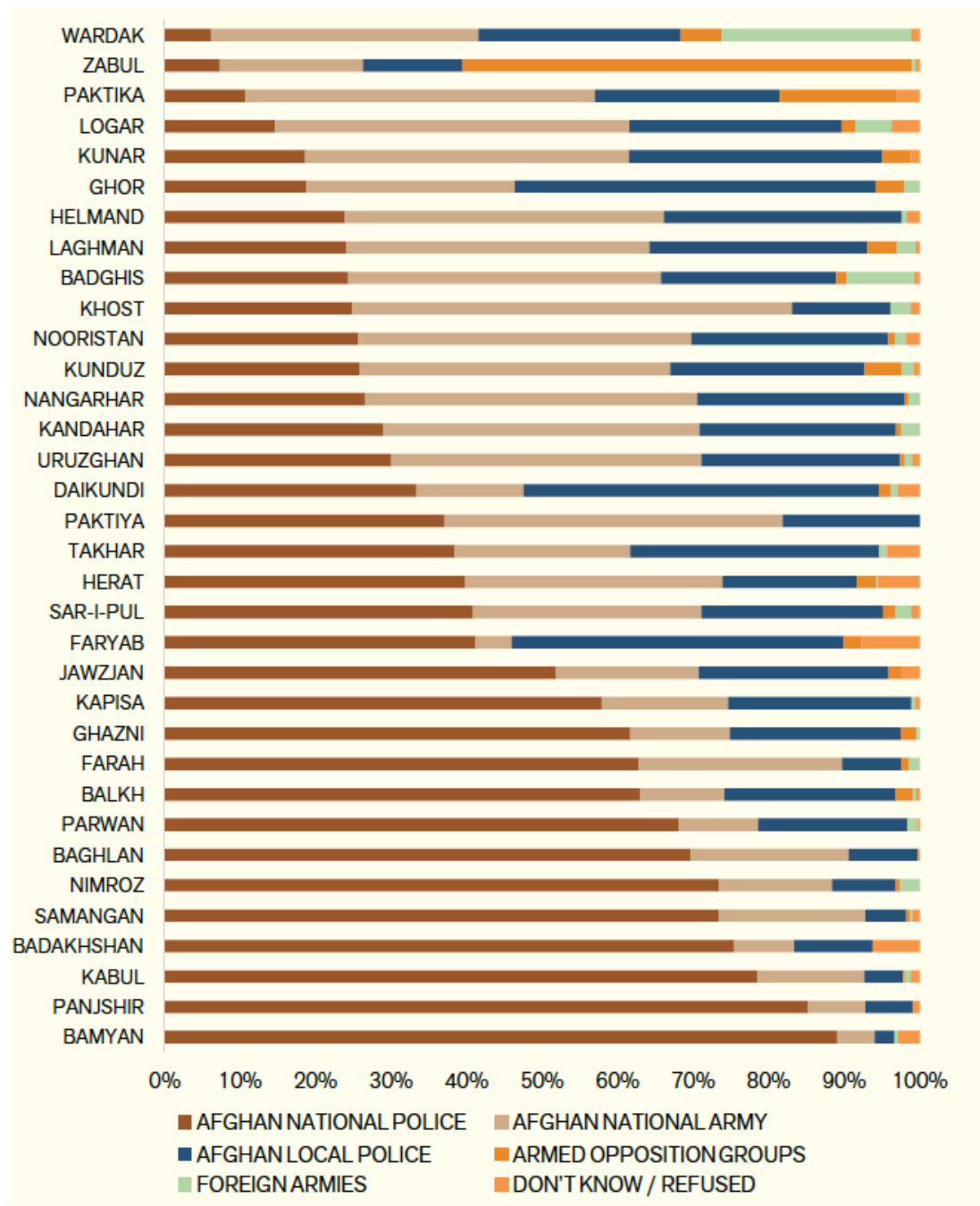
Uncertain Perceptions of Security

Provision of security is highly dependent on the provincial-level context, and significant provincial variations emerge.

For example, nationwide, only 2.2% of Afghans say AOGs provide security in their village, while in Zabul province, 59.5% of residents say AOGs provide their security.

Among Zabul residents from highly insecure areas, this figure rises to 70.8%.

Meanwhile, residents of Wardak province are most likely to say foreign forces provide local security (25.2%), compared to the national average of 1.7%.

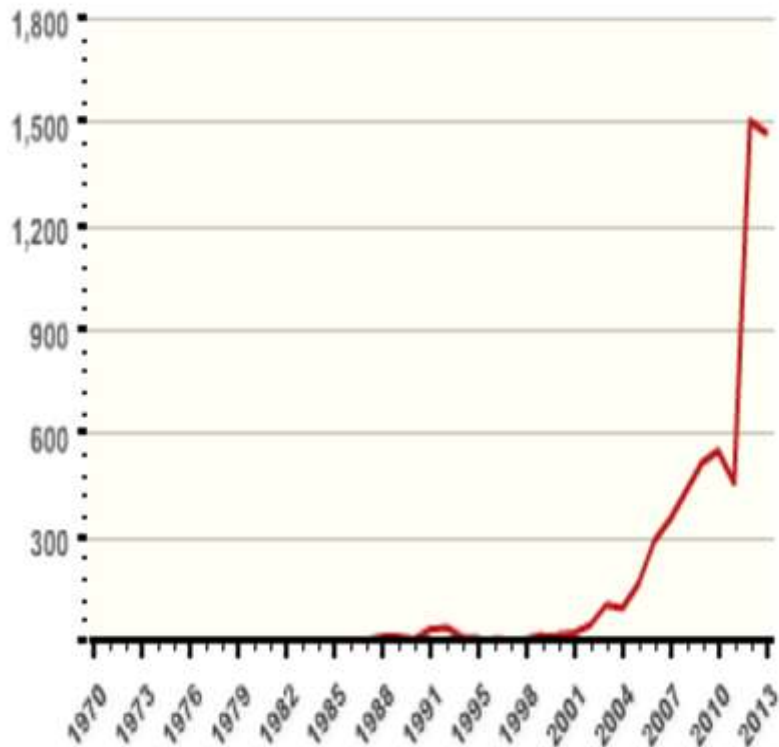


Source: Asia Foundation, *A Survey of the Afghan People, Afghanistan in 2015*, November 2015, <http://asiafoundation.org/publications/pdf/1558>, p. 43

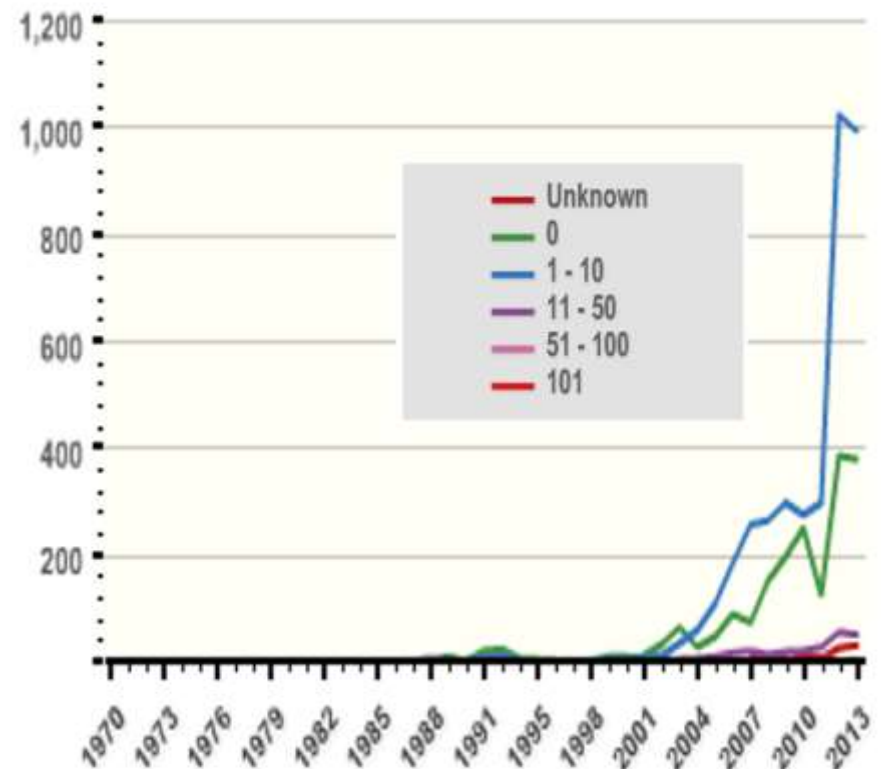
Terrorism Challenge

Rise in Terrorism in Afghanistan: 1970-2013

Afghanistan- Terrorist Incidents



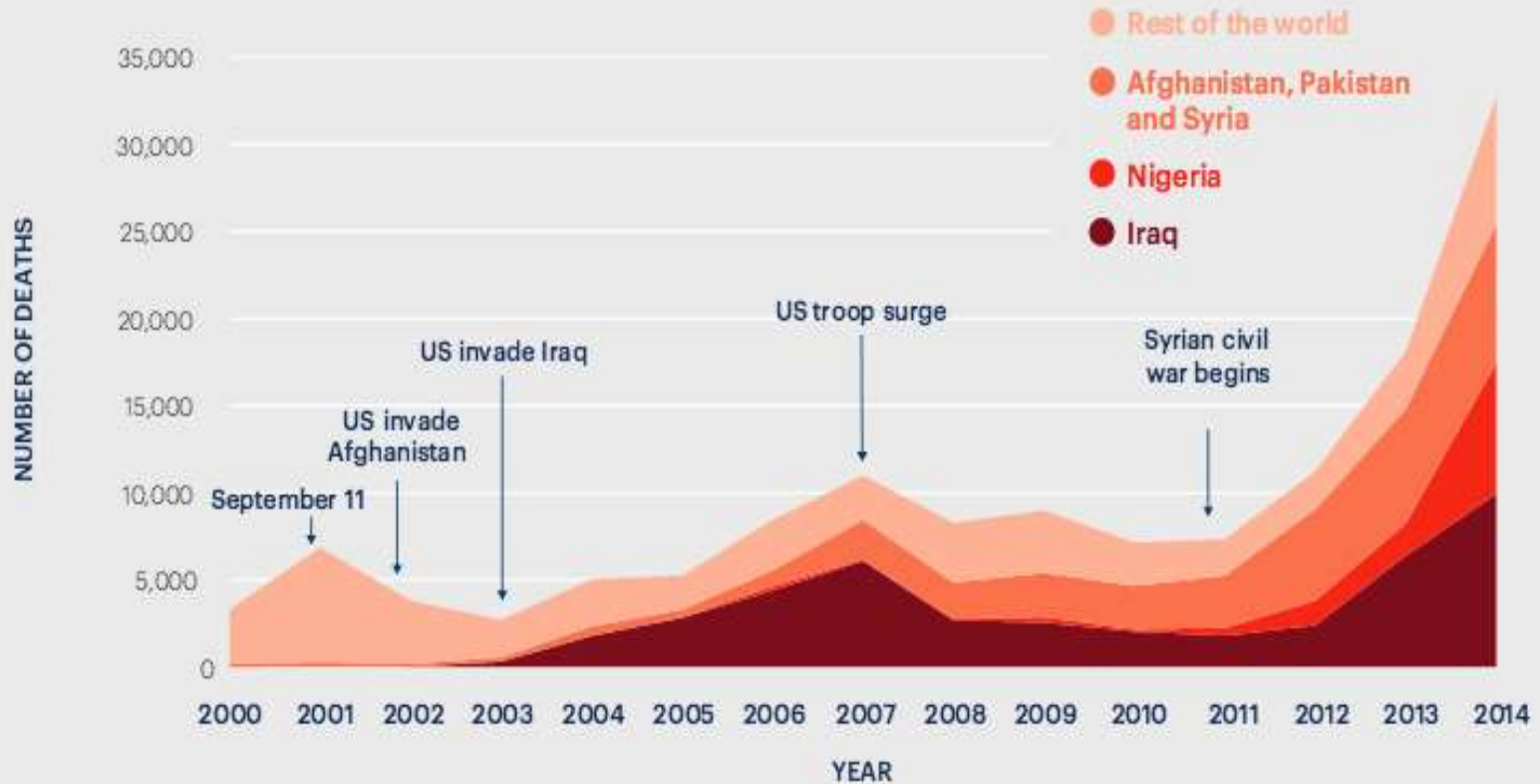
Afghanistan- Fatalities



Source: START Global Terrorism Database, National Consortium for the Study of Terrorism and Responses to Terrorism, U.S. Department of Homeland Security, <http://www.start.umd.edu/gtd/>

Deaths from Terrorism: 2000-2014

Deaths from terrorism have increased dramatically over the last 15 years. The number of people who have died from terrorist activity has increased ninefold since the year 2000.

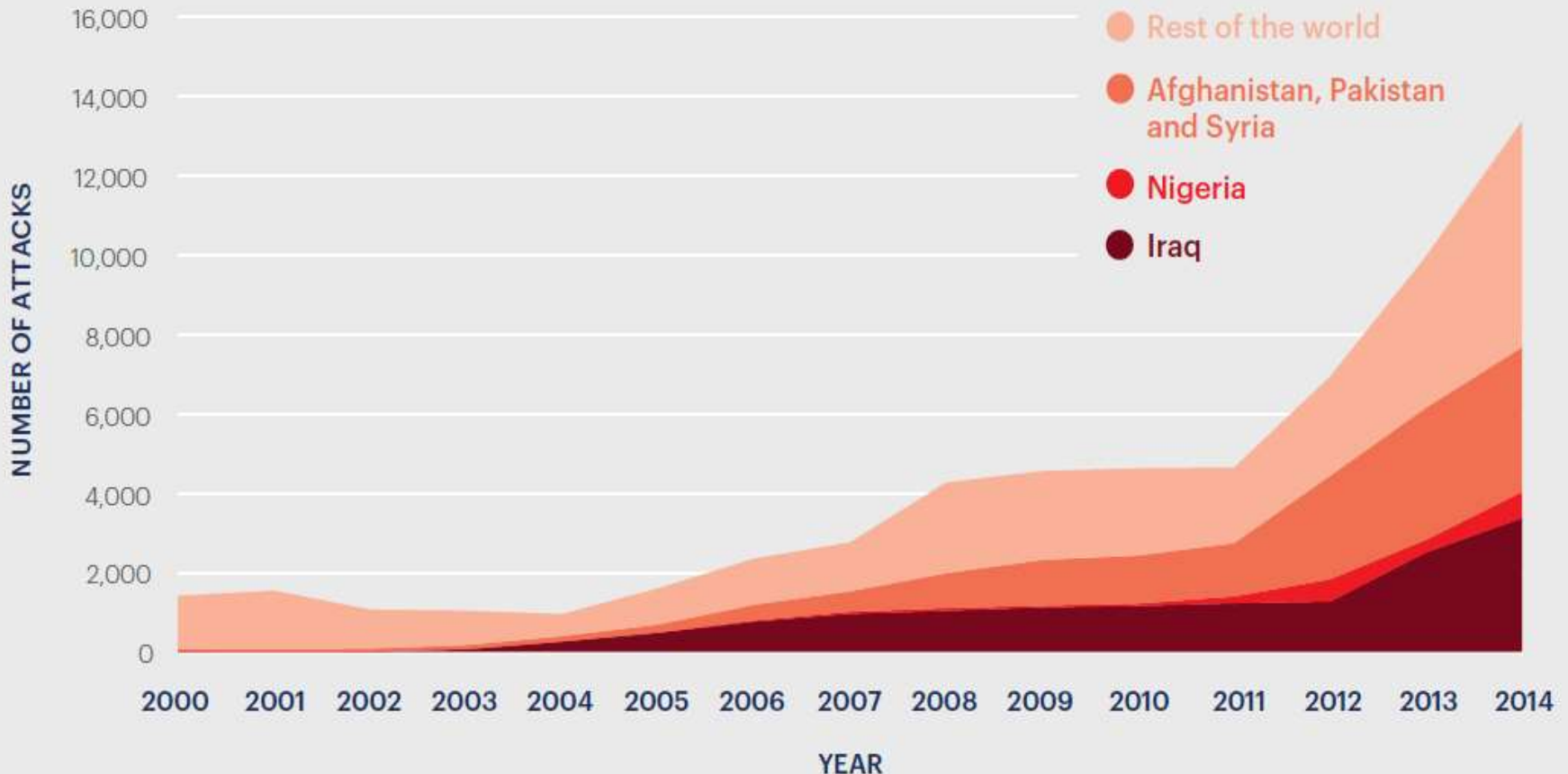


Source: START GTD

NOTE: In 2011 there was a change in the data collection methodology for terrorist acts. The methodology change did not materially alter the results as the increase in terrorism is verifiable. For more information on the methodology change please see Annex D in the 2014 Global Terrorism Index.

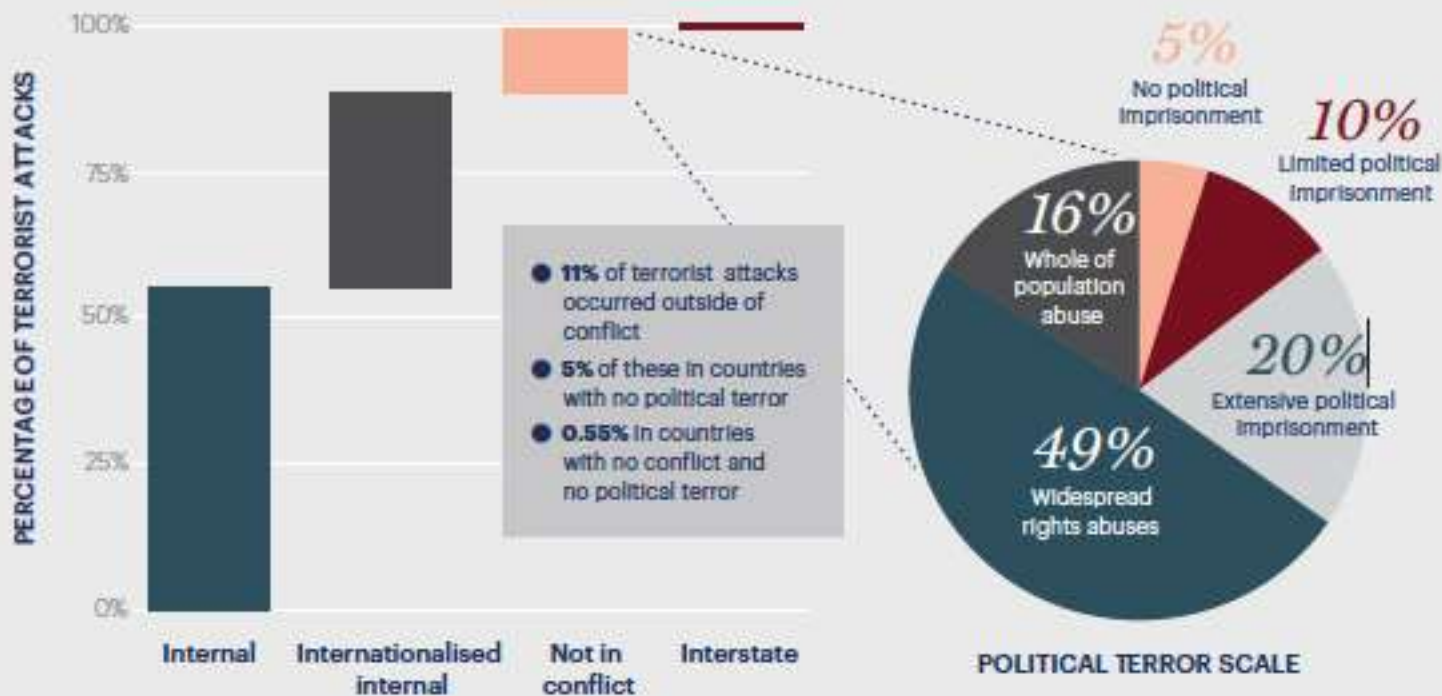
Terrorist Attacks: 2000-2014

The majority of terrorist incidents are highly centralised. In 2014, 57 per cent of all attacks occurred in five countries; Iraq, Pakistan, Afghanistan, Nigeria and Syria. However the rest of the world suffered a 54 per cent increase in terrorist incidents in 2013.



Terror and Conflict

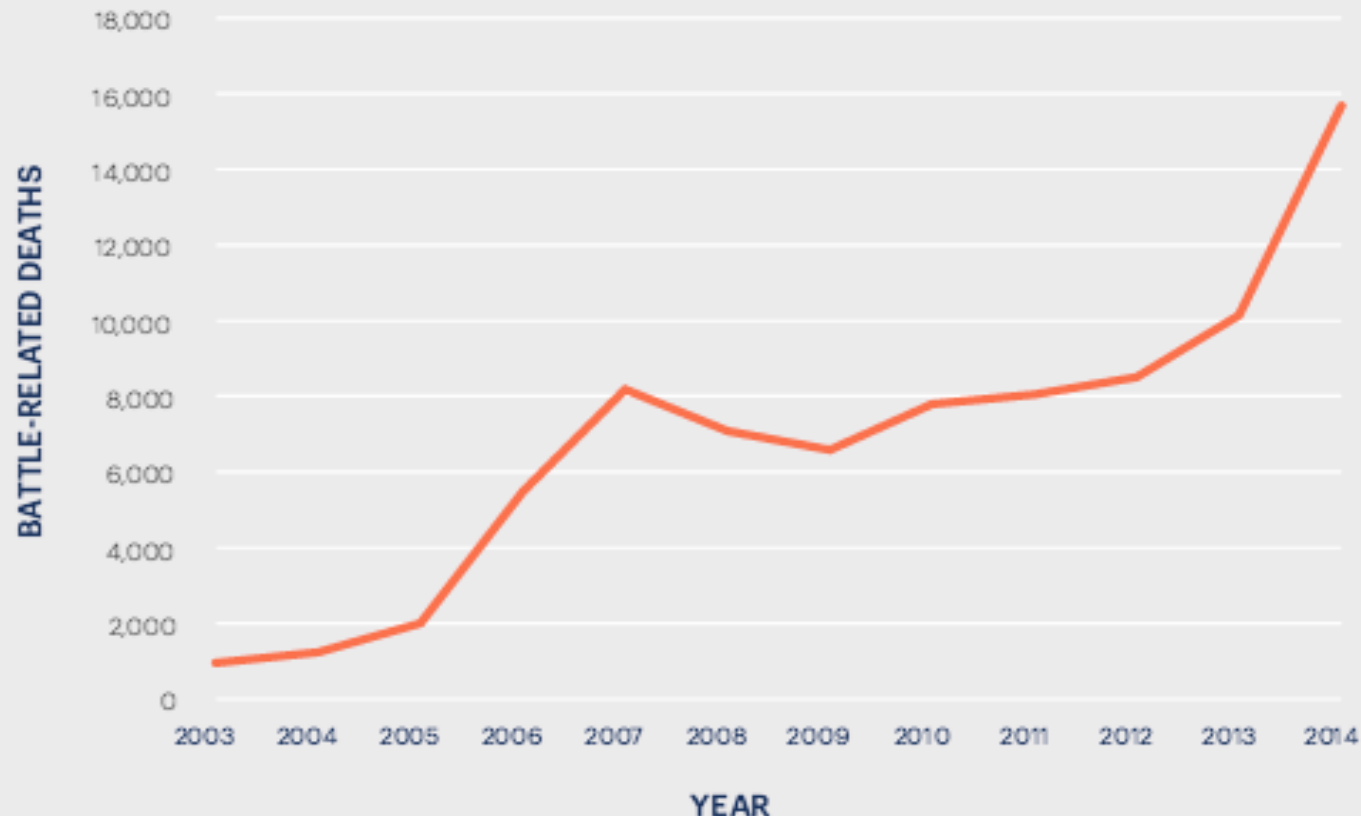
Eighty-eight per cent of all terrorist attacks occurred in countries that were experiencing or involved in violent conflicts. Eleven per cent of terrorist attacks occurred in countries that at the time were not involved in conflict. Less than 0.6 per cent of all terrorist attacks occurred in countries without any ongoing conflict and any form of political terror.



Source: START GTD, UCDP

Afghan Government and Taliban Battle Deaths: 2014

The conflict between the Government of Afghanistan and its allies and the Taliban recorded the highest number of battle-related deaths in 2014. There were 55 per cent more deaths in this conflict in 2014 than the previous year.



Source: UCDP

Afghan Terrorism Deaths: I



GTI RANK | **2**
GTI SCORE | **9.233**

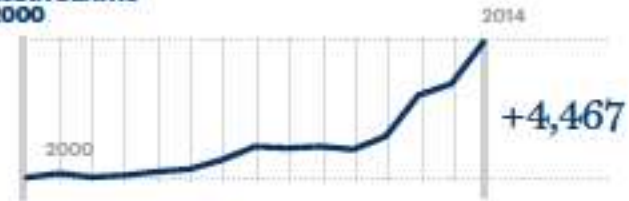
INCIDENTS 1,591

PROPERTY DAMAGE 1,869

DEAD 4,505

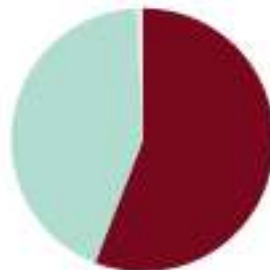
INJURED 4,699

INCREASE IN DEATHS SINCE 2000



ATTACKS BY TARGET

- Police
- Private citizens & property
- Government (general)
- Military, militia or terrorist groups
- Other



DEATHS BY GROUP

- Taliban
- Unknown
- Other



Afghan Terrorism Deaths: II

Terrorism continues to increase in Afghanistan, with 38 per cent more terrorist attacks and 45 per cent more fatalities in 2014 than in 2013. The Taliban was responsible for the majority of these attacks and casualties.

The Taliban remains one of the most deadly terrorist groups in the world. In 2012, 2013 and 2014 it was responsible for around 75 per cent of all terrorist fatalities in Afghanistan. The deadliness of attacks increased in 2014 with the Taliban killing 3.9 people per attack, over 200 per cent higher than 2013.

In 2014 there were terrorist acts in 515 different cities in Afghanistan clearly highlighting the breadth of terrorism across the country. However, the areas of the country where terrorism is most intense are within 100 miles of the border with Pakistan. This is in both the south and east regions of the country with around ten per cent of attacks having occurred in the Helmand Province in the south.

The Nangarhar Province in the east experienced eight per cent of attacks and the two largest cities, Kabul and Kandahar both received seven per cent of the attacks.

Police are the main target of terrorism with 38 per cent of attacks against police. These attacks are among the most lethal with an average of 3.7 people killed per attack. In contrast, when private citizens are the target there is an average of 2.9 deaths per attack.

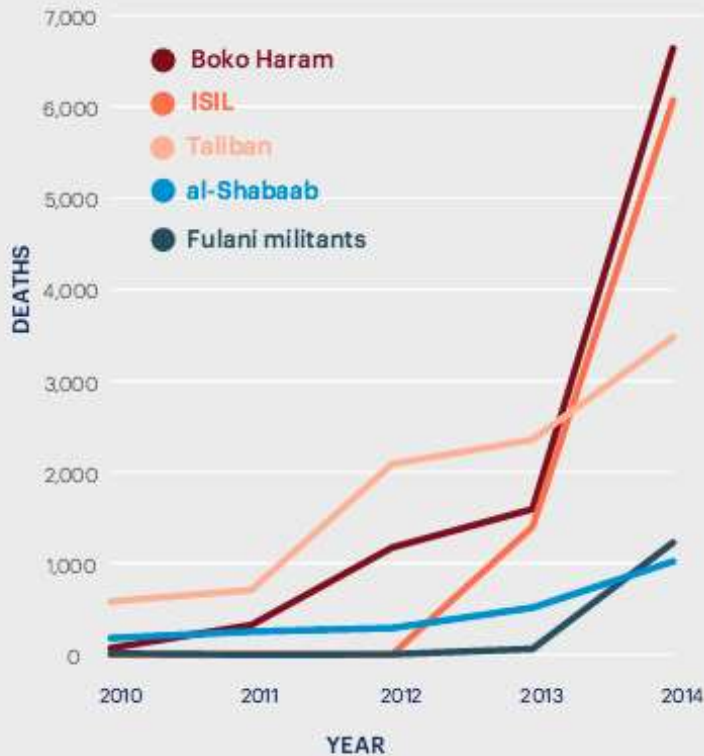
The number of people killed in an educational institution fell substantially to 13 with 34 injuries. This compares to 21 deaths and 198 injuries in the prior year. In 2013 the Taliban conducted at least seven attacks targeting girls attending school, mostly in the north, resulting in over 160 casualties.

Suicide attacks account for ten per cent of all attacks; however, they are more lethal accounting for 18 per cent of all deaths and 32 per cent of all injuries. For every suicide attack there is on average five deaths and nine injuries. The majority of these attacks are bombings, constituting 93 per cent of all suicide attacks.

The remaining suicide attacks were assassinations mainly targeting the police and hostage taking. Targets have included the United States aid organization named Roots of Peace, the Independent Election Commission, the New Kabul Bank where soldiers were collecting salaries and an NGO called Partnership in Academics and Development.

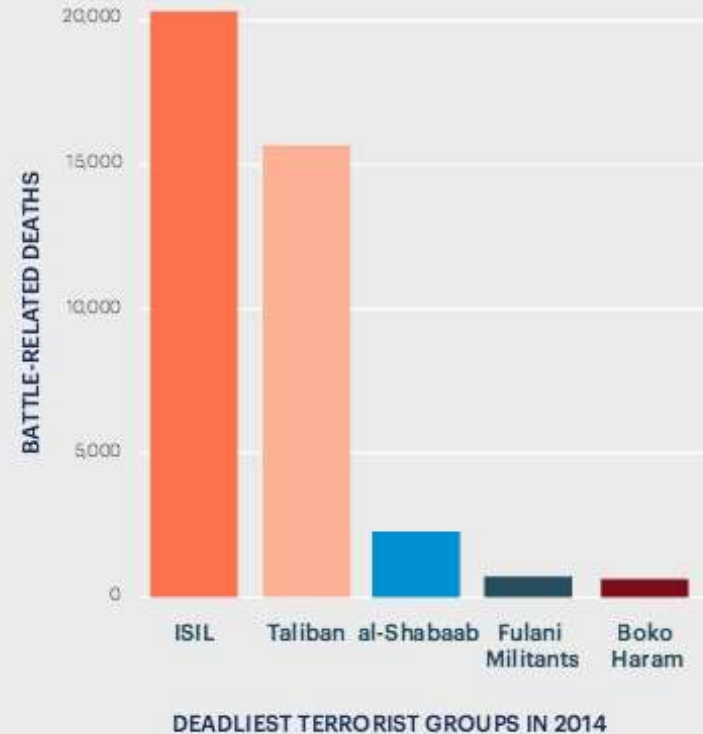
Impact of Key Terrorist Groups: 2014

Both Boko Haram and ISIL dramatically increased their death tolls from 2013 to 2014.



Source: START GTD

The five most deadly terrorist groups are also responsible for deaths not categorised as terrorism. ISIL is the deadliest terrorist group and was in conflicts which killed over 20,000 people in 2014.



Source: UCDP

NOTE: There were 53,948 battle-related deaths recorded between the Assad regime and Syrian insurgents which includes ISIL amongst other groups. This means the figures of battle-related deaths for ISIL are likely to be much higher.

Terrorism and Refugees : 2008-2014

In countries that have high levels of terrorism, there appears to be a relationship between proportional increases in terrorism and proportional increases in asylum seeker applications to Europe.

● Deaths from terrorism (1 year lagging) ● Asylum seeker applications



Source: Eurostat, START CID

Number of Years A country Has Been in Top Ten Affected by Terrorism

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Burundi	Angola	DRC	Nepal	Colombia	Nigeria		Somalia	Algeria			Iraq	Afghanistan	India	
CAR	Chad	Israel	Uganda	Sudan	Philippines			Russia				Pakistan		
China	Indonesia	Syria		Yemen	Sri Lanka									
Egypt					Thailand									
Guinea														
Kenya														
South Sudan														
Spain														
Ukraine														
United States														

Iraq had 25 per cent of all terrorist incidents, followed by Pakistan with 14 per cent and Afghanistan with 12 per cent. Nigeria experienced only five per cent of the incidents but had the second highest number of deaths at 23 per cent. Terrorist attacks are much more lethal in Nigeria than any other country. On average there were 11 deaths per attack in Nigeria. In contrast Iraq had an average of three deaths per attack.

There were ten countries which were ranked as being amongst the countries with the ten highest levels of fatalities for only one year out of the last 15 years. This includes the United States, which had 44 per cent of global deaths in 2001 due to the September 11 attack. In contrast, there were 22 countries which were in the group for at least two years.

Afghanistan, Iraq and Pakistan have all been ranked in the ten countries with the highest number of deaths from terrorism for every year in the last ten years. This reflects that terrorism has remained a significant issue in these three countries ever since 2003. Somalia has featured in the ten most affected countries for the last eight years in a row.

2014 was the first time since 2000 that India has not featured among the ten countries with highest fatalities from terrorism. However, this is due to the growth of terrorism in other countries more than to an improvement in India. The number of people killed from terrorism in India increased by 1.2 per cent from 2013 to reach a total of 416.

Casualty Challenge

Casualty Data vs. Security Reporting

- **UN casualty data strongly indicate that DoD and command data are being “spun” to disguise growing problems and sharply increasing insurgent influence.**
- **UN casualty data showed striking increase in geographic scope of insurgent attacks until mid-2015.**
- **Casualty data becoming less relevant because insurgent influence is rising in areas without added fighting.**
- **No clear data on trends in**
- **Afghan Forces casualties; being suppressed although some commanders have said is rising to unacceptable levels.**
- **Police and ALP seem to be suffering critical casualty levels, Afghan Army becoming steadily more dependent on limited U.S. air support, and some Kandaks limiting patrol and other operations to reduce casualties.**
- **Casualty data in Helmand and south indicate most surge gains gone except in Kandahar. Warn serious insurgent gains taking place in the north.**

State Department Country Data: Afghanistan 2013

More than half of all attacks in Afghanistan in 2013 (56.7%) were attributed to a perpetrator group, and nearly all of these (98.6%) were attributed to the Taliban.

Two attacks in Afghanistan in 2013, the assassination of Indian author Sushmita Banerjee and a suicide attack targeting the Indian consulate in Jalalabad, were attributed specifically to the Haqqani Network.

Unlike in 2012, when attacks against military targets were 24.3 percent more prevalent in Afghanistan than around the world, in 2013 the percentage of attacks against military targets globally increased and was approximately the same as that in Afghanistan (5.2%).

Attacks against police targets were especially common in Afghanistan in 2013. In fact, 44.6 percent of all attacks in Afghanistan in 2013 primarily targeted the police, especially checkpoints, patrols, and security forces. This is 80.6 percent higher than the percentage of attacks that targeted police globally.

Like in Iraq, suicide attacks continued to be especially frequent in Afghanistan. More than 9 percent of attacks in Afghanistan in 2013 were classified as suicide attacks, compared to 5.3 percent globally.

Terrorist attacks in Afghanistan took place throughout the country in 2013.

Nearly one-quarter of all attacks (21.6%) took place in Helmand and Kandahar provinces in the South; however, 24 other provinces experienced more than 10 attacks in 2013.

Source: Bureau of Counterterrorism, Statistical Annex, *Country Reports on Terrorism 2013*, US State Department, April 2014, <http://www.state.gov/j/ct/rls/crt/2013/224831.htm> n.

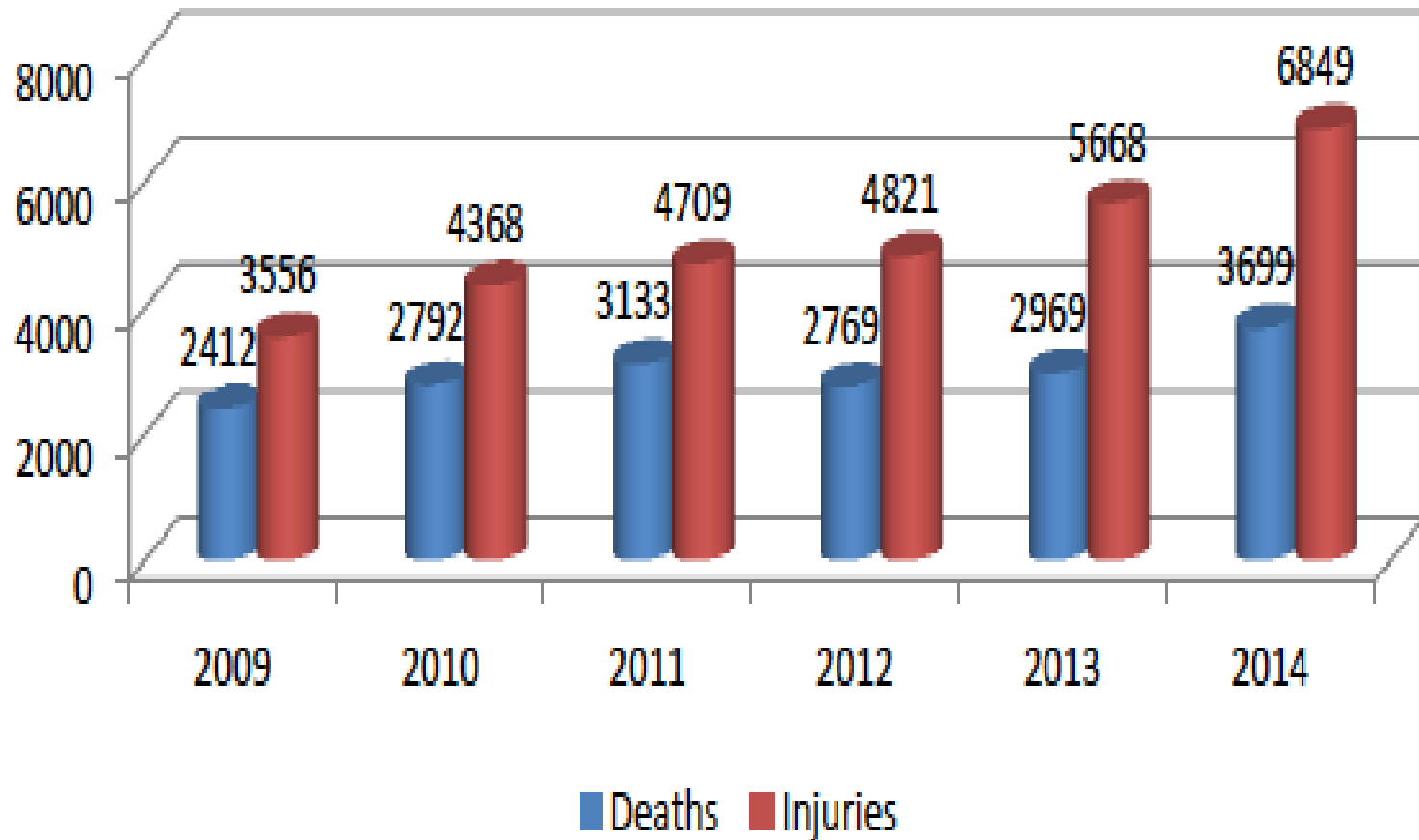
Taliban and Insurgent Tactics Have Become Lethal and More Challenging

- ISAF/US reporting on cover tactical events, not outcomes and is essentially meaningless, if not dishonest, in showing relative areas of government and insurgent presence and influence.
- UNAMA reporting shows casualty levels never dropped significantly as a result of the surge and got far worse in the first six months of 2014 as ISAF forces withdrew.
- UNAMA reports that targeted attacks by Anti-Government Elements against mullahs (religious leaders) they accused of supporting the Government and in mosques tripled in 2013 and rose again in the first six months of 2014.
- In the first half of 2014, the armed conflict in Afghanistan took a dangerous new turn for civilians. For the first time since 2009 when UNAMA began systematically documenting civilian casualties in Afghanistan, more civilians were found to have been killed and injured in ground engagements and crossfire between Anti-Government Elements and Afghan national security forces than any other tactic. In previous years, the majority of civilians were killed and injured by improvised explosive devices.
- Between 1 January and 30 June 2014, UNAMA documented 4,853 civilian casualties, (1,564 civilian deaths and 3,289 injured) recording a 17 per cent increase in civilian deaths, and a 28 per cent increase in civilians injured for a 24 per cent overall increase in civilian casualties compared to the first six months of 2013.³
- UNAMA attributed 74 per cent of all civilian casualties to Anti-Government Elements, nine per cent to Pro-Government Forces⁵ (eight per cent to Afghan national security forces, one per cent to international military forces) and 12 per cent to ground engagements between Anti-Government Elements and Afghan national security forces in which a civilian casualty could not be attributed to a specific party.
- UNAMA attributed four per cent of civilian casualties to explosive remnants of war, and the remaining one per cent to cross-border shelling from Pakistan into Afghanistan.
- Compared with the first six months of 2009, when UNAMA began to monitor civilian casualties, the number of civilians killed by Anti-Government Elements doubled in 2014 (from 599 to 1,208), while the number of civilians killed by Pro-Government forces has been cut by half (from 302 to 158), almost entirely due to reduced civilian casualties from aerial operations of international military forces.

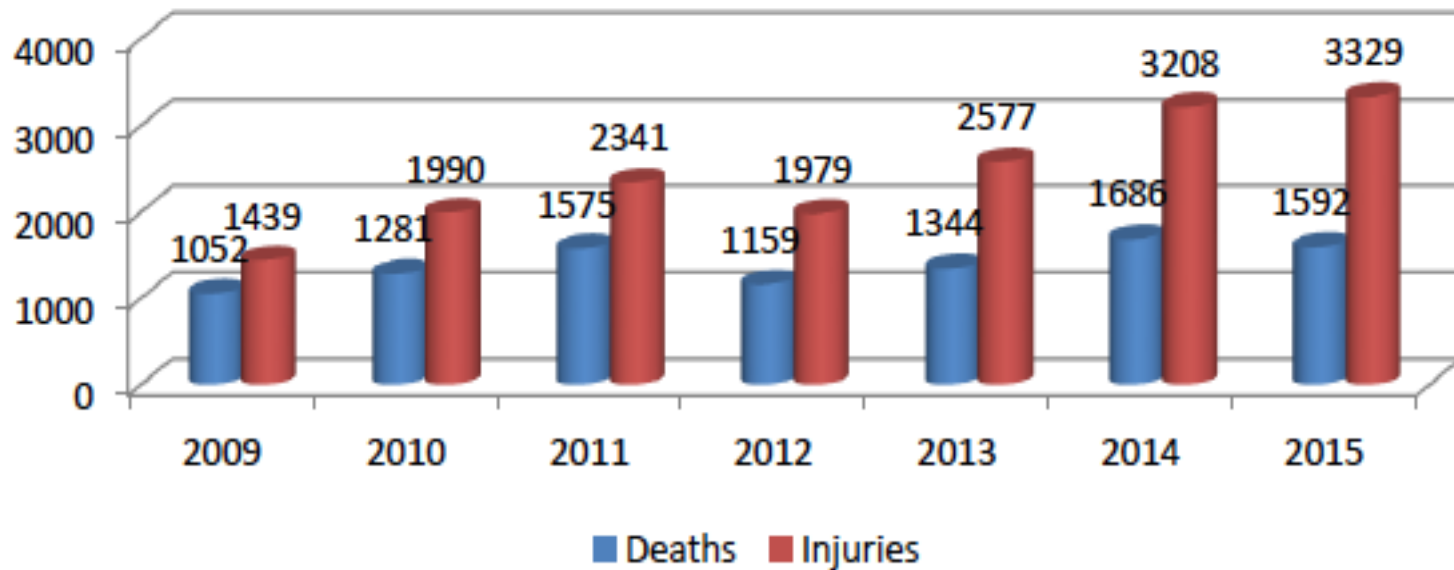
Source: UNAMA/UNHCR, **Afghanistan Midyear Report on Protection of Civilians in Armed Conflict:**

2014 http://unama.unmissions.org/LinkClick.aspx?fileticket=m_XyrUQDKZg%3d&tabid=12254&mid=15756&language=en-US, July 2014, pp. 1-2.

Civilian Deaths and Injuries January to December 2009 - 2014



Civilian Deaths and Injuries January to June 2009 - 2015

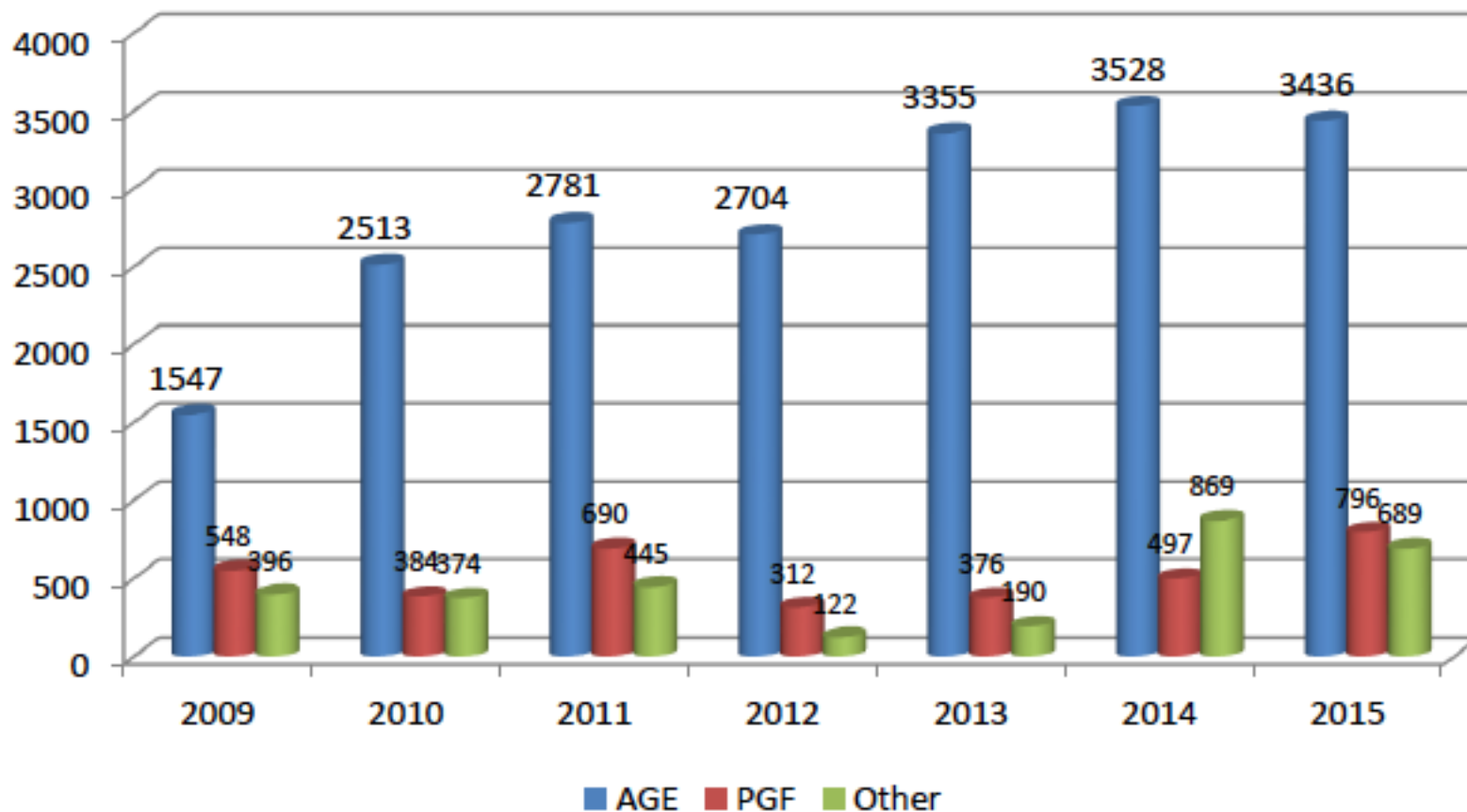


Between 1 January and 30 June 2015, UNAMA documented 4,921 civilian casualties (1,592 civilians deaths and 3,329 injured), marking a six per cent decrease in civilian deaths and four per cent increase in civilians injured. These figures amount to an overall one per cent increase in civilian casualties compared to the first six months of 2014, and the highest number of total civilian casualties compared to the same period in previous years. Between 1 January 2009 and 30 June 2015, UNAMA recorded 52,653 civilian casualties (19,368 deaths and 33,285 injured).

Source: UNAMA, UNOHCHR, AFGHANISTAN, MIDYEAR REPORT 2015
PROTECTION OF CIVILIANS IN ARMED

CONFLICT http://unama.unmissions.org/Portals/UNAMA/human%20rights/2015/PoC%20Report%202015/UNAMA%20Protection%20of%20Civilians%20in%20Armed%20Conflict%20Midyear%20Report%202015_FINAL_%205%20August-new.pdf, p. 1

Civilian Deaths and Injuries by Parties to the Conflict January to June 2009 - 2015

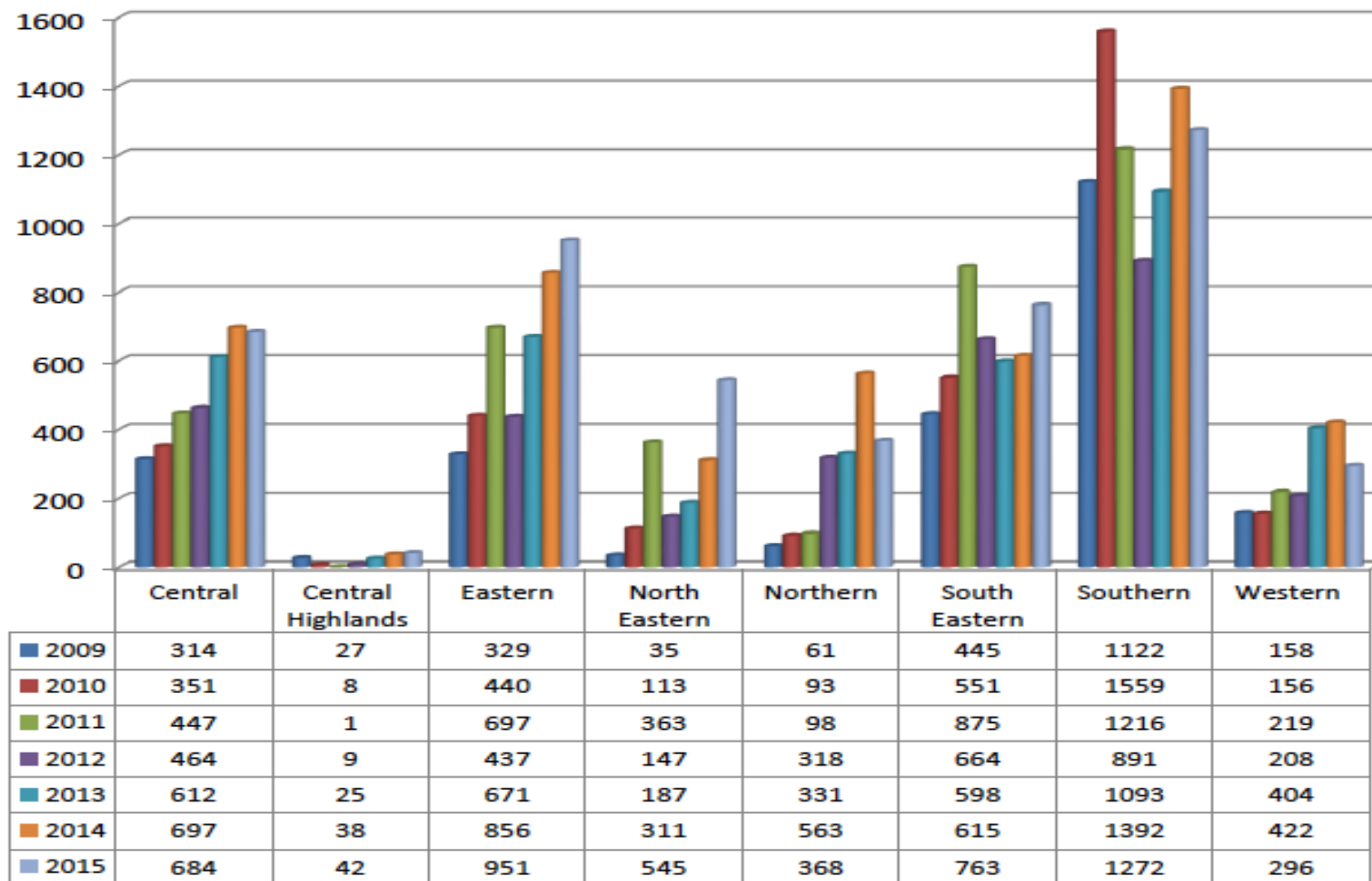


AGE= Anti government elements; PGF = Pro Government Forces

Source: UNAMA, UNOHCHR, AFGHANISTAN, MIDYEAR REPORT 2015
PROTECTION OF CIVILIANS IN ARMED

CONFLICT http://unama.unmissions.org/Portals/UNAMA/human%20rights/2015/PoC%20Report%202015/UNAMA%20Protection%20of%20Civilians%20in%20Armed%20Conflict%20Midyear%20Report%202015_FINAL_%205%20August-new.pdf, p. 3

Civilian Deaths and Injuries by region January to June:2009 - 2015

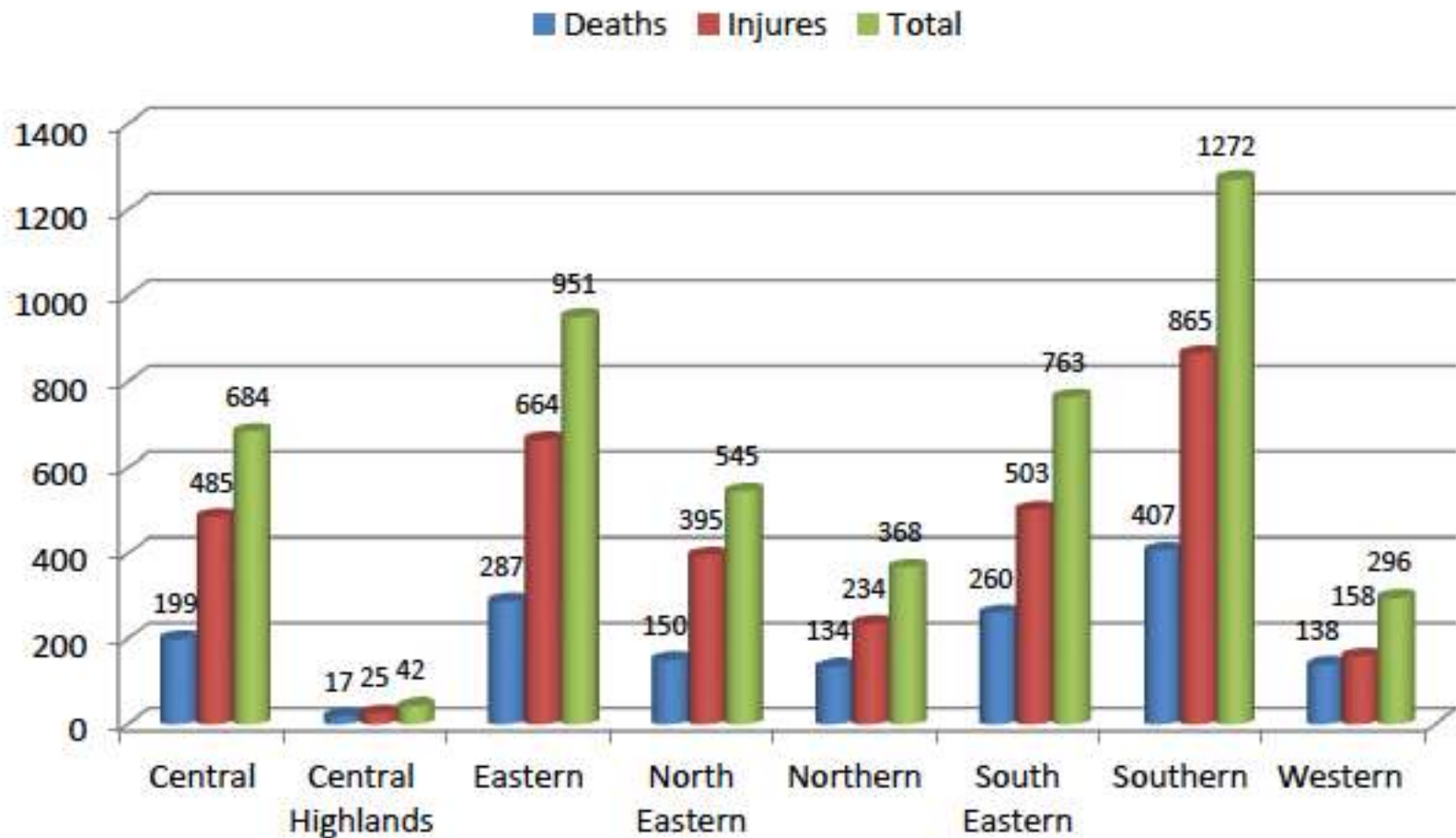


Source: UNAMA, UNOHCHR, AFGHANISTAN, MIDYEAR REPORT 2015

PROTECTION OF CIVILIANS IN ARMED

CONFLICT http://unama.unmissions.org/Portals/UNAMA/human%20rights/2015/PoC%20Report%202015/UNAMA%20Protection%20of%20Civilians%20in%20Armed%20Conflict%20Midyear%20Report%202015_FINAL_%205%20August-new.pdf, p. 5

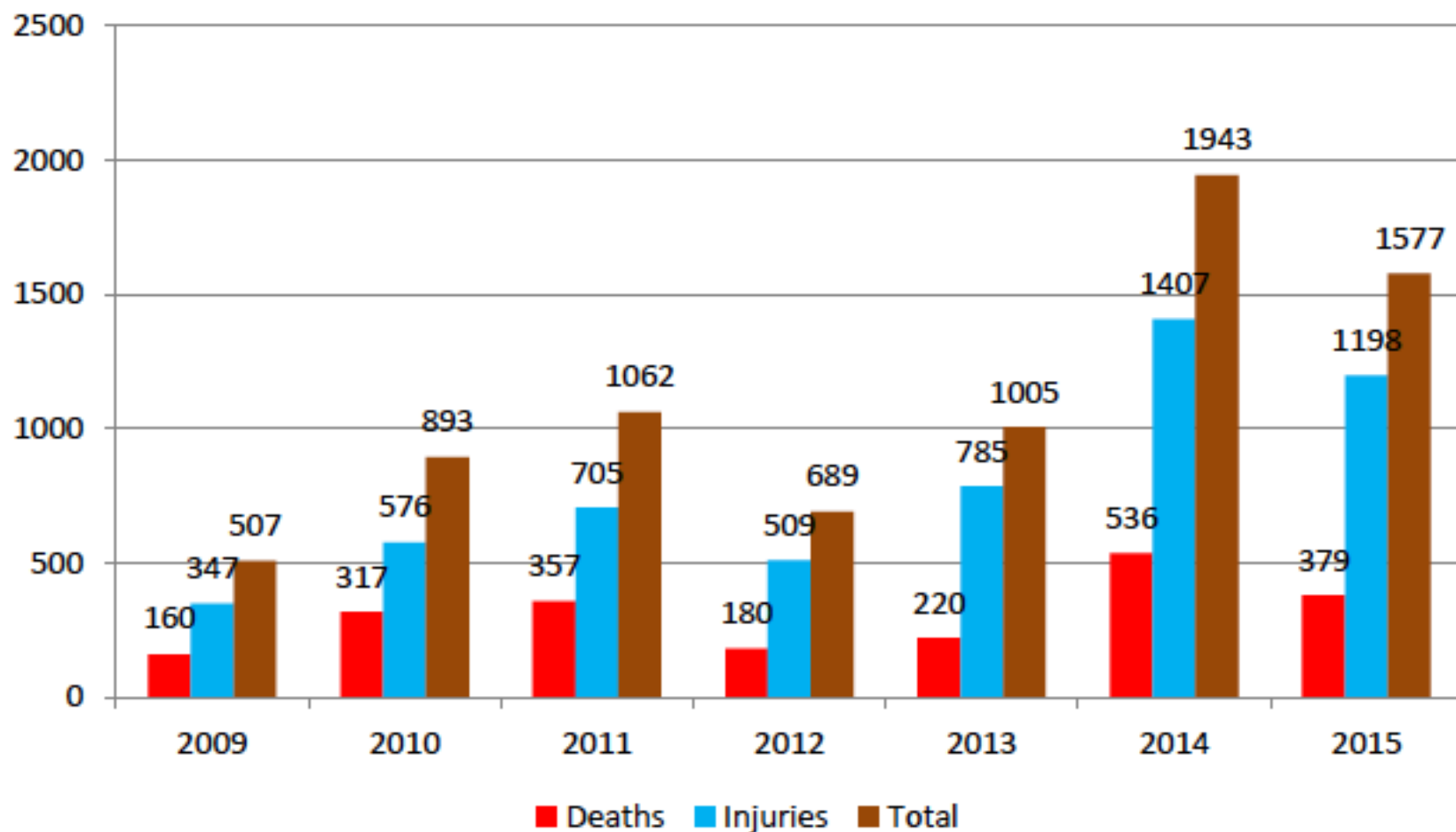
Civilian Deaths and Injuries by region January to June 2015



Source: UNAMA, UNOHCHR, AFGHANISTAN, MIDYEAR REPORT 2015
PROTECTION OF CIVILIANS IN ARMED

CONFLICT http://unama.unmissions.org/Portals/UNAMA/human%20rights/2015/PoC%20Report%202015/UNAMA%20Protection%20of%20Civilians%20in%20Armed%20Conflict%20Midyear%20Report%202015_FINAL_%205%20August-new.pdf, p. 15

Civilian Deaths and Injuries by Ground Engagements January to June 2009 - 2015

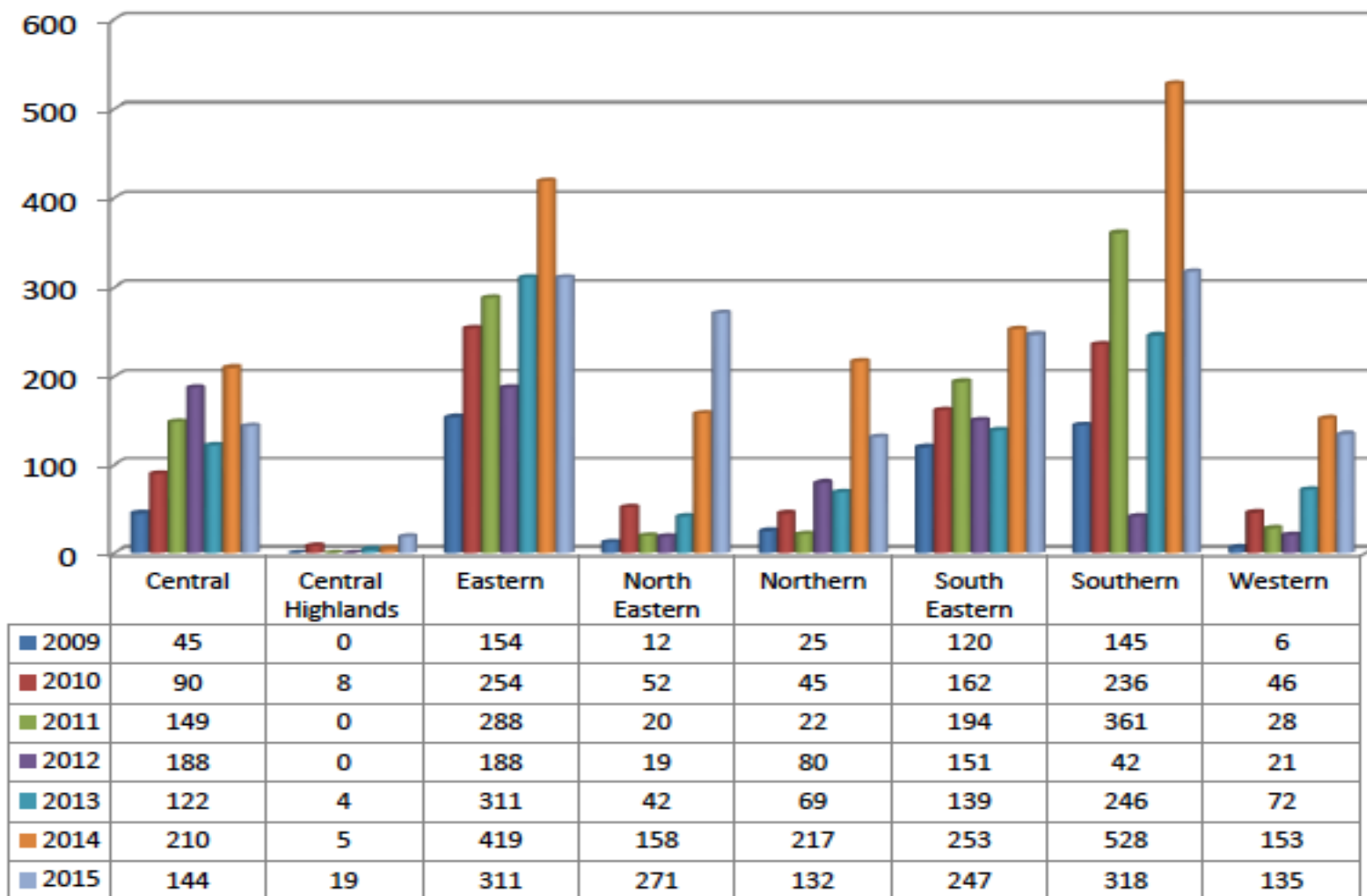


Source: UNAMA, UNOHCHR, AFGHANISTAN, MIDYEAR REPORT 2015

PROTECTION OF CIVILIANS IN ARMED

CONFLICT http://unama.unmissions.org/Portals/UNAMA/human%20rights/2015/PoC%20Report%202015/UNAMA%20Protection%20of%20Civilians%20in%20Armed%20Conflict%20Midyear%20Report%202015_FINAL_%205%20August-new.pdf, p. 28

Civilian Deaths and Injuries: Ground Engagements by region January to June 2009 - 2015



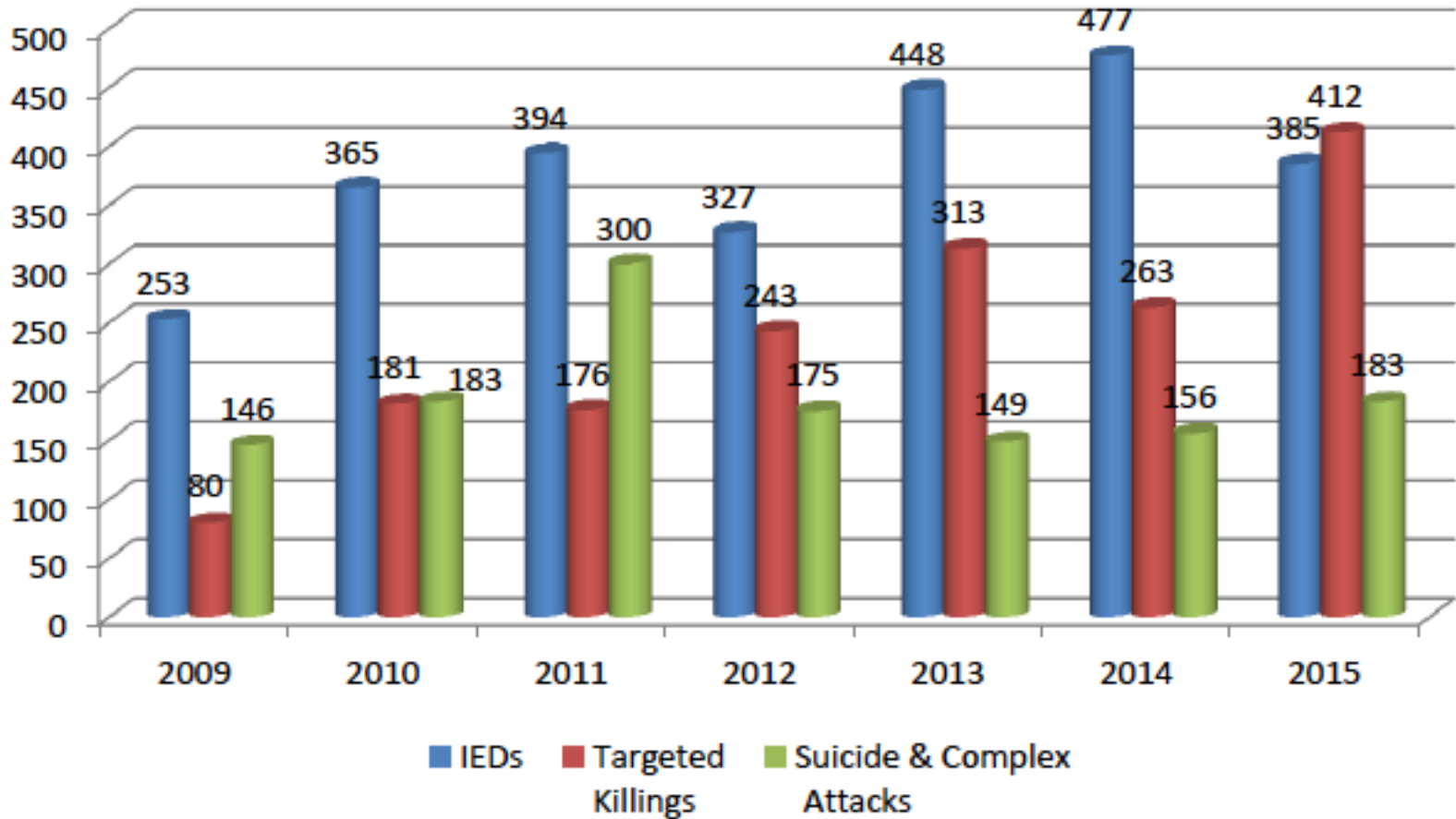
Source: UNAMA, UNOHCHR, AFGHANISTAN, MIDYEAR REPORT 2015

PROTECTION OF CIVILIANS IN ARMED

CONFLICT http://unama.unmissions.org/Portals/UNAMA/human%20rights/2015/PoC%20Report%202015/UNAMA%20Protection%20of%20Civilians%20in%20Armed%20Conflict%20Midyear%20Report%202015_FINAL_%2005%20August-new.pdf, p. 29

Civilian Deaths by Tactic: Anti-Government Elements

January to June 2009 - 2015

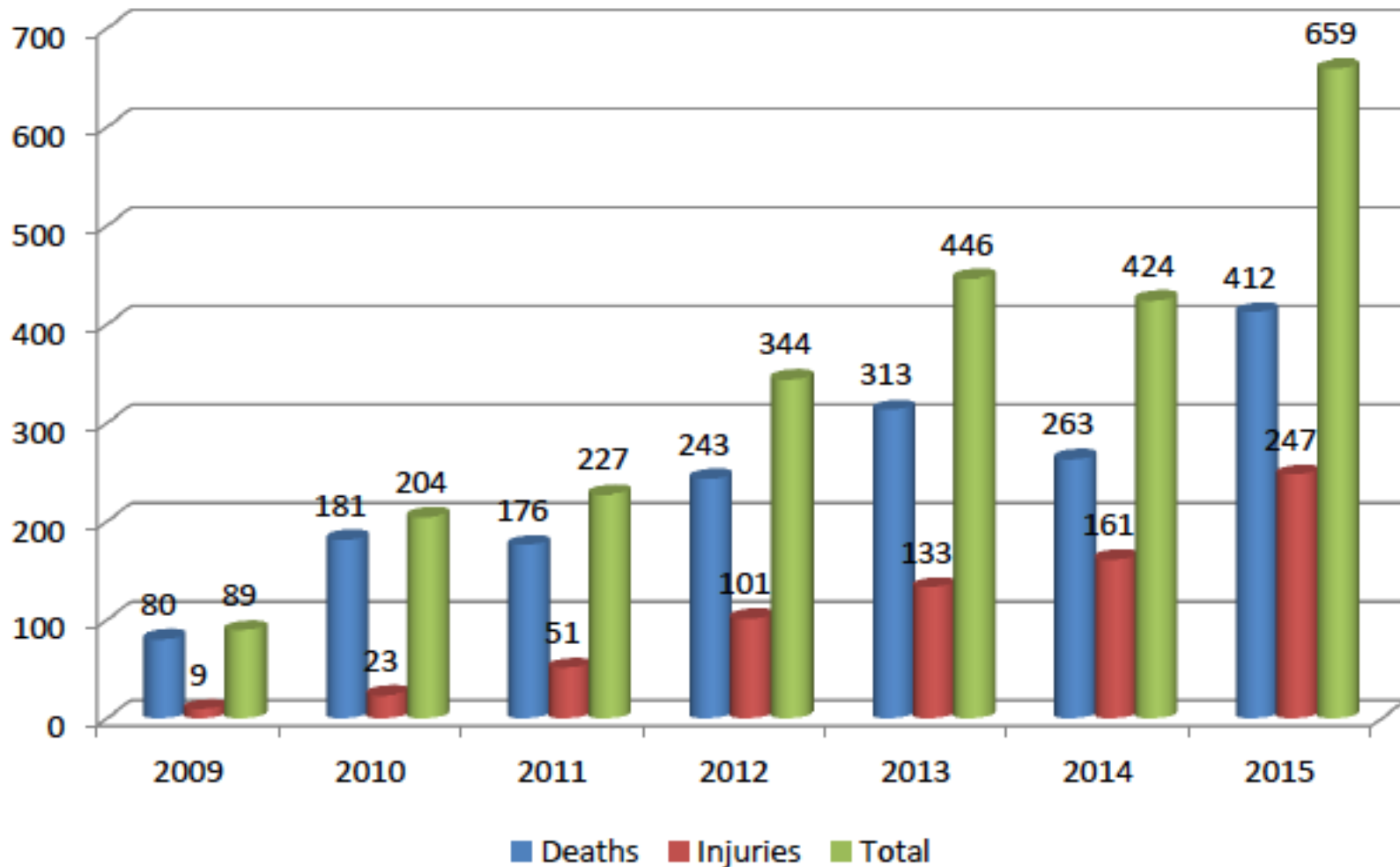


Source: UNAMA, UNOHCHR, AFGHANISTAN, MIDYEAR REPORT 2015
PROTECTION OF CIVILIANS IN ARMED

CONFLICT http://unama.unmissions.org/Portals/UNAMA/human%20rights/2015/PoC%20Report%202015/UNAMA%20Protection%20of%20Civilians%20in%20Armed%20Conflict%20Midyear%20Report%202015_FINAL_%205%20August-new.pdf, p. 51

Civilian Deaths and Injuries from Targeted Killings by AGE

January to June 2009 - 2015

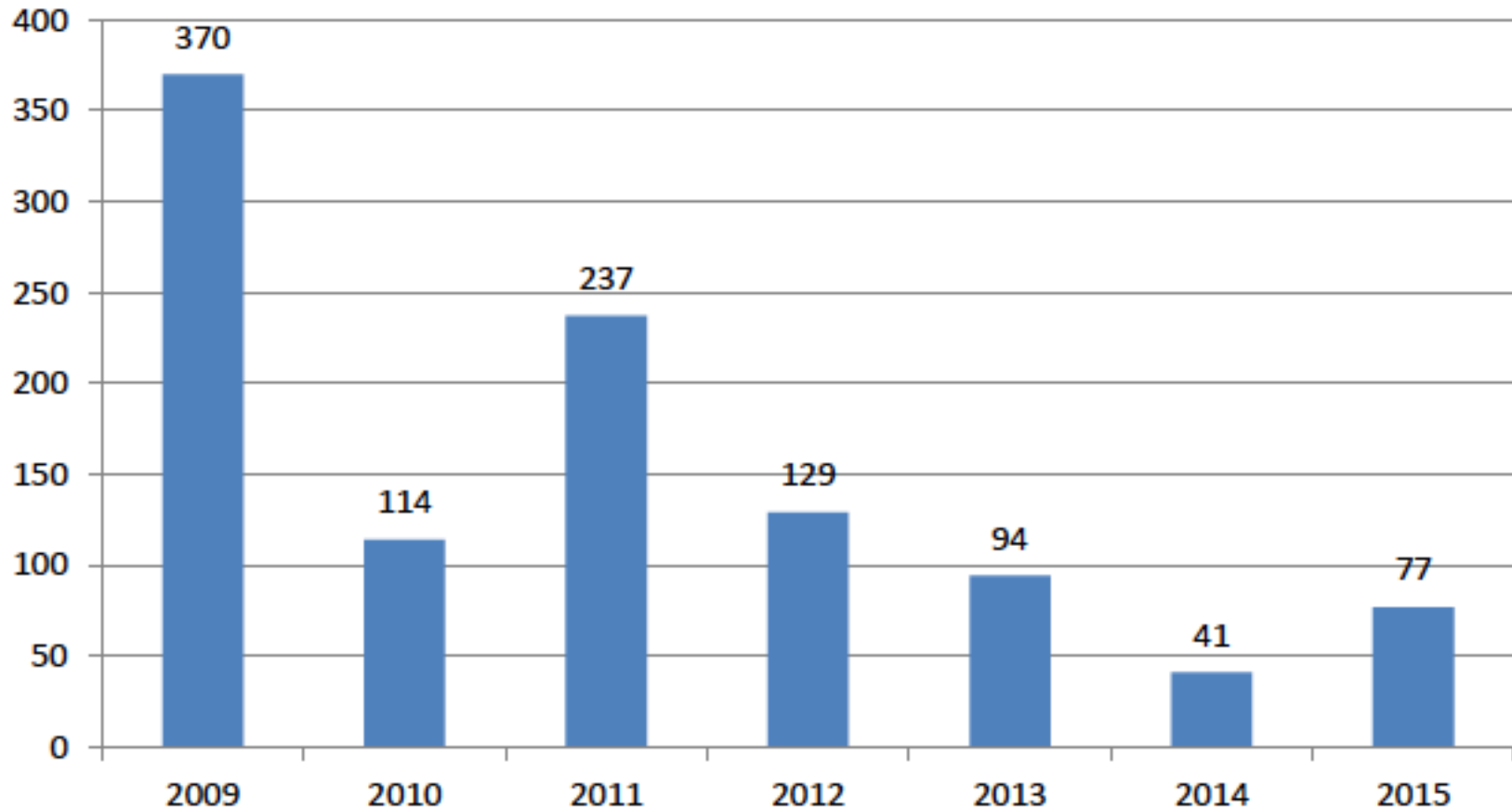


Source: UNAMA, UNOHCHR, AFGHANISTAN, MIDYEAR REPORT 2015

PROTECTION OF CIVILIANS IN ARMED

CONFLICT http://unama.unmissions.org/Portals/UNAMA/human%20rights/2015/PoC%20Report%202015/UNAMA%20Protection%20of%20Civilians%20in%20Armed%20Conflict%20Midyear%20Report%202015_FINAL_%205%20August-new.pdf, p. 53.

Civilian Deaths and Injuries by Aerial Operations January to June 2009 - 2015

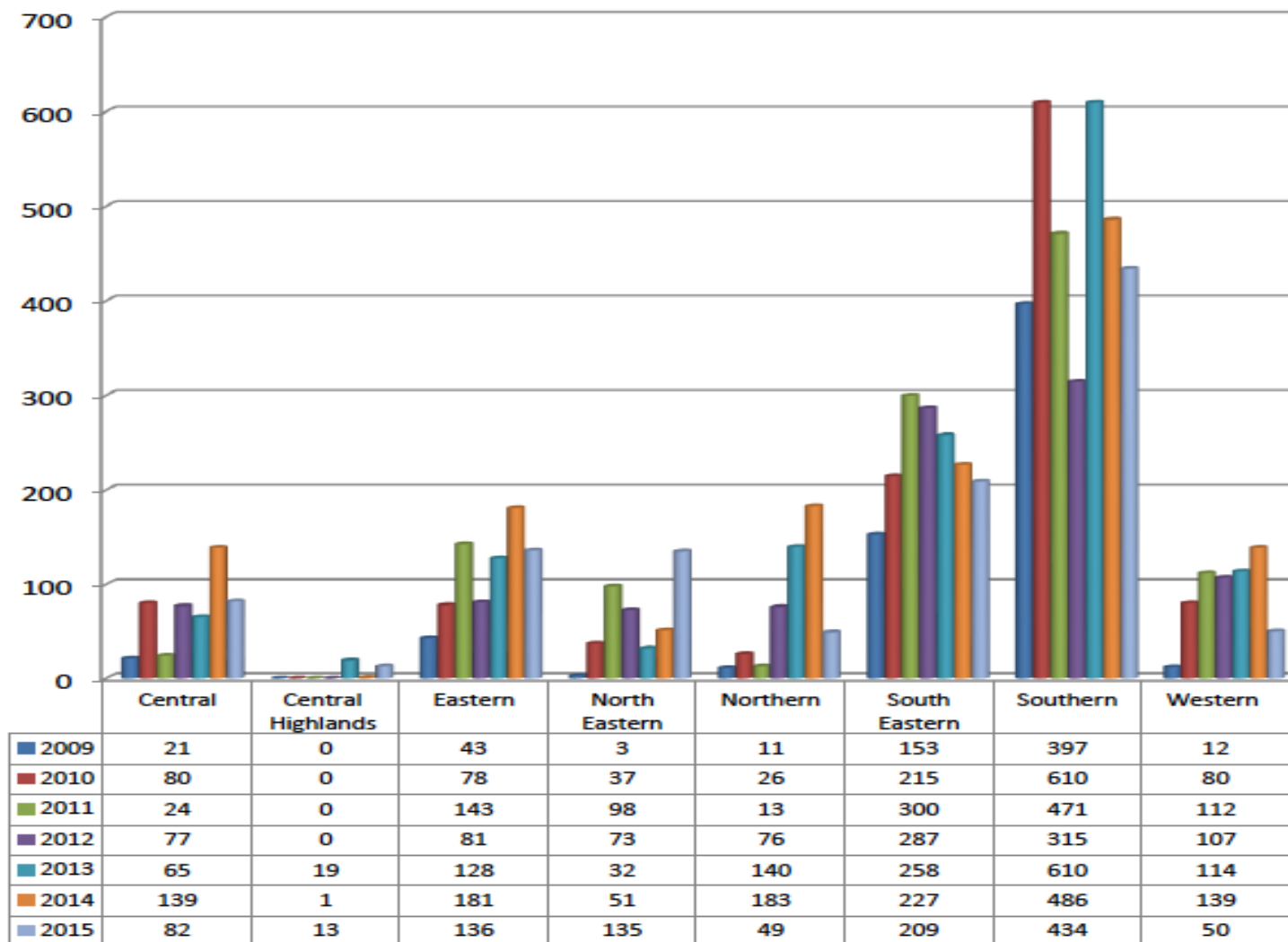


Source: UNAMA, UNOHCHR, AFGHANISTAN, MIDYEAR REPORT 2015

PROTECTION OF CIVILIANS IN ARMED

CONFLICT http://unama.unmissions.org/Portals/UNAMA/human%20rights/2015/PoC%20Report%202015/UNAMA%20Protection%20of%20Civilians%20in%20Armed%20Conflict%20Midyear%20Report%202015_FINAL_%205%20August-new.pdf, p. 78

Civilian Deaths and Injuries: IEDs by region January to June 2009 - 2015

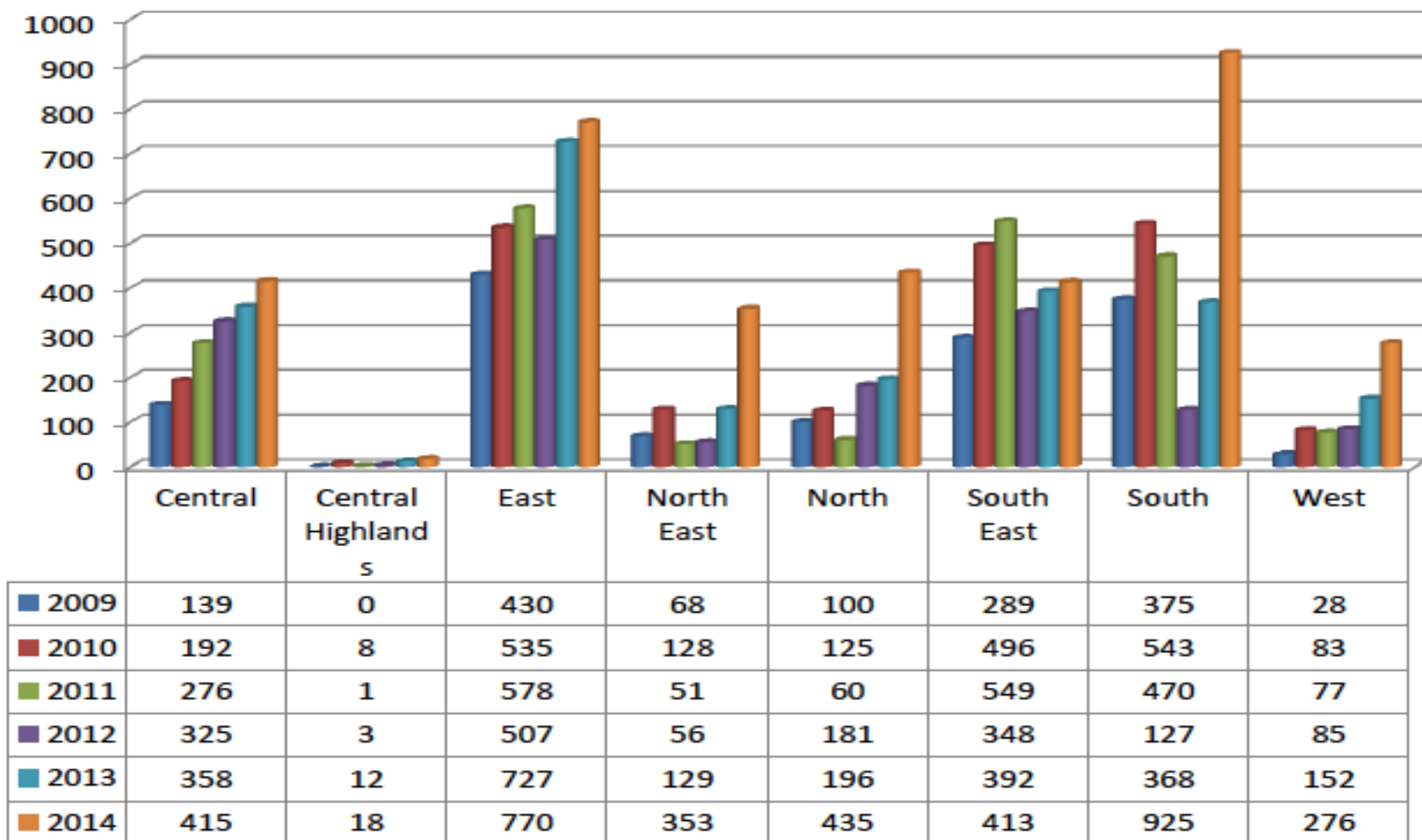


Source: UNAMA, UNOHCHR, AFGHANISTAN, MIDYEAR REPORT 2015

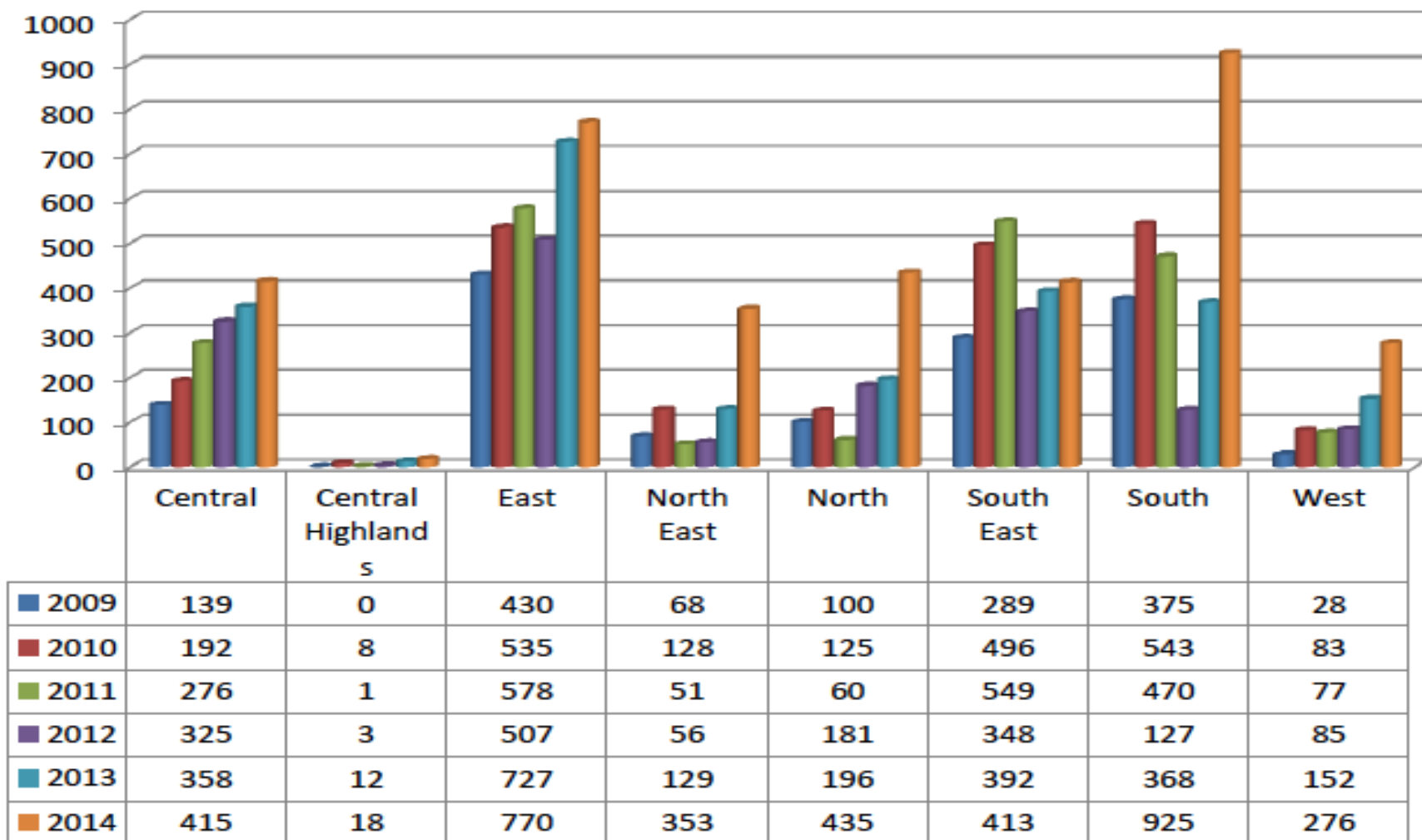
PROTECTION OF CIVILIANS IN ARMED

CONFLICT http://unama.unmissions.org/Portals/UNAMA/human%20rights/2015/PoC%20Report%202015/UNAMA%20Protection%20of%20Civilians%20in%20Armed%20Conflict%20Midyear%20Report%202015_FINAL_%205%20August-new.pdf, p. 44

Civilian Deaths and Injuries: Ground Engagements by region January to December 2009 - 2014



Civilian Deaths and Injuries: Ground Engagements by region January to December 2009 - 2014



ANSF Force Strength and Readiness Challenge

Critical Challenges to ANSF

- **Expansion rushed in erratic bursts from 2005 onwards with erratic funding and supply of advisors until CY2010-CTY2011.**
- **Heavy reliance on police and Afghan Local Police for paramilitary functions they are not trained and armed to perform.**
- **Efforts to end combat role by end-2014 cut advisors and advisor role in combat units far below the levels needed. Seriously degraded chances of success.**
- **Election crisis weakened corrupt and already in adequate Ministry of Defense and Ministry of Interior.**
- **Meaningful unclassified reporting on Army and Police readiness at unit level has halted. Supposedly for security reasons but evidently because data would strongly argue against plans to cut number of advisors and phase them out by end-2016.**
- **Strong indications the U.S. is repeating the kind of politicized reporting on ANSF that disguised the problems in the ARVN before the collapse of Vietnam.**
- **Media reporting strongly indicates serious losses in security in many districts, and rising threat to some urban areas.**

FOUR "LINES OF EFFORT"

COMPLETE AFGHAN SECURITY FORCES DEVELOPMENT

SUPPORT AFGHAN TRANSITION

PROTECT THE FORCE

POSTURE THE FORCE

The Resolute Support Mission focuses on completing Afghan Security Forces development, supporting Afghan transition, ensuring the security of Resolute Support forces, and positioning Resolute Support forces to complete the mission.

The main effort is to train, advise, and assist ASI and ANDSF focusing on eight specific areas of concentration or "Essential Functions". These eight Essential Functions are:

- EF 1: Multi-year Budgeting and Execution of Programs
- EF 2: Transparency, Accountability, and Oversight (prevent corruption)
- EF 3: Civilian Governance of the ASI (ANSF as servants of the people)
- EF 4: Force Generation (recruit, train, and equip the force)
- EF 5: Sustainment (supply and maintenance)
- EF 6: Strategy and Policy Planning, Resourcing, and Execution (plan, resource campaigns)
- EF 7: Intelligence
- EF 8: Strategic Communication

WAY AHEAD

ISAF's security mission set the conditions for Afghan reconstruction and success. Coalition and ANDSF worked together to provide security in Afghanistan. Some of the major improvements Afghanistan has witnessed since 2001 are in the areas of medical care, infrastructure, a free and open press, gender equality, stable governance, transportation, education, reliable power, gender equality, and the development of the Afghan Security Forces.



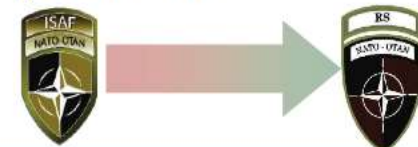
Today capable and confident Afghan Security Forces have assumed full security responsibility and have the support of the Afghan people. With the Resolute Support Mission, this commitment continues in line with what was agreed upon with Afghan authorities at the NATO Summits in Lisbon, Chicago, and Wales.

HQ, RS STRATEGIC COMMUNICATION OFFICE
EMAIL: PRESSOFFICE@HQ.ISAF.NATO.INT
04 FEB 2015 draft



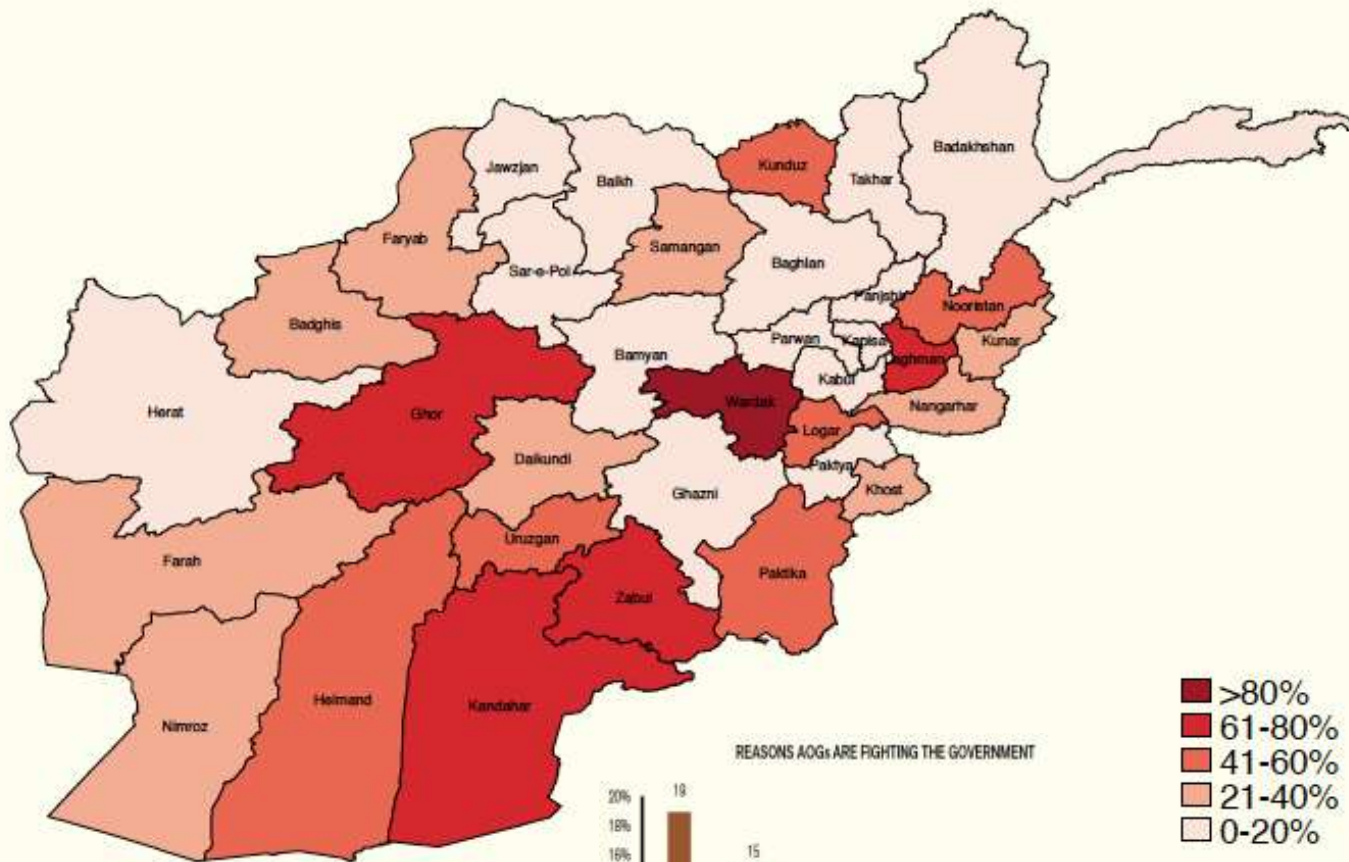
On 31 December 2014, the ISAF mission ended. The new NATO-led Resolute Support Mission (RSM) began on 1 January 2015. The NATO-led Resolute Support Mission builds on the achievements made by the now completed ISAF mission. Resolute Support officially and formally recognizes Afghan Security Forces' growing capabilities and their assumption of full security responsibility for the future of Afghanistan.

The Resolute Support Mission will focus on training, advising, and assisting Afghan Security Institutions (ASI) (Ministry of Defense and Ministry of Interior) and Afghan National Defence and Security Forces (ANDSF) at the ministerial, institutional, and operational levels.

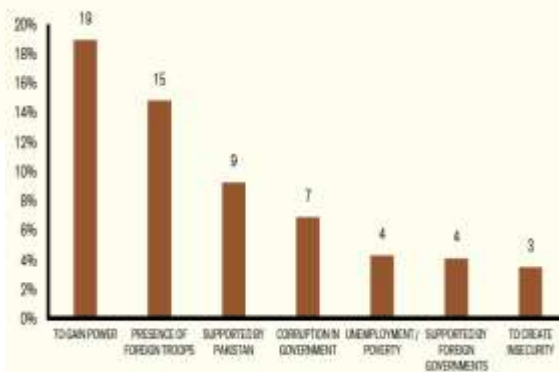


Sympathy for Taliban and Armed Opposition Groups

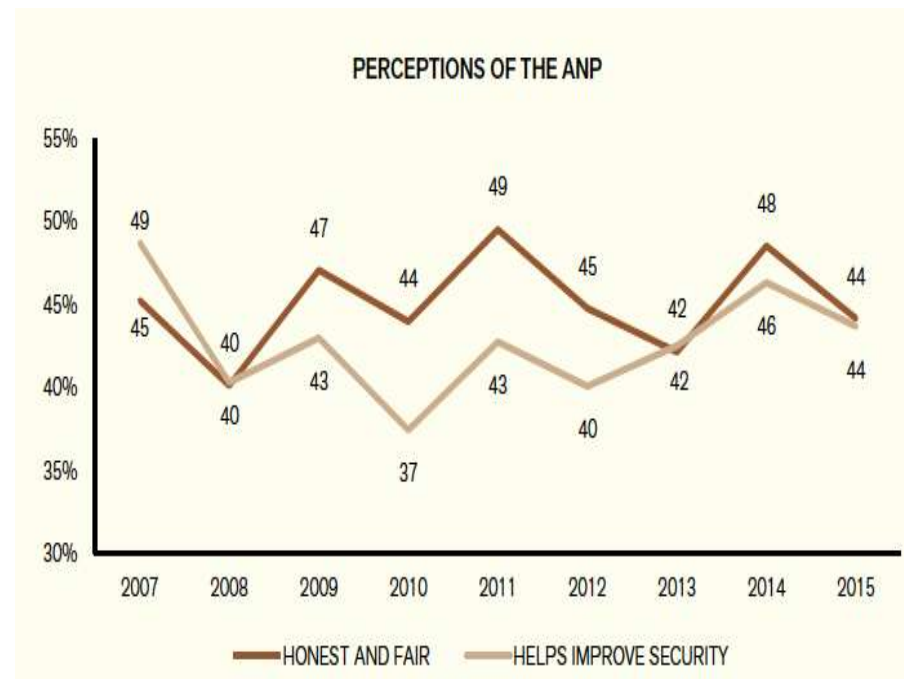
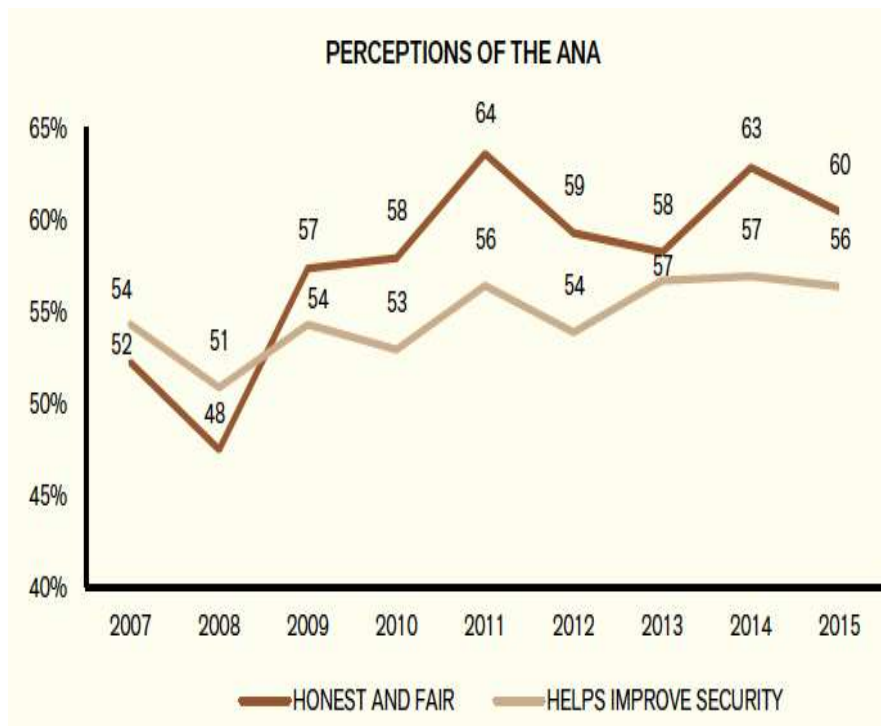
SYMPATHY FOR ARMED OPPOSITION GROUPS: BY PROVINCE



REASONS AOGs ARE FIGHTING THE GOVERNMENT



Mixed Support of ANA and ANP



PROVINCES WITH HIGHEST AND LOWEST CONFIDENCE IN ANA AND ANP

HIGHEST CONFIDENCE IN		LOWEST CONFIDENCE IN	
ANA	ANP	ANA	ANP
PARWAN	PANJSHIR	GHOR	WARDAK
KABUL	BAGHLAN	WARDAK	GHOR
BAGHLAN	BAMYAN	ZABUL	ZABUL
GHAZNI	TAKHAR	PAKTIKA	PAKTIKA
NANGARHAR	KABUL	DAIKUNDI	LOGAR

"BILATERAL SECURITY AGREEMENT"



Main Points of the BSA (Afghanistan & U.S.)

- ⇒ Effective from 1 January 2015 until the "end of 2024 and beyond" unless it is terminated by either Afghanistan or the U.S. with two years' notice.
- ⇒ The BSA authorizes U.S. forces to maintain existing facilities and undertake new construction, so long as they are agreed upon by both sides. However, the U.S. will not create permanent bases in Afghanistan.
- ⇒ The U.S. shall regard with grave concern any external aggression or threat of external aggression to Afghanistan, and will work together with GIROA to develop "an appropriate response," including considering political, military, and economic measures.
- ⇒ The U.S. will have the exclusive right to exercise jurisdiction over U.S. service members who commit "any criminal or civil offenses" in Afghanistan.
- ⇒ U.S. forces will not enter Afghan homes for the purpose of military operations and searches except under extraordinary circumstances involving the urgent risk to life and limb of U.S. nationals.
- ⇒ U.S. forces shall not arrest or imprison Afghan nationals, nor maintain or operate detention facilities in Afghanistan.

BSA & SOFA: WHAT ARE THEY?

- ⇒ The United States Bilateral Security Agreement and the NATO Status of Forces Agreement provide the legal framework for the United States, NATO, and its partner nations' continued commitment to train, advise, and assist Afghan Security Forces.
- ⇒ **The agreements reaffirm the Coalition and Afghanistan's strong commitment to the sovereignty, independence, territorial integrity, and national unity of Afghanistan.**
- ⇒ **The agreements emphasize that both the Coalition and Afghanistan will go forward in partnership with confidence because they are committed to seeking a future of justice, peace, security, and opportunity for the Afghan people.**
- ⇒ The agreements place importance on cooperative relationships between Afghanistan and its neighbors conducted on the basis of mutual respect, non-interference, and equality and call on all nations to refrain from interference in Afghanistan's internal affairs and democratic processes.

"STATUS OF FORCES AGREEMENT"

Scope of NATO Operations

- ⇒ The SOFA covers the RESOLUTE SUPPORT MISSION, which is a non-combat, train, advise, and assist (TAA) mission.
- ⇒ TAA for Resolute Support is extended to the tactical level for Afghan Special Operations Forces (at the request and invitation of GIROA).

NATO Forces & Members of the NATO Forces have:

- ⇒ Right to entry, movement, exit, transit, transportation (no visas) within Afghanistan.
- ⇒ Immunity from local Afghan jurisdiction, arrest, and criminal prosecution.
- ⇒ Tax exemption for acquisitions by or on behalf of NATO Forces.
- ⇒ Exempted from licenses and permits.
- ⇒ Provisions almost identical to the BSA.



Goal: Afghan Security Forces that are sustainable, capable of protecting the population, and have full responsibility for Afghanistan's security.

Afghan Forces Manning: 2/2014-7/2015

ANDSF ASSIGNED FORCE STRENGTH, FEBRUARY 2014–JULY 2015

	2/2014	5/2014	8/2014	11/2014	2/2015	5/2015	7/2015
ANA including AAF	184,839	177,489	171,601	169,203	174,120	176,762	176,420**
ANP	153,269	152,123	153,317	156,439*	154,685	155,182	148,296
Total ANDSF	338,108	329,612	324,918	325,642	328,805	331,944	324,716

*Reported November 2014 ANP number appears to double-count some Afghan Uniformed Police; actual number may be 151,272.

**The supporting ANA and AAF numbers do not equal the reported ANA including AAF July 2015 total; Trainee, Transient, Holdee, and Students (TTHS) may represent all or part of the unreconciled number.

Source: CSTCA response to SIGAR data calls, 3/31/2014, 7/1/2014, and 10/6/2014; RS, response to SIGAR request for clarification, 3/14/2015; USFOR-A, response to SIGAR vettings, 4/10/2015 and 7/12/2015; USFOR-A, response to SIGAR data calls, 12/28/2014, 3/24/2015, 6/29/2015, and 9/11/2015.

ANDSF ASSIGNED FORCE STRENGTH, JULY 2015

ANDSF Component	Approved End-Strength Goal	Target Date	Current Assigned as of July 2015	% of Target Authorization	Difference Between Current Assigned and Approved End-Strength Goals	Difference (%)
ANA including AAF ^a	195,000	December 2014	160,461	82.3%	(34,539)	(17.7%)
ANA Civilians including AAF Civilians	8,004	-	7,048	88.1%	(956)	(11.9%)
ANA + AAF Total	203,004		176,420	86.9%	(26,584)	(13.1%)
Afghan National Police	157,000	February 2013	148,296	94.5%	(8,704)	(5.5%)
ANDSF Total with Civillans	360,004		324,716	90.2%	(35,288)	(9.8%)

Note: AAF = Afghan Air Force; ANA = Afghan National Army; ANDSF = Afghanistan National Defense and Security Forces.

^aThe ANA and AAF detail numbers do not equal the reported ANA-including-AAF total number. Trainee, Transient, Holdee, and Students (TTHS) may represent part or all of the unreconciled variance of 8,911 personnel.

Source: DOD, *Report on Progress Toward Security and Stability in Afghanistan*, 12/2012, p. 56; USFOR-A, response to SIGAR data call, 9/11/2015.

ANDSF attrition rates are holding steady, according to reporting provided to RS by the MOD and MOI. The ANA had a monthly attrition rate of 2.4% in July 2015, up from 2.3% in May; and more than a one percentage-point decrease from the average monthly attrition rates the ANA endured in 2013 of 3.52% and 2014 of 3.62%.¹²⁵ The ANP's monthly average attrition rate was reported to be holding steady at 1.9% from May through July.¹²⁶ This quarter USFOR-A reported that RS is no longer tracking a monthly attrition goal.

Ministry of Defense and ANA Forces and Readiness

MINISTRY OF DEFENSE ASSESSMENT RATINGS (NATO) JUNE 1, 2015

RATING MEANING	EF1			EF2			EF3			EF4			EF5			EF6			EF7			EF8			Gender ^a			Total											
	Q1	Q2	+/-	Q1	Q2	+/-	Q1	Q2	+/-	Q1	Q2	+/-	Q1	Q2	+/-	Q1	Q2	+/-	Q1	Q2	+/-	Q1	Q2	+/-	Q1	Q2	+/-	Q1	Q2	+/-	Q1	Q2	+/-						
Ministry of Defense Milestones Assessment																																							
Rating 5 Sustaining Capability	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	=
Rating 4 Fully Capable/Effective	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	=
Rating 3 Partially Capable/Effective	1	1	-	0	0	-	2	3	+	0	2	+	6	8	+	2	1	-	0	2	+	3	0	-	0	0	-	0	0	-	0	0	-	14	17	+			
Rating 2 Initiated (In Development)	3	3	-	2	3	+	1	1	-	5	4	-	7	4	-	2	2	-	5	1	-	3	0	-	0	0	-	0	0	-	0	0	-	28	18	-			
Rating 1 Scoped/Agreed	2	2	-	3	2	-	1	0	-	1	0	-	0	0	-	0	0	-	0	0	-	0	3	+	0	0	-	0	0	-	1	0	-	7	8	+			
Rating 0 Not Scoped/Agreed	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	1	+	0	0	-	0	0	-	2	0	-	0	3	+			
EF Total	6	6	=	5	5	=	4	4	=	6	6	=	13	12	-	4	3	-	5	4	-	6	3	-	0	3	-	49	46	-									

Note: EF = Essential Function; ASI = Afghan Security Institutions; EF1 = Multi-Year Budgeting and Execution; EF2 = Transparency, Accountability, and Oversight; EF3 = Civilian Governance of the ASI; EF4 = Force Generation; EF5 = Sustainment; EF6 = Strategy and Policy, Planning, Resourcing, and Execution; EF7 = Intelligence; EF8 = Strategic Communications. Q1 = February/March 2015; Q2 = June 2015; Q1 - EF1 & EF7 assessments as of 3/1/2015; EF2 & EF5 - as of 2/26/2015; EF3 & EF6 - as of 2/12/2015; EF4 - as of 2/17/2015; EF8 - as of 2/20/2015.

^a Gender Advisor milestones and tasks were not assessed in Q1.

Source: SIGAR, Quarterly Report to Congress, July 30, 2015, p. 104.

MINISTRY OF DEFENSE ASSESSMENT RATINGS (NATO) AUGUST , 2015

RATING MEANING	EF-1			EF-2			EF-3			EF-4			EF-5			EF-6			EF-7			EF-8			Gender			Total								
	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-			
Ministry of Defense Assessment																																				
Rating 5 Sustaining Capability	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	=
Rating 4 Fully Capable/Effective	0	0	-	0	0	-	0	0	-	0	0	-	0	2	+	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	2	+
Rating 3 Partially Capable/Effective	1	2	+	0	0	-	3	4	+	2	5	+	8	9	+	1	1	-	2	2	-	0	0	-	0	0	-	0	0	-	17	23	+			
Rating 2 Initiated (In Development)	3	4	+	3	4	+	1	0	-	4	1	-	4	1	-	2	2	-	1	1	-	0	0	-	0	2	+	0	0	-	18	15	-			
Rating 1 Scoped/Agreed	2	0	-	2	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	3	3	-	1	1	-	8	4	-			
Rating 0 Not Scoped/Agreed	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	1	1	-	0	0	-	2	0	-	3	1	-			
EF Total	6	6	=	5	4	-	4	4	=	6	6	=	12	12	=	3	3	=	4	4	=	3	3	=	3	3	=	46	45	-						

Note: EF = Essential Function; ASI = Afghan Security Institutions; EF1 = Multi-Year Budgeting and Execution; EF2 = Transparency, Accountability, and Oversight; EF3 = Civilian Governance of the ASI; EF4 = Force Generation; EF5 = Sustainment; EF6 = Strategy and Policy, Planning, Resourcing, and Execution; EF7 = Intelligence; EF8 = Strategic Communications. Q1 = February/March 2015; Q2 = June 2015; Q1 - EF1 & EF7 assessments as of 3/1/2015; EF2 & EF5 - as of 2/26/2015; EF3 & EF6 - as of 2/12/2015; EF4 - as of 2/17/2015; EF8 - as of 2/20/2015.

* Gender Advisor milestones and tasks were not assessed in Q1.

Source: SIGAR, Quarterly Report to Congress, October 30, 2015, p. 97.

MINISTRY OF DEFENSE EQUIPMENT



MISSION STATEMENT

The mission of the Afghan National Army is to defend the national sovereignty; safeguard the national interest and freedom, territorial integrity, independence, and Islamic values of Afghanistan.

Objectives:

- Defeat insurgents, Al-Qaeda, terrorism and terrorist groups in Afghanistan
- Continue the development and improvement of Ministry of Defense/ANA capabilities to establish a strong defense sector in support of national interests and security objectives
- Contribute to a stable regional and international security environment



The 195,000 person Afghan National Army is divided into six regional Corps: 201st in Kabul, 203rd in Gardez, 205th in Kandahar, 207th in Herat, 209th in Mazar-i-Sharif, and 215th in Lashkar Gah. The Corps are typically comprised of a headquarters battalion, three to four brigades and various specialty kandaks. The Afghan General Staff provides command/control (C2) over all of Afghanistan's ground and air forces, including all six Corps, the 111th Capital Division, two types of Special Brigades (two Mobile Strike Force Brigades and the National Engineer Brigade), Afghan Detention Operations, ANA Special Operations Command, Air Force, and Special Mission Wing. The Ground Forces Command which used to C2 conventional ground forces is being disestablished.



The Special Operations Command consists of two special operations brigades, a military intelligence kandak, a national strategic reserve operations kandak, and four mobile strike force companies. The kandaks are divided into two main groups: Commandos and Special Forces. They are rapidly deployable, highly mobile, light infantry units trained to conduct expeditionary commando operations.



The Afghan Air Force is responsible for air defense and air warfare in a country largely inaccessible by road. The AAF provides airlift for ANSF, logistics, humanitarian relief support, human remains return (HeRo), casualty evacuation, non-traditional ISR, air assault, armed overwatch and aerial escort. Headquarters AAF is located in Kabul and provides command and control of three wings, the Kabul Air Wing, Kandahar Air Wing, Shindand Air Wing and five detachments respectively located in Mazar-e Sharif, Jalalabad, Shorab, Gardez and Herat. The Special Mission Wing primarily supports Afghan Special Forces and performs intelligence, surveillance, and reconnaissance missions as well as air assault, counter-terrorism, and counter-narcotics missions.

MRAP VEHICLES



Universal weapon mount installed*

Provides ANSF with protected mobility capability against IEDs.

Will have 200 in the inventory.

MOBILE STRIKE FORCE VEHICLES



Universal weapon mount installed*

Available in three variants, the MSFV provides ANSF with mobility, protection, and firepower capability.

Will have 623 in the inventory.

UP-ARMORED HMMWV



Universal weapon mount installed*

High mobility multipurpose wheeled vehicle provides protected mobility in terrain unsuitable for MRAPs/MSFVs.

Will have 6,381 in the inventory.

* for optional .50cal, M240 (7.62mm), M249 (5.56mm) DSHK

D-30 HOWITZER

122 mm



Provides ANSF with indirect fire capability.

Will have 208 in the inventory.

MD-530 HELICOPTER



Provides close air attack and aerial escort capability with two .50 caliber machine guns.

Will have 17 in the inventory.

PC-12 AIRCRAFT



Provides airborne intelligence, surveillance and reconnaissance capabilities and is primarily flown by the Special Mission Wing.

Will have 18 in the inventory.



MI-17 HELICOPTER



Conducts light lift, personnel transport, CASEVAC, resupply, air interdiction, aerial escort and armed overwatch missions. 12 aircraft have 23mm Forward Firing Cannons.

Will have 86 in the inventory.

C-208 AIRCRAFT



Provides basic aircraft training, light lift, personnel transport, CASEVAC, and human remains return capabilities.

Will have 25 in the inventory.

A-29 LIGHT AIR SUPPORT



Provides close air support, armed escort, and armed overwatch capabilities and can be armed with two 500lb bombs, twin .50 caliber machine guns and rockets. The AAF has three aircraft in the US for pilot training.

Will have 20 in the inventory

MI-35 HELICOPTER



Provides close air attack, and armed aerial escort capability with two 23mm forward firing cannons and two S5 rocket pods.

Will have 5 in the inventory.

C-130 TACTICAL TRANSPORT

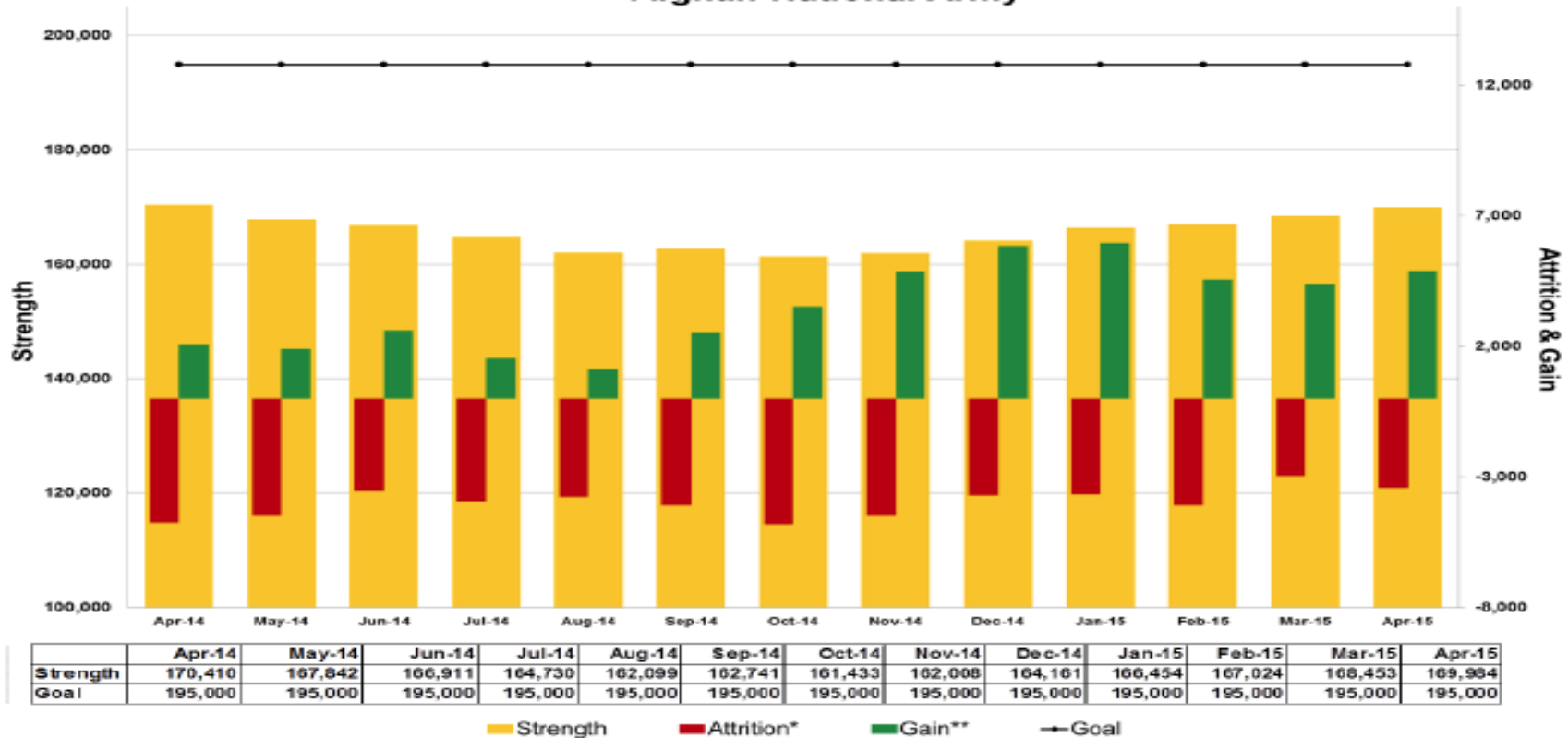


Provides a medium airlift capability, personnel transport, CASEVAC and human relief support capability.

Will have 4 in the inventory.

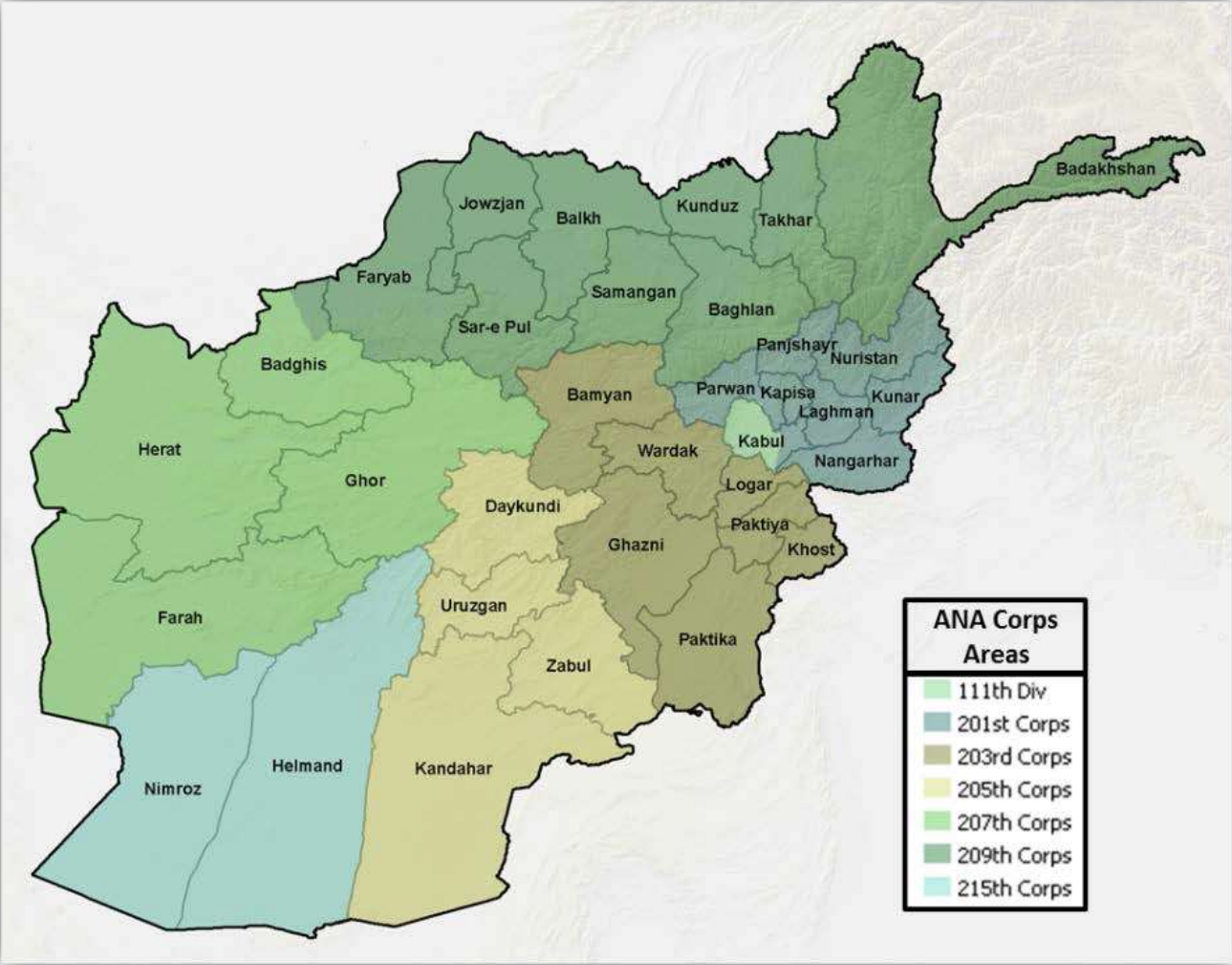
ANA Manning and Attrition: 4/2014-4/2015

Afghan National Army



The attrition rate in the ANA continues to pose challenges for ANDSF development. The ANA attrition rate dropped to an average of approximately 2.3 percent for the last 12 months (compared to historical norms of approximately 2.6 percent) with a low of 1.8 percent in March 2015 and a peak of 3.0 percent in October 2014. Despite this improved trend, RS advisors estimate that ANA casualties have increased during this reporting period compared to last year based on operational reporting. ANA end strength has increased since October 2014, and ANDSF leaders are working to identify and implement appropriate and effective measures to reduce attrition. RS senior leaders and advisors raised awareness of several key factors that likely contribute to attrition and recommended measures be taken by MoD leaders to address. These areas are leadership and leader accountability; a reliable leave process; timely and accurate pay; soldier assignments; and casualty/martyr care. During this reporting period, several hundred non-commissioned officers and soldiers reenlisted, all from units that were actively engaged in combat operations.

ANA Corps and 111th Capital Division Boundaries



According to recent surveys, perceptions of the ANA are most positive in Kabul and 201st Corps areas, and poorest in 215th and 207th Corps areas.⁴⁹

Each corps is typically composed of a headquarters *kandak* (battalion), three to four infantry brigades, and various specialty *kandaks*.

In addition, two Mobile Strike Force brigades (wheeled medium armored vehicles) provide an additional seven Mobile Strike Force *kandaks* based in Kabul and Kandahar. These formations are capable of rapid employment in offensive operations.

In addition to these combat capabilities, the ANA has headquarters and training units to generate, sustain, command, and control the force.

ANA AND OCC-R ASSESSMENT RATINGS: JANUARY AND APRIL 2015

Six ANA Corps, the 111th Capital Division, and AAF (specific ratings classified)

Command Assessment	January	●	●	●	●	●	●	●	N/A
	April	●	●	●	●	●	●	●	●
Leadership	January	●	●	●	●	●	●	●	N/A
	April	●	●	●	●	●	●	●	●
Combined Arms	January	●	●	●	●	●	●	●	N/A
	April	●	●	●	●	●	●	●	●
Command & Control	January	●	●	●	●	●	●	●	N/A
	April	●	●	●	●	●	●	●	●
Personnel & Training	January	●	●	●	●	●	●	●	N/A
	April	●	●	●	●	●	●	●	●
Sustainment	January	●	●	●	●	●	●	●	N/A
	April	●	●	●	●	●	●	●	●

OCC-Rs (specific ratings classified)

Command Assessment	January	●	●	●	●	●	●	●	●
	April	●	●	●	●	●	●	●	●
Leadership	January	●	●	●	●	●	●	●	●
	April	●	●	●	●	●	●	●	●
Intra-ANDSF Command & Control	January	●	●	●	●	●	●	●	●
	April	●	●	●	●	●	●	●	●
Enabler Coordination	January	●	●	●	●	●	●	●	●
	April	●	●	●	●	●	●	●	●
Intel Sharing	January	●	●	●	●	●	●	●	●
	April	●	●	●	●	●	●	●	●
Logistics Coordination	January	●	●	●	●	●	●	●	●
	April	●	●	●	●	●	●	●	●
ICT	January	●	●	●	●	●	●	●	●
	April	●	●	●	●	●	●	●	●

Color Key

● Sustaining	● Fully Capable	● Capable
● Partially Capable	● Developing	● Not Assessed

AAF = Afghan Air Force, OCC-R = Operations Coordination Centers-Regional; ICT = Information, Communications, and Technology.
Source: SIGAR, Quarterly Report to Congress, July 30, 2015, p. 101.

Afghan Air Force vs. US and Allied Air Support

An Unworkable Afghan Air Force Development Plan Out of Phase with Combat Needs Creates Rising Need for Outside Air Support

- **Afghan Air Force development was timed to 2016, not 2014.**
- **Progress now lagging badly and many of aircraft choices seem questionable in terms of operational status and effectiveness.**
- **Air power is key tool in help ground forces when they are in trouble, compensating for limit ANA numbers, ability to carry out rapid reinforcement. Current Afghan air capabilities fall far below need.**
- **U.S. and allied combat support rose in mid-2015, but fell far below 2014, and is grossly below Afghan needs.**
- **Effective transition requires major outside air component until Afghan forces are far more effective.**

AFGHAN AIR FORCE



The Afghan Air Force is responsible for air mobility and close air attack in a country defined by large mountains in the north and wide-open plains in the south.

Helping reach some of the most remote regions of Afghanistan, the AAF provides air assets for logistics, resupply, humanitarian relief efforts, human remains return (HeRo), casualty evacuation, non-traditional ISR, air interdiction, close air attack, armed overwatch and aerial escort.

Headquarters AAF is located in Kabul and provides command and control of three wings, the Kabul Air Wing, Kandahar Air Wing, Shindand Air Wing and five detachments in Mazar-e Sharif, Jalalabad, Shorab, Gardez and Herat.

The Special Mission Wing performs intelligence, surveillance, and reconnaissance missions as well as air assault, counter-terrorism, and counter-narcotics in support of the Afghan Special Forces. Aircraft numbers include aircraft in the Special Mission Wing.

A-29 LIGHT AIR SUPPORT



The A-29 provides close air support, armed escort, and armed overwatch capabilities and can be armed with two 500lb bombs, twin .50 caliber machine guns and rockets.

The AAF has three aircraft in the US for pilot training.

Will have 20 in the inventory.

As of 04 FEB 2015

MD-530 HELICOPTER



The MD-530 provides close air attack and aerial escort capability with two .50 caliber machine guns. Unarmed MD-530s in Afghanistan being used to train future pilots. The first armed MD-530Fs are expected to arrive in March 2015.

Will have 17 in the inventory.

MI-17 HELICOPTER



The Mi-17 conducts light lift, personnel transport, CASEVAC, resupply, air interdiction, aerial escort and armed overwatch missions. While every aircraft is armed with two 7.62mm door guns, 12 aircraft have 23mm Forward Firing Cannons.

Will have 86 in the inventory.

MI-35 HELICOPTER



The Mi-35 provides a close air attack, and armed aerial escort capability with two 23mm forward firing cannons and two S5 rocket pods.

Will have 5 in the inventory.

PC-12 AIRCRAFT



The PC-12 provides airborne intelligence, surveillance and reconnaissance capabilities and is primarily flown by the Special Mission Wing.

Will have 18 in the inventory.

C-208 AIRCRAFT



The C-208 provides basic aircraft training, light lift, personnel transport, CASEVAC, and human remains return capabilities. In an effort to reach more remote regions, the C-208 will provide the capability to land on dirt runways in the future.

Will have 25 in the inventory.

C-130 TACTICAL TRANSPORT



The C-130 provides a medium airlift capability, personnel transport, CASEVAC and human relief support capability.

Will have 4 in the inventory.



Air-to-ground Integration

The Mi-17 and Mi-35 provide aerial fires support to ANSF. Mi-17 crews have the additional ability to provide armed overwatch and aerial escort mission with Night Vision Goggles.

In Fighting Season 2015, the Afghan Air Force aerial fires capacity will grow from five armed Mi-35 helicopters to 29 armed helicopters, including Mi-35s, Mi-17s and the newly armed MD-530s. In 2016, AAF will add A-29s to the aerial fires fleet.

On the ground, the Afghan Air Force completed initial training for 281 Afghan Tactical Air Coordinators, giving the ANSF a new air-ground integration capability. ATACs are combat proven and have already tested these new battlefield skills, enabling ANSF success in several ground engagements that resulted in the enemy's defeat.

12/10/2015

Transport Capabilities

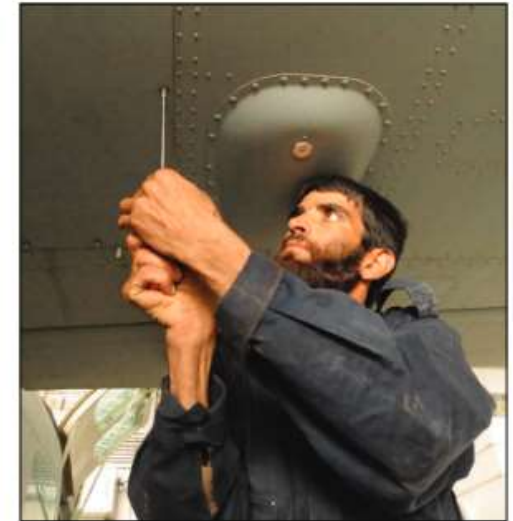
The Afghan Air Force continues to grow its Command and Control functions. Recently, the AAF demonstrated the employment of a hub and spoke concept. This concept uses a combination of Mi-17, C-208 and C-130 aircraft to airlift passengers and cargo to their final destination. Optimized use of aircraft and routing will minimize the use of critically-tasked Mi-17s while still meeting ANSF needs.

In Fighting Season 2015, Afghan Air Force C-130s expect to fly 80% more missions than they did in Fighting Season 2014. The AAF has trained to meet this demand using night and instrument conditions flying-training programs.

Additionally, the Afghan Air Force provides life-saving CASEVAC. In 2014, the Afghan Air Force airlifted more than 2,300 injured to medical care.

Logistics sustainability

Since Jan 2014, the AAF has trained or certified more than 600 maintainers to sustain the Mi-17, C-208, Mi-35, and MD-530 aircraft. This is more than half of the total number required and a great building block for future training. Additionally, the AAF has sent their initial maintenance cadres to the U.S. for training on the A-29 and C-130 aircraft, the newest additions to the AAF inventory.



The Afghan Air Force has already taken responsibility for the air operations across Afghanistan, flying most operations independently. In addition, they are performing much of their own maintenance, to include conducting aircraft maintenance inspections without Coalition assistance.

The Afghan Air Force can now independently plan and execute air operations such as emergency extraction, armed over watch, casualty evacuation, air reconnaissance, close air attack and troop airlift.

AFGHAN MILITARY FORCES SPECIAL MISSION WING



MISSION STATEMENT

The Special Mission Wing (SMW) conducts Day/Night Vision Goggle (NVG) air assault and Day/Night Intelligence, surveillance, and Reconnaissance (ISR), counter-narcotic (CN), and counter-terrorism (CT) operations in support of Afghan Ministry of Interior and Ministry of Defense Special Security Forces (ASSF).

HISTORY

Established from the MoI's Air Interdiction Unit, which was originally organized in 2005, the SMW commenced operations as a Joint MoD/MoI unit in 2012. The unit conducted its first Afghan-pure mission in 2009, and conducted its first Afghan-led NVG mission in 2012. The unit has flown over 250 missions in 2014, conducting multi-functional aviation operations in direct support of Commandos, ANA Special Forces, Ktah Khas, and GPCSU national mission units. The SMW is the only air mobility capability in Afghanistan able to project SOF combat power in low visibility, and provides the only ANSF ISR capability. In early 2015, the SMW was reorganized under the MoD.

ORGANIZATION

The SMW is an MoD independent air wing organized into four squadrons, with the headquarters and two squadrons in Kabul, one squadron in Kandahar, and a future squadron in Mazar-e-Sharif. The unit is comprised of elite pilots and support personnel from the Ministries of Defense and Interior capable of performing the most dangerous airborne operations.

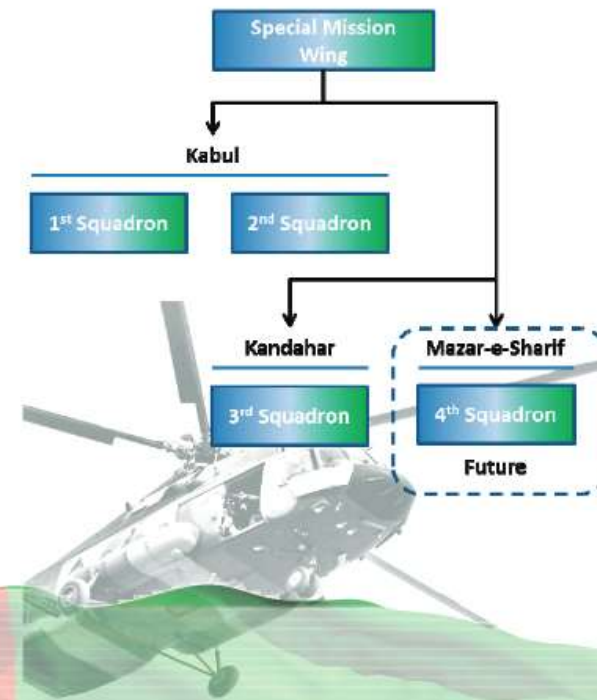


As of 04 FEB 2015

ROLE OF THE MOI AND MOD IN THE SPECIAL MISSION WING

MOI and MOD are responsible for manning, initial training and equipping the SMW. MOI and MOD, through the MOI Deputy Minister for Security and MOD Chief of General Staff, provide joint command and control of the SMW and provide approval of SMW support requests for their organic ASSF units.

C2 LOCATIONS



MISSIONS

COUNTER-TERRORISM

Ensuring Afghanistan never again becomes a safe haven for terrorism, the SMW provides rapid, precision airlift to aid Afghanistan's elite forces in dismantling terror networks.



COUNTER-NARCOTICS

One of the biggest challenges in this region is drug trafficking. The SMW supports units who help prevent the cultivation, production, and smuggling of illegal narcotics, which is considered a major funding source of terrorism.



CAPABILITIES

NIGHT VISION CAPABLE

The SMW delivers Afghan Special Security Forces in low visibility conditions to fight the enemy when least expected.



INTELLIGENCE, SURVEILLANCE, AND RECONNAISSANCE

The SMW provides Afghanistan's only dedicated manned intelligence, surveillance, and reconnaissance capability, enabling ground force commanders to see the battlespace with aerial full-motion video.



EQUIPMENT

MI-17 HELICOPTER

2x M-240 Machine Gun



Provides ASSF with medium lift air assault infil/exfil, personnel transport, CASEVAC, and QRF.

There will be 30 in the inventory.

PC-12 AIRCRAFT

EO/IR FMV Sensor

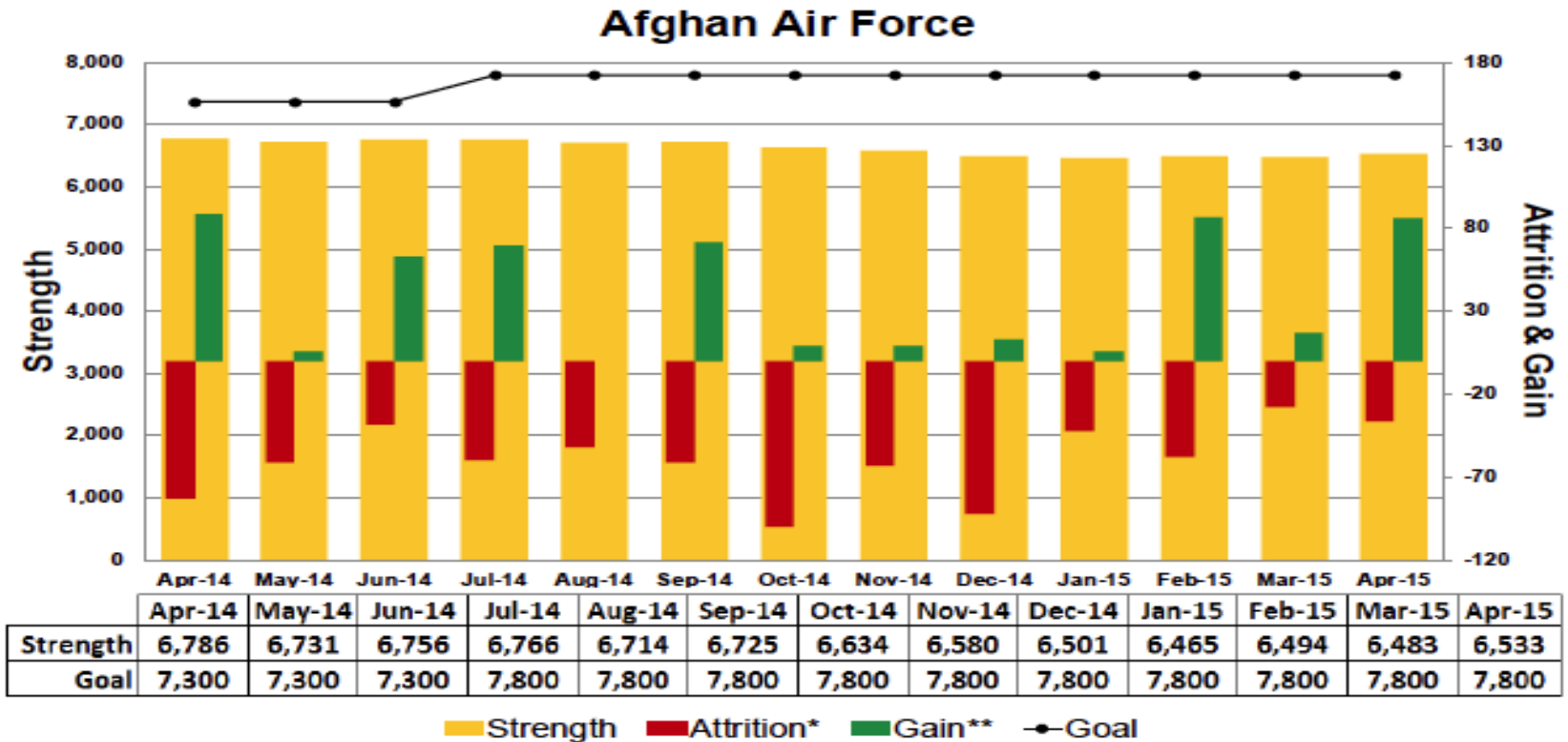


Afghanistan's first fixed wing ISR platform, Pilatus PC 12NG. Provides ASSF airborne intelligence, surveil-

There will be 18 in the inventory.



Afghan Air Force Manning and Attrition: 4/2014-4/2015



Logistical sustainment will make or break the AAF in the long-run. The AAF continues to develop its organic maintenance capability, including conducting aircraft maintenance inspections without coalition assistance. However, it currently relies heavily on contracted logistics support for its current fleet and will continue to do so for the near future, particularly to enable integration of new aircraft into the force. Although the capability of current AAF maintenance personnel continues to improve, obtaining the number and skill levels of personnel required to sustain the current and future fleet will remain a challenge.

Additionally, pilot development and availability within the AAF remains a challenge for several reasons. First, pilot training literacy requirements make finding qualified recruits difficult. The AAF currently has approximately 150 of 291 required fully trained pilots, and approximately 90 of the 198 required aircrews available for operations; this does not include any fully trained pilots in training for another type of aircraft, such as the A-29 or MD-530.

Afghan Air Force Aircraft and Pilots

	Type of aircraft	Inventory	Planned	Fully trained pilots
Fixed Wing	C-130	3	4	8
	C-208	25	25	34
	A-29	0	20	0
Rotary Wing	Mi-17	56 ⁵⁴	56	86
	Mi-35	5	0	19
	MD-530	10	17	0
	Cheetah	3	3	4
Total		100	125	147

* as of May 31, 2015

SMW aircraft are not included in this total.

This number does not include the additional 30 Mi-17 helicopters used by the SMW.

As of May 31, 2015, the AAF had a total of 102 aircraft, which include C-130s, C-208s, Mi-17s, MD-530s, Mi-35s, and Cheetahs.

Afghanistan's fixed-wing platforms included 25 C-208s and 3 C-130s, and its rotary-wing platforms include 5 Mi-35s, 56 Mi-17s, 10 MD-530s (five trainers and five weaponized), and 3 Cheetahs.

The first A-29 Super Tucano aircraft will begin replacing the Mi-35 helicopters later this year when the first class of pilots graduates from training at Moody Air Force Base and returns with their aircraft to Afghanistan. Figure 10 summarizes the number of AAF airframes and associated pilots.

Combined Forces Air Component Commander 2010-2015 Airpower Statistics

UNCLASSIFIED

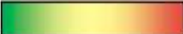
As of 31 October 2015

OPERATION FREEDOM SENTINEL/RESOLUTE SUPPORT MISSION

Close Air Support

Sorties		Sorties with at least one weapon release	
2010	33,707	2010	2,516
2011	34,514	2011	2,678
2012	28,760	2012	1,975
2013	21,900	2013	1,408
2014	12,978	2014	1,136
2015	3,824	2015	363

Number of Weapons Released

Less Activity  More Activity

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
2010	156	154	175	197	300	457	325	416	739	1,043	866	272	5,100
2011	405	341	337	339	426	610	695	516	597	663	308	174	5,411
2012	170	116	227	252	406	521	504	589	385	414	297	202	4,083
2013	193	297	250	284	368	337	256	158	232	189	118	76	2,758
2014	92	114	95	115	164	272	205	437	441	217	87	126	2,365
2015	40	30	47	31	41	109	79	156	111	203			847

Afghanistan

Combined Data (minus OIR)

	2010	2011	2012	2013	2014	2015
Intel, Surveillance and Recon Sorties	28,747	38,198	34,937	31,049	32,999	18,454
Airlift Sorties	63,000	57,000	39,000	32,000	17,040	5,800
Airlift Cargo (Short Tons)	295,000	241,000	265,000	201,000	158,400	41,200
Airlift Passengers	1,368,000	1,233,000	749,000	506,000	202,700	67,000
OEF Supplies Airdropped (Pounds)	60,461,000	80,199,000	41,952,000	10,883,000	28,000	0
Tanker Sorties	17,296	19,469	16,007	12,319	9,085	4,573
Fuel Offloaded (Millions of Pounds)	1,050	1,095	980	723	636	176
Aircraft Refuelings	82,603	90,476	67,020	53,266	46,793	23,198
Casualty Evacuation Sorties	3,712	2,959	2,171	576	115	0
Saves	1,888	1,611	1,187	219	32	0
Assists	2,964	2,121	1,646	477	84	0

- Some figures may have changed due to data re-calculation and re-verification

POC: AFCENT (CAOC) Public Affairs – afcent.pa@afcent.af.mil

Afghan Ministry of Interior Forces and Readiness

Afghan Ministry of Interior Forces



The Afghan National Police (ANP) maintains civil order, prevents cultivation, production and smuggling of illegal narcotics, and reduces corruption. ANP consists of the Afghan Uniformed Police (AUP), Afghan National Civil Order Police (ANCOP), Afghan Border Police (ABP), Afghan Anti-Crime Police (AACP), Afghan Local Police (ALP), Afghan Public Protection Force (APPF), General Command Directorate of Police Special Units (GCPSU), and Counter Narcotics Police of Afghanistan (CNPA). The AUP, ANCOP, ABP, and AACP are referred to as "Police Pillars" while the others are supporting units.

"Type A" Headquarters are centered around large urban areas and provide oversight to the "Type B" and "Type C" headquarters in their respective regions.



Afghan Uniformed Police (AUP) is the largest police agency in Afghanistan and the primary police force the local populace will encounter daily. Although they are now focused on fighting insurgents, the long-term intent for the AUP is to conduct community policing.



Afghan National Civil Order Police (ANCOP). ANCOP provides civil order presence patrols and a crisis or counter-terror response capability in urban areas and prevents and responds to violent public incidents.



Afghan Border Police is organized into six zones stretching 50km inward from Afghanistan's international boundaries. The ABP operates at border crossing points and airports, while guarding against illegal entry of persons, weapons, narcotics, and other goods. In some areas ABP also suppresses insurgent activity.



Afghan Anti-Crime Police (AACP) provides professional criminal investigative support to the Afghan judicial process and conducts proactive counter-terrorism operations to protect the public and governmental institutions. The AACP also manages the national forensics lab and biometrics program.



Afghan Local Police (ALP) is a temporary security force formed to protect those villages and districts most vulnerable to insurgent attacks. The ALP does not have arrest authority, but can detain individuals and turn them over to the ANP. Typically, the ALP do not operate outside of their communities or districts, and report to the district chiefs of police.



Afghan Public Protection Force (APPF) provides fixed site, convoy, and personal security as a GIROA state-owned enterprise. It is assuming security missions from Private Security Companies (PSC) as directed by Afghan Presidential Decree #62 in August 2010, which required PSCs be disbanded.



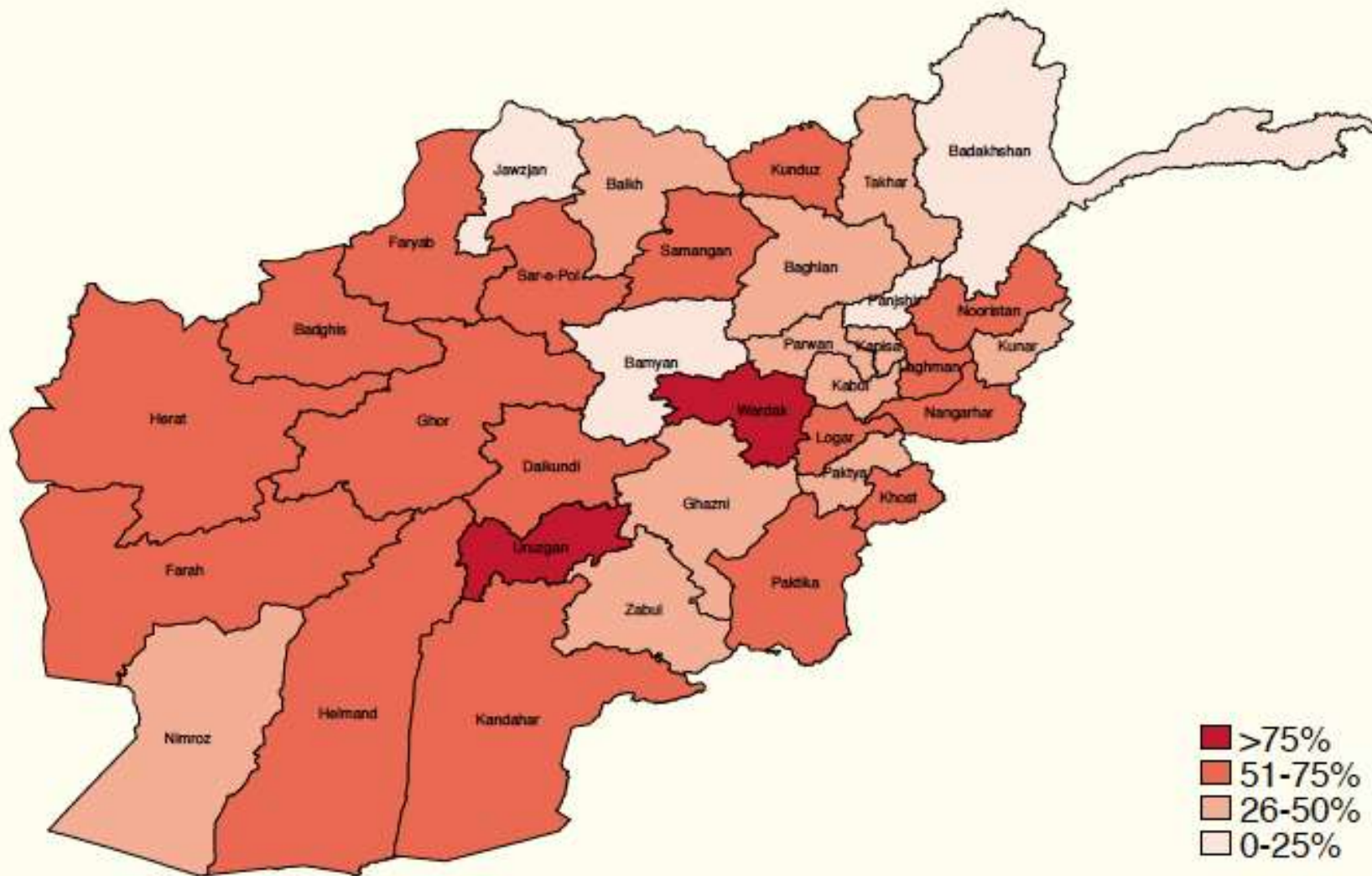
General Command Directorate of Police Special Units (GCPSU) is comprised of national mission units (NMUs) and provincial units. The Provincial Response Companies (PRCs) are special police units under the direction of the Provincial Police Chief.



Counter-Narcotics Police of Afghanistan (CNPA) is the lead agency for counter-narcotics. It consists of regular narcotics police and a specialized force in all 34 provinces. Specialized units include the Sensitive Investigation Unit (SIU), National Interdiction Unit (NIU), and Intelligence Investigation Unit (IIU).

Perceptions of Police Corruption

REPORTED CORRUPTION RATE: POLICE



Radicalization Trends Among the Afghan Police -I

1498 uniformed rank and file personnel, 151 commissioned officers, and 8 uniformed religious leaders from among the ANP were surveyed on their views toward the political system in Afghanistan, anti-government elements including the Taliban, democracy in light of Islamic values, and women and human rights.

More than 68% of those polled believe that corruption exists among the ranks of the security force and its political and military leadership, while more than 72% believe that armed resistance by the people is justified against those found to be corrupt, despite the presence and jurisdiction of security and defense personnel.

While approximately 11% of service members joined the security force with the aim of securing Afghanistan against Taliban influence, nearly 20% joined primarily for economic incentives. As a consequence, many maintain a hired hand mentality rather than national consciousness.

A majority of green-on-blue incidents were of a personal and intimate nature rather than collective action, suggesting that individual grievances, personal mental states, and ideological beliefs were the underlying motivations.

Of those polled, 83% believe that armed resistance is justified against those who criticize Islam, while 76% of those from Paktia believing that the Taliban are good religious leaders, suggesting that religious ideological tension exists between the center and those in Paktia.

More than 10% from both Paktia and Paktika believe that suicide attacks are a justified form of armed resistance.

Relative to other provinces, those from Kunduz find more so that democracy is not compatible with Islam. These same respondents are also in favor of establishing a caliphate, suggesting that many from Kunduz believe in religious leadership without democracy.

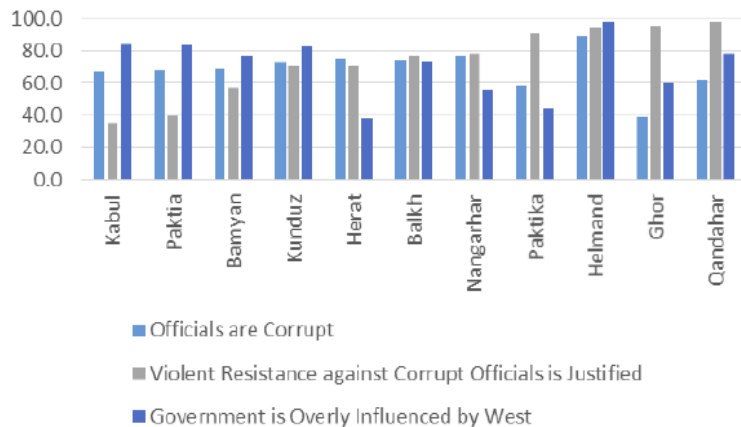
Although this study finds that most are tolerant to ethnic and religious differences, increasingly over the course of their time-in-service nearly 25% believe that ethnic discrimination is a primary cause of conflict in Afghanistan.

Nearly half of those polled believe that international conventions on women and human rights are not necessarily in line with Islamic values, with most of those coming from Kunduz and Qandahar.

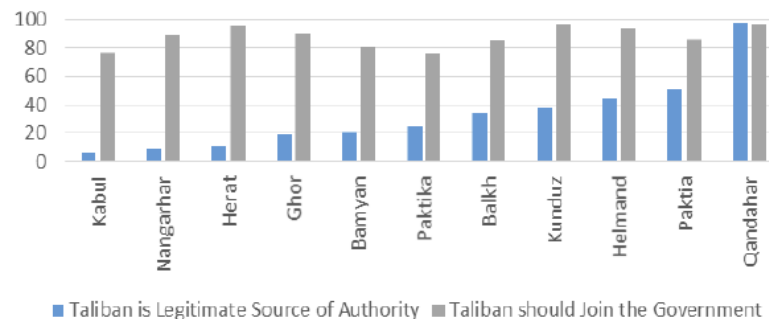
More than 80% of those from Qandahar approve of physically reprimanding women for disobeying Islamic law or disrespecting Afghan tradition and culture.

Radicalization Trends Among the Afghan Police –II

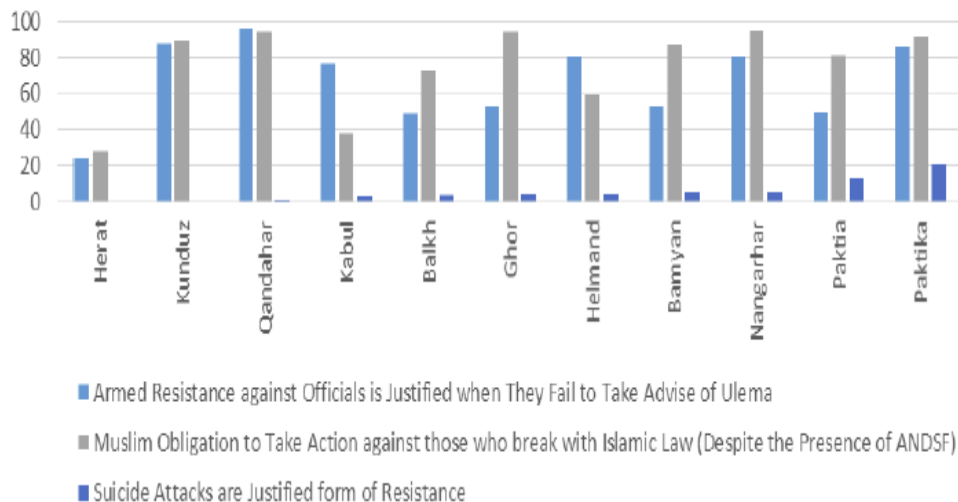
POTENTIAL FOR VIOLENT RESISTANCE



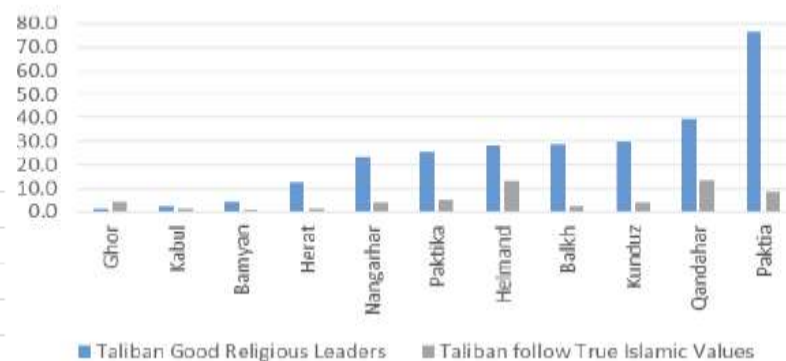
LEGITIMACY OF THE TALIBAN



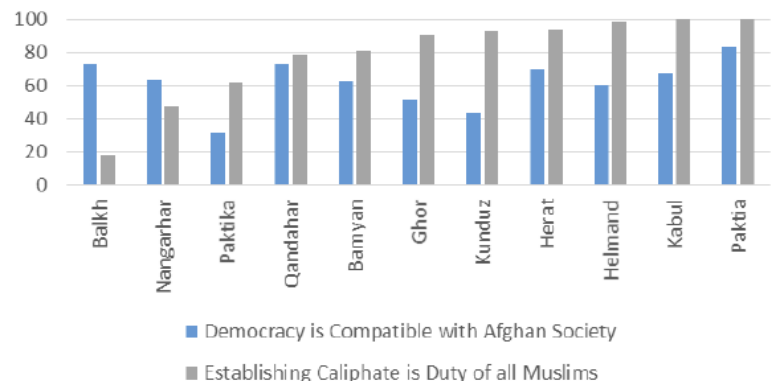
JUSTIFICATION OF ARMED RESISTANCE IN THE NAME OF ISLAM



LEVEL OF CONSERVATIVE BELIEFS



COMPATIBILITY BETWEEN ISLAM AND DEMOCRACY



Source: Mr. Robert Zaman, General Abdul Hadi Khalid, *Trends of Radicalization among the Ranks of the Afghan National Police*, Afghan Institute of Strategic Studies, AISS-04-2015, November 2015, pp. 16, 19, 23, 24

MINISTRY OF INTERIOR ASSESSMENT RATINGS (NATO) JUNE 1, 2015

RATING MEANING	EF1			EF2			EF3			EF4			EF5			EF6			EF7			EF8			Gender ^a			Total											
	Q1	Q2	+/-	Q1	Q2	+/-	Q1	Q2	+/-	Q1	Q2	+/-	Q1	Q2	+/-	Q1	Q2	+/-	Q1	Q2	+/-	Q1	Q2	+/-	Q1	Q2	+/-	Q1	Q2	+/-	Q1	Q2	+/-						
Ministry of Interior Milestones Assessment																																							
Rating 5 Sustaining Capability	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-			
Rating 4 Fully Capable/Effective	0	0	-	0	0	-	0	0	-	0	1	+	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	1	+			
Rating 3 Partially Capable/Effective	1	1	-	0	0	-	0	0	-	1	2	+	6	8	+	4	2	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	12	13	+			
Rating 2 Initiated (In Development)	3	4	+	0	1	+	2	4	+	3	1	-	7	4	-	0	0	-	4	3	-	0	0	-	0	0	-	0	0	-	0	0	-	19	17	-			
Rating 1 Scoped/Agreed	2	1	-	4	3	-	2	0	-	1	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	3	0	-	2	0	-	12	6	-			
Rating 0 Not Scoped/Agreed	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	1	0	-	0	1	+
EF Total	6	6	=	4	4	=	4	4	=	5	4	-	13	12	-	4	2	-	4	3	-	3	0	-	0	3	-	43	38	-									

Note: EF = Essential Function; ASI = Afghan Security Institutions; EF1 = Multi-Year Budgeting and Execution; EF2 = Transparency, Accountability, and Oversight; EF3 = Civilian Governance of the ASI; EF4 = Force Generation; EF5 = Sustainment; EF6 = Strategy and Policy, Planning, Resourcing, and Execution; EF7 = Intelligence; EF8 = Strategic Communications. Q1 = February/March 2015; Q2 = June 2015; Q1 - EF1 & EF7 assessments as of 3/1/2015; EF2 & EF5 - as of 2/26/2015; EF3 & EF6 - as of 2/12/2015; EF4 - as of 2/17/2015; EF8 - as of 2/20/2015.

^a Gender Advisor milestones and tasks were not assessed in Q1.

Source: SIGAR, Quarterly Report to Congress, July 30, 2015, p. 104.

MINISTRY OF INTERIOR ASSESSMENT RATINGS (NATO) AUGUST , 2015

RATING MEANING	EF-1			EF-2			EF-3			EF-4			EF-5			EF-6			EF-7			EF-8			Gender			Total											
	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-	Q2	Q3	+/-						
Ministry of Interior Assessment																																							
Rating 5 Sustaining Capability	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	=			
Rating 4 Fully Capable/Effective	0	0	-	0	0	-	0	0	-	1	2	+	0	2	+	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	1	4	+			
Rating 3 Partially Capable/Effective	1	3	+	0	0	-	0	2	+	2	2	-	8	9	+	2	2	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	13	18	+			
Rating 2 Initiated (In Development)	4	3	-	1	2	+	4	2	-	1	0	-	4	1	-	0	0	-	3	3	-	0	0	-	0	0	-	0	2	+	17	13	-						
Rating 1 Scoped/Agreed	1	0	-	3	1	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	2	1	-	6	2	-			
Rating 0 Not Scoped/Agreed	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	0	0	-	1	0	-	1	0	-
EF Total	6	6	=	4	3	-	4	4	=	4	4	=	12	12	=	2	2	=	3	3	=	0	0	=	3	3	=	38	37	-									

Note: EF = Essential Function; ASI = Afghan Security Institutions; EF1 = Multi-Year Budgeting and Execution; EF2 = Transparency, Accountability, and Oversight; EF3 = Civilian Governance of the ASI; EF4 = Force Generation; EF5 = Sustainment; EF6 = Strategy and Policy, Planning, Resourcing, and Execution; EF7 = Intelligence; EF8 = Strategic Communications. Q1 = February/March 2015; Q2 = June 2015; Q1 - EF1 & EF7 assessments as of 3/1/2015; EF2 & EF5 - as of 2/26/2015; EF3 & EF6 - as of 2/12/2015; EF4 - as of 2/17/2015; EF8 - as of 2/20/2015.

* Gender Advisor milestones and tasks were not assessed in Q1.

Source: SIGAR, Quarterly Report to Congress, October 30, 2015, p. 97.

ANP FORCE STRENGTH, QUARTERLY CHANGE

ANP STRENGTH, QUARTERLY CHANGE

ANP Component	Authorized			Assigned		
	Q1 2015	Q2 2015	Quarterly Change	Q1 2015	Q2 2015	Quarterly Change
AUP	104,695	93,045	(11,650)	100,034	95,389	(4,645)
ABP	22,990	22,742	(248)	21,953	22,021	68
ANCOP	15,223	15,192	(31)	15,010	15,017	7
MOI HQs & IS	-	27,077	27,077	-	22,827	22,827
CID ^a	11,592	-	(11,592)	10,847	-	(10,847)
NISTA	2,500	-	(2,500)	3,539	-	(3,539)
GDoP Reserve ^b	-	-	-	850	-	(850)
Undefined personnel above authorized strength	-	-	-	2,452	-	(2,452)
Required to reconcile to ANP subtotal	-	-	-	-	(72)	(72)
ANP Total (as reported)	157,000	158,056	1,056	154,685	155,182	497

Note: Quarters are calendar-year; Q1 2015 data as of 2/2015; Q2 2015 data as of 5/2015. AUP = Afghan Uniformed Police; ABP = Afghan Border Police; ANCOP = Afghan National Civil Order Police; CID = Criminal Investigation Department; NISTA = Not In Service for Training; GDoP = General Directorate of Personnel; IS = Institutional Support personnel.

^a Q2 CID personnel are included in MOI HQs & IS.

^b Personnel that are pending assignment.

Source: USFOR-A, response to SIGAR data calls, 3/24/2015 and 6/29/2015; USFOR-A, response to SIGAR vetting, 4/10/2015 and 6/29/2015.

Source: SIGAR, Quarterly Report to Congress, July 30, 2015, p. 115.

ANP FORCE STRENGTH, QUARTERLY CHANGE

ANP Component	Authorized			Assigned		
	Q2 2015	Q3 2015	Quarterly Change	Q2 2015	Q3 2015	Quarterly Change
AUP	93,045	90,139	(2,906)	95,389	86,754	(8,635)
ABP	22,742	22,955	213	22,021	21,775	(246)
ANCOP	15,192	15,223	31	15,017	15,169	152
MOI HQs & IS	27,077	28,523	1,446	22,827	24,598	1,771
Required to reconcile to ANP Subtotal	-	-	-	(72)	-	72
ANP Total (as reported)	158,056	156,840	(1,216)	155,182	148,296	(6,886)

Note: Quarters are calendar-year; Q2 2015 data as of 5/2015; Q3 2015 data as of 7/2015. AUP = Afghan Uniformed Police; ABP = Afghan Border Police; ANCOP = Afghan National Civil Order Police; IS = Institutional Support personnel.

Source: USFOR-A, response to SIGAR data calls, 6/29/2015 and 9/11/2015; USFOR-A, response to SIGAR vetting, 6/29/2015.

This quarter USFOR-A reported the overall strength of the ANP totaled 148,296 personnel, a decrease of 6,886 since last quarter and 8,704 below the authorized end strength of 157,000.

USFOR-A reported that neither RS nor the ANP are now tracking a monthly attrition goal. The informal 1.4% goal that ISAF promoted was deemed unrealistic. The attrition rates reported will be for one-month periods relative to the previous month-end strength without averaging or smoothing. During the months of May, June, and July, the ANP experienced a 1.9%, 2.0%, and 1.9% attrition

Source: SIGAR, Quarterly Report to Congress, October, 2015, p. 108.

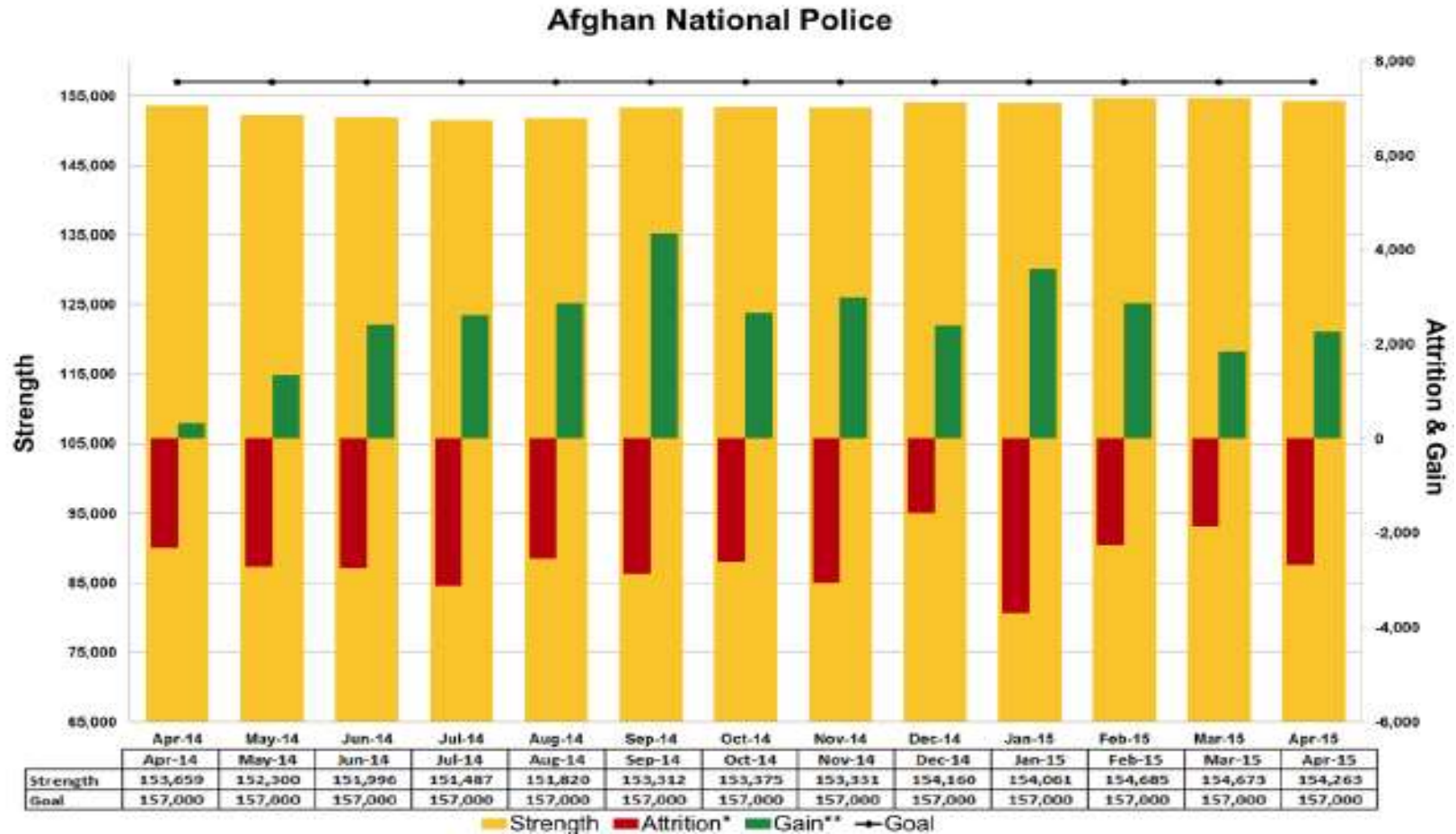
ANP ASSESSMENT RATINGS: JANUARY AND APRIL 2015

ANP Regions (specific ratings classified)								
AUP Command Assessment	January	●	●	●	●	●	●	●
	April	●	●	●	●	●	●	●
AUP Leadership	January	●	●	●	●	●	●	●
	April	●	●	●	●	●	●	●
AUP Integration	January	●	●	●	●	●	●	●
	April	●	●	●	●	●	●	●
AUP Command & Control	January	●	●	●	●	●	●	●
	April	●	●	●	●	●	●	●
AUP Personnel & Training	January	●	●	●	●	●	●	●
	April	●	●	●	●	●	●	●
AUP Sustainment	January	●	●	●	●	●	●	●
	April	●	●	●	●	●	●	●
ABP Command Assessment	January	●	●	●	●	●	●	●
	April	●	●	●	●	●	●	●
ABP Leadership	January	●	●	●	●	●	●	●
	April	●	●	●	●	●	●	●
ABP Integration	January	●	●	●	●	●	●	●
	April	●	●	●	●	●	●	●
ABP Command & Control	January	●	●	●	●	●	●	●
	April	●	●	●	●	●	●	●
ABP Personnel & Training	January	●	●	●	●	●	●	●
	April	●	●	●	●	●	●	●
ABP Sustainment	January	●	●	●	●	●	●	●
	April	●	●	●	●	●	●	●

● Sustaining	● Fully Capable	● Capable
● Partially Capable	● Developing	● Not Assessed

AUP = Afghan Uniformed Police; ABP = Afghan Border Police.
 Source: SIGAR, Quarterly Report to Congress, July 30, 2015, p. 101.

Afghan National Police Manning and Attrition: 4/2014-4/2015



In April 2015, the ANP reportedly filled 97 percent of the force’s 157,000 authorized positions with approximately 155,000 personnel, including more than 2,100 women. The ANP averaged approximately 1.7 percent attrition for the last 12 months, with a low of 1.0 percent in December 2014, and a peak of 2.4 percent in January 2015. During this reporting period, the ANP average monthly attrition rate was 1.55 percent, as depicted in Figure 13. The ANP is currently projected to recruit between 3,000-5,000 new recruits per month to keep the force near its authorization.

Narcotics Interdiction Trends: 2008-2015

	2008	2009	2010	2011	2012	2013	2014	2015*	Total
Number of Operations	136	282	263	624	669	518	333	222	3,047
Detainees	49	190	484	862	535	386	441	318	3,265
Hashish seized (kg)	241,353	58,677	25,044	182,213	183,776	37,826	19,088	15,528	763,505
Heroin seized (kg)	277	576	8,392	10,982	3,441	2,489	3,052	1,676	30,885
Morphine seized (kg)	409	5,195	2,279	18,040	10,042	11,067	5,925	505	53,462
Opium seized (kg)	15,361	79,110	49,750	98,327	70,814	41,350	38,307	23,647	416,666
Precursor chemicals seized (kg)	4,709	93,031	20,397	122,150	130,846	36,250	53,184	234,981	695,548

Note: *Partial fiscal-year results through 6/22/2015 only. 1 kilogram (kg) = about 2.2 pounds. SIGAR's analysis detected an anomaly in the cumulative FY 2015 data for seizures of precursor chemicals. DOD had yet to confirm the numbers as the report went to press.

Source: DOD, response to SIGAR data call, 6/29/2015.

This year, the U.S. military stopped providing Afghans with logistical and intelligence support for counternarcotics activities; however, DEA continues to provide mentoring and support to specialized Afghan investigative units. The U.S. military still provides logistics support to the Afghan Special Mission Wing (SMW).

Most interdiction activities occurred in the east and capital regional commands.

Previously, interdictions were concentrated in southern regional commands, where the majority of opiates are grown, processed, and smuggled out of Afghanistan. DOD said the continued reduction in seizures and operations is likely a result of the Coalition drawdown as the threat to interdiction forces in the east and capital regional commands is not as great as in the southern commands. Coalition forces (and U.S. military forces) are no longer conducting counternarcotics operations

AUP = Afghan Uniformed Police; ABP = Afghan Border Police.
Source: SIGAR, Quarterly Report to Congress, July 30, 2015, p. 133.

Afghan Ministry of Interior Forces and Readiness

A Failed Transition Plan

- **Took U.S. and allies until 2008 to admit how serious the resurgence of the Taliban and other insurgents really was. Delay partly result of focus on Iraq. Partly focus on tactical encounters, rather than rise of insurgent influence.**
- **Transition was then shaped by Presidential decision to end U.S. combat involvement at end 2014 regardless of conditions in the field and combat readiness of the ANSF.**
- **Plans to cut advisors in 2015 and eliminate them by end-2016 were never conditions-based and are now being reexamined, but will not compensate for fact have already removed advisors from combat units.**
- **Have increase role of U.S. air support and joint U.S.-Afghan special forces units, but these forces are too small to tip the balance.**
- **Plans to make Afghan Air Force effective proving steadily more questionable within what seem to be impossible deadlines.**
- **No real plan for Resolute Support Mission. At present is all spin waiting on hard decisions about extending to 2017 and beyond.**
- **Only real positive signs are possible leadership struggles in Taliban.**

U.S. Transition Process: 2014-2018



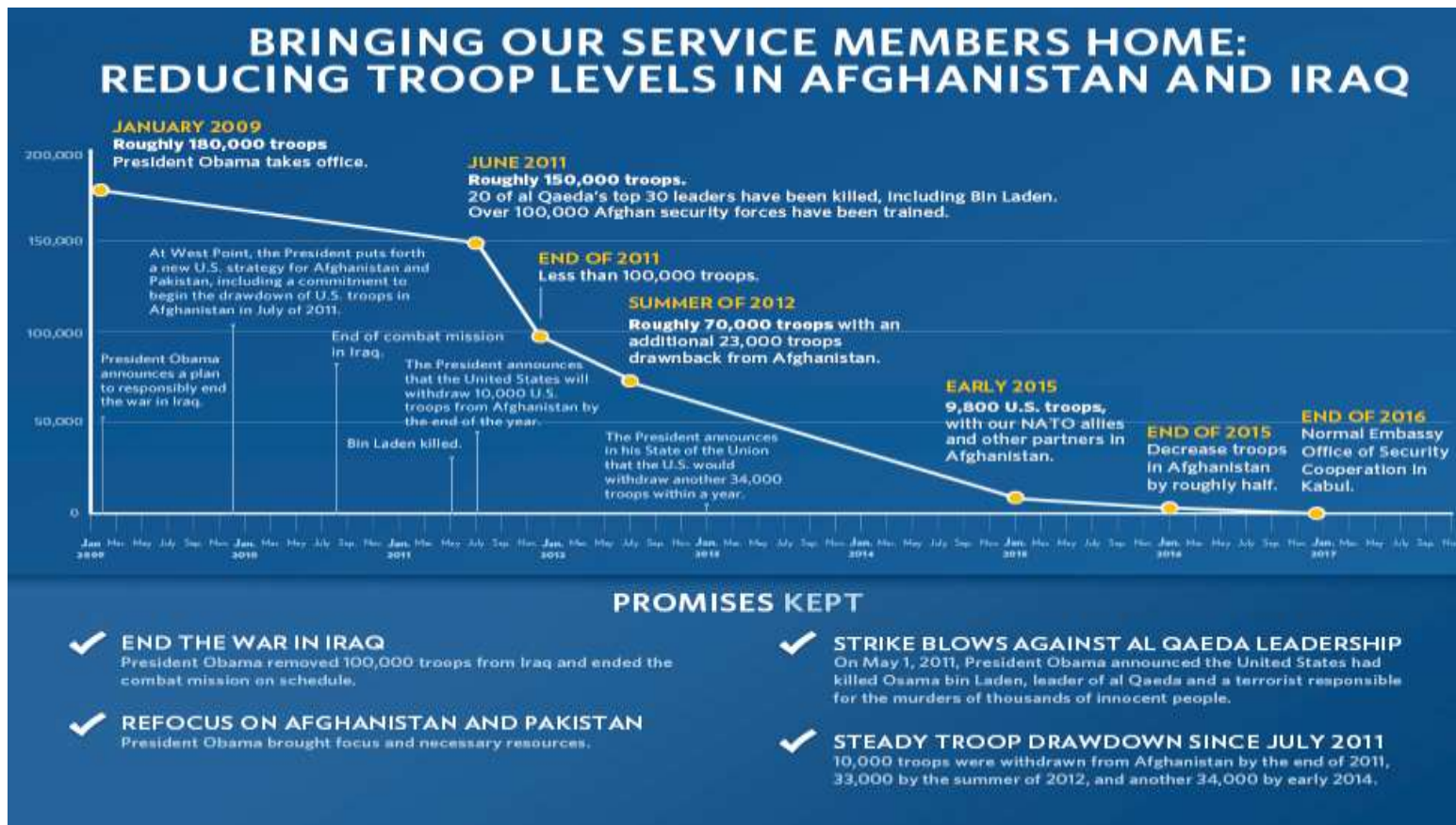
- BSA goes into effect
- U.S. begins Operation Freedom's Sentinel
- NATO mission Resolute Support (RS) begins
- NATO mission continues as "Enduring Partnership"
- U.S. shifts to a security cooperation element

1/1/2015

1/1/2016



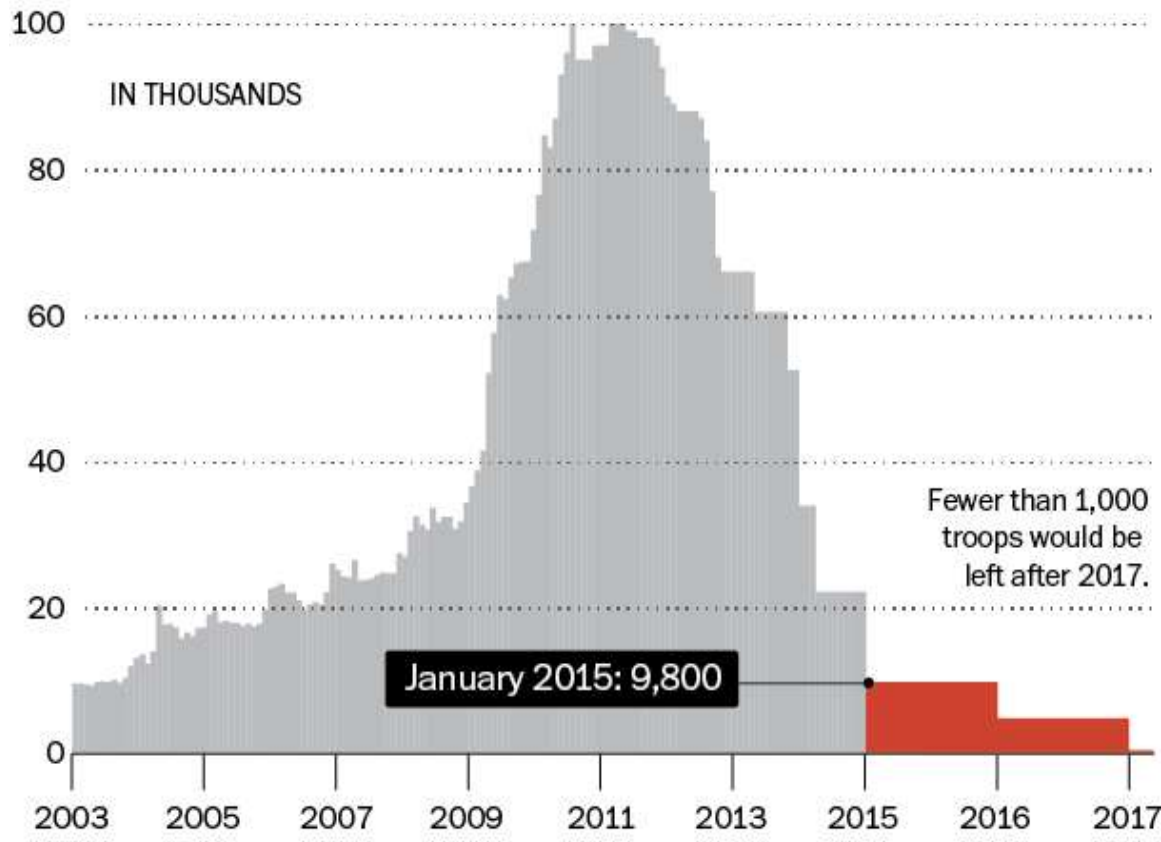
Cuts in US Forces in Afghanistan and Iraq: White House View



The troop surge that the President announced at West Point in December 2009 set the conditions that allowed us to push back the Taliban and build up Afghan forces. In June 2011, the President announced that we had completed the surge and would begin drawing down our forces from Afghanistan from a peak of 100,000 troops. He directed that troop reductions continue at a steady pace and in a planned, coordinated, and responsible manner. As a result, 10,000 troops came home by the end of that year, and 33,000 came home by the summer of 2012. In February 2013, in his State of the Union address, the President announced that the United States would withdraw another 34,000 American troops from Afghanistan within a year -- which we have done.

Today the President announced a plan whereby another 22,000 troops will come home by the end of the year, ending the U.S. combat mission in December 2014. At the beginning of 2015, and contingent upon the Afghans signing a Bilateral Security Agreement and a status of forces agreement with NATO, we will have 9,800 U.S. service members in different parts of the country, together with our NATO allies and other partners. By the end of 2015, we would reduce that presence by roughly half, consolidating our troops in Kabul and on Bagram Airfield. One year later, by the end of 2016, we will draw down to a normal embassy presence in Kabul, with a security assistance component, as we have done in Iraq. Beyond 2014, the mission of our troops will be training Afghan forces and supporting counterterrorism operations against the remnants of al-Qa'ida.

A Different View: Erratic US Military Role in Afghanistan: Surging far Too Late and then Running for the Exits



US surge came several years after insurgent surge reflected in following graphs, and US troops will actually drop in a downward curve in 2015-2016, not steps. Original US plans called for substantial conditions-based US advisory presence through 2016, and US commanders recommended higher levels than President decided upon.

US surge came several years after insurgent surge reflected in following graphs, and US troops will actually drop in a downward curve in 2015-2016, not steps. Original US plans called for substantial conditions-based US advisory presence through 2016, and US commanders recommended higher levels than President decided upon.

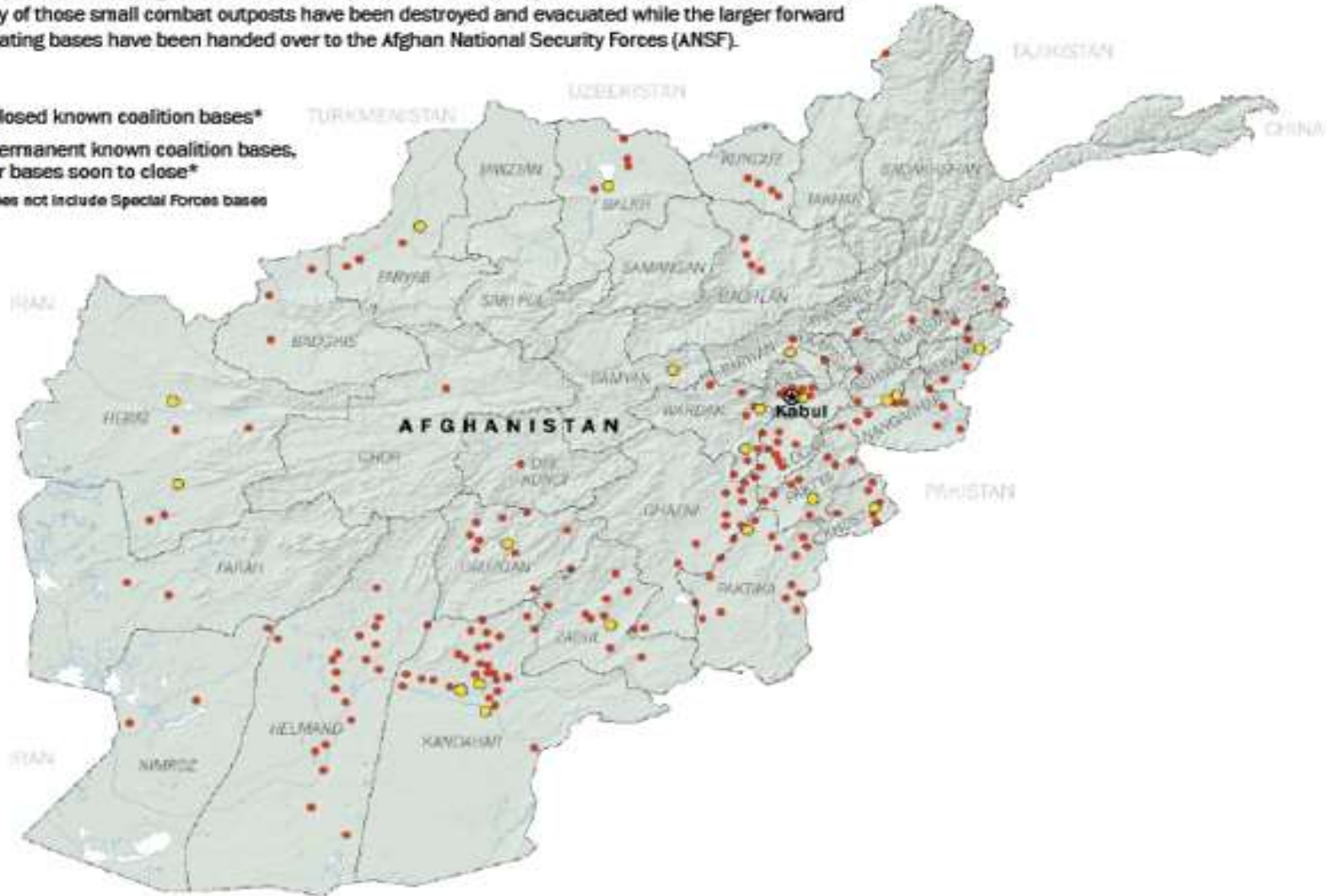
US Base Closure Impact

Major American bases closed and open after 2014

At the height of the surge in 2011, there were more than 400 International Security Assistance Force (ISAF) bases across Afghanistan, each with personnel numbering from the dozens to the thousands. Many of those small combat outposts have been destroyed and evacuated while the larger forward operating bases have been handed over to the Afghan National Security Forces (ANSF).

0 100
MILE

- Closed known coalition bases*
- Permanent known coalition bases, or bases soon to close*
- *Does not include Special Forces bases



NATO and US Advisory Manning Levels

Still Too Few Advisors and Many of the Wrong Kind

- **Data show just how small the advisory role has become. U.S down to around 6,800. Most at Corps level.**
- **Advisor numbers by Essential Function seem far too low.**
- **Level of advisory effort in police and Afghan local police unclear.**
- **Heavy focus on sustainment, corps level advice, rather than combat.**
- **ANSF forces lack civil support, functioning justice system in many areas. No coordinated US. and allied civil-military program seems to exist.**
- **Effective transition requires U.S. and allied forces at Corps and major combat unit until Afghan forces are far more effective.**
- **Need more advisors that are combat oriented – rather than force generators – and need them through at least 2017 and probably 2018 to 2020.**

NATO Plans as of December 1, 2015

- Excluding U.S. counter-terrorism forces, NATO will keep about 12,000 troops in Afghanistan for most of next year, made up of about 7,000 U.S. forces and 5,000 from the rest of NATO and its partners such as non-NATO member Georgia.
- Allies also launch campaign to raise about \$3 billion euros to help pay for Afghanistan's state security forces from 2018.
- Afghan security forces budget, funded by the United States and its NATO allies, is agreed up to the end of 2017. NATO wants to announce further funding for the 2018-2020 period at next summit in July 2016.
- As agreed at the NATO summit in Chicago in 2012, non-U.S. NATO allies and partners such as Japan, give a total of \$1 billion a year in addition to the \$4.1-billion that the United States spends on Afghan security forces every year.
- U.S. President Barack Obama had aimed to withdraw all but a small U.S. force before leaving office in January 2017, pinning his hopes on training and equipping local forces to contain Taliban militants fighting to return to power. However, in October he announced he would maintain the U.S. troop presence in Afghanistan at 9,800 through most of 2016, reducing it thereafter to about 5,500 and effectively leaving a decision on a full withdrawal to his successor.
- Washington has spent around \$65 billion on preparing the fledgling Afghan security forces, while Afghanistan has also received about \$100 billion in aid from international donors.
- General Hans-Lothar Domroese, a veteran of Afghanistan, Germany's second-most senior general told Reuters that the security situation is "sobering" and "not as stable as we hoped it would be."
- Germany, Turkey and Italy will keep their current deployments, but likely to be reviewed later next year.
- Unlike the United States, NATO has never set an end date to its "Resolute Support" training mission in Afghanistan, a non-combat force that also includes troops from some 40 countries, including NATO members, the United States and their allies.
- NATO has said Afghanistan must eventually take care of its own security and has agreed that no later than 2024, Afghanistan must take "full financial responsibility" for its own security forces, according to a 2012 statement.

Source: SSource: Reuters<http://www.reuters.com/article/2015/12/01/us-afghanistan-nato-idUSKBN0TK5C520151201#UO7se6FT0gfpKPGc.99>;
http://www.reuters.com/article/2015/12/01/us-afghanistan-nato-idUSKBN0TK5C520151201?utm_source=Sailthru&utm_medium=email&utm_campaign=New%20Campaign&utm_term=*AfPak%20Daily%20Brief#HxJkRBdFPyUydjgQ.97;
http://www.voanews.com/content/nato-to-keep-twelve-thousand-troops-in-afghanistan-next-year/3082975.html?utm_source=Sailthru&utm_medium=email&utm_campaign=New%20Campaign&utm_term=*AfPak%20Daily%20Brief;
http://www.pajhwok.com/en/2015/12/02/12000-nato-troops-stay-afghanistan-through-next-year?utm_source=Sailthru&utm_medium=email&utm_campaign=New%20Campaign&utm_term=*AfPak%20Daily%20Brief

U.S. Troop Presence in Fall 2015

- **According to USFOR-A, approximately 8,550 U.S. forces were serving in Afghanistan as of August 22, 2015, with approximately 7,000 personnel from other Coalition nations also serving.**
- **Of the U.S. forces serving in Afghanistan, approximately 3,550 are assigned to the RS mission.**
- **Since the RS mission began on January 1, 2015, 11 U.S. military personnel were killed in action and 50 U.S. military personnel wounded in action.**
- **In addition, 17 DOD civilians or contractors have been killed in service and seven wounded. This includes the loss of six U.S. service members and five civilian contractors in the C-130 crash in Jalalabad on October 1, 2015.**
- **Five insider attacks against U.S. forces have occurred in 2015, killing three soldiers and wounding 15 others. Also during 2015, three U.S. civilian contractors were killed and one has been wounded as a result of an insider attack.**
- **A Georgian soldier killed on September 22, 2015, brings to 12 the number of foreign forces (including U.S.) killed in Afghanistan since the beginning of the RS mission. The Republic of Georgia is the second-largest force contributor to the NATO-led RS mission after the United States.**

Continuing the U.S. Presence Thru 2017

October 15, 2015, President Obama announces that U.S. will cease withdrawing U.S. troops from Afghanistan through most of 2016 and keep thousands in the country through the end of his term in January 2017.

U.S. forces will continue to perform two critical missions—training Afghan forces and supporting counterterrorism operations against al-Qaeda. said the United States will:

- **maintain the current level of 9,800 U.S. troops in Afghanistan through most of 2016,**
- **In 2017, reduce to 5,500 troops stationed in Kabul and at a small number of bases including Bagram, Jalalabad, and Kandahar**
- **Work with NATO and the Coalition to align the U.S. troop presence in accomplishing the two missions**
- **continue to support Afghan President Ashraf Ghani and the national unity government as they pursue critical reforms.**

Original plan had been to cut the number of U.S. troops in half next year and then reduce the U.S. force to about 1,000 troops based only at U.S. Embassy Kabul by the start of 2017

Late November 2015: Reports that NATO agreed will keep 7,000 personnel through end 2016, allies will keep 5,000 for total of 12,000.



Resolute Support Mission

Troop Contributing Nations



	Albania	42		Germany	850		Poland	150
	Armenia	121		Greece	4		Portugal	10
	Australia	400		Hungary	97		Romania	650
	Austria	10		Iceland	4		Slovakia	39
	Azerbaijan	94		Ireland	7		Slovenia	7
	Belgium	43		Italy	500		Spain	294
	Bosnia-Herzegovina	53		Latvia	25		Sweden	30
	Bulgaria	110		Lithuania	70		the former Yugoslav Republic of Macedonia ¹	38
	Croatia	91		Luxembourg	1		Turkey	503
	Czech Republic	222		Mongolia	120		Ukraine	10
	Denmark	160		Montenegro	15		United Kingdom	470
	Estonia	4		Netherlands	83		United States	6,839
	Finland	80		New Zealand	8		Total	13,195
	Georgia	885		Norway	56			

Note on numbers: The number of troops above reflects the overall contribution of individual contributing nations. They should be taken as indicative as they change daily, in accordance with the deployment procedures of the individual troop contributing nations.

1: Turkey recognises the Republic of Macedonia with its constitutional name.

2: See media backgrounder on "[A new chapter in NATO-Afghanistan relations from 2015](#)" and media backgrounder on the [ANA Trust Fund](#).

Resolute Support Mission Troop Contributing Nations, as of May 2015*

Nation	Personnel	Nation	Personnel
Albania	42	Latvia	25
Armenia	121	Lithuania	70
Australia	400	Luxembourg	1
Austria	10	Mongolia	120
Azerbaijan	94	Montenegro	17
Belgium	43	Netherlands	83
Bosnia & Herzegovina	53	Norway	56
Bulgaria	110	New Zealand	8
Croatia	91	Poland	150
Czech Republic	236	Portugal	10
Denmark	160	Romania	650
Estonia	4	Slovakia	39
Finland	80	Slovenia	7
Georgia	885	Spain	294
Germany	850	Sweden	30
Greece	4	FYR of Macedonia	38
Hungary	97	Turkey	503
Iceland	4	Ukraine	10
Ireland	7	United Kingdom	470
Italy	500	United States	6,827
* Numbers of personnel are approximate as they change daily.		NATO	11,325
		Non-NATO	1,874
		Total	13,199



Resolute Support Mission

Troop Contributing Nations



	Albania	42		Germany	850		Poland	150
	Armenia	121		Greece	4		Portugal	10
	Australia	400		Hungary	97		Romania	650
	Austria	10		Iceland	4		Slovakia	39
	Azerbaijan	94		Ireland	7		Slovenia	7
	Belgium	43		Italy	500		Spain	294
	Bosnia-Herzegovina	53		Latvia	25		Sweden	30
	Bulgaria	110		Lithuania	70		the former Yugoslav Republic of Macedonia ¹	39
	Croatia	107		Luxembourg	1		Turkey	503
	Czech Republic	236		Mongolia	120		Ukraine	10
	Denmark	160		Montenegro	17		United Kingdom	470
	Estonia	4		Netherlands	83		United States	6,834
	Finland	80		New Zealand	8		Total	13,223
	Georgia	885		Norway	56			

troop numbers: The number of troops above reflects the overall contribution of individual contributing nations. They should be taken as indicative as they change daily, in accordance with the deployment procedures of the individual troop contributing nations.

- 1 Turkey recognises the Republic of Macedonia with its constitutional name.
- 2 See links to media backgrounder on "A new chapter in NATO-Afghanistan relations from 2015" and to media backgrounder on the ANA Trust Fund.

June 2015

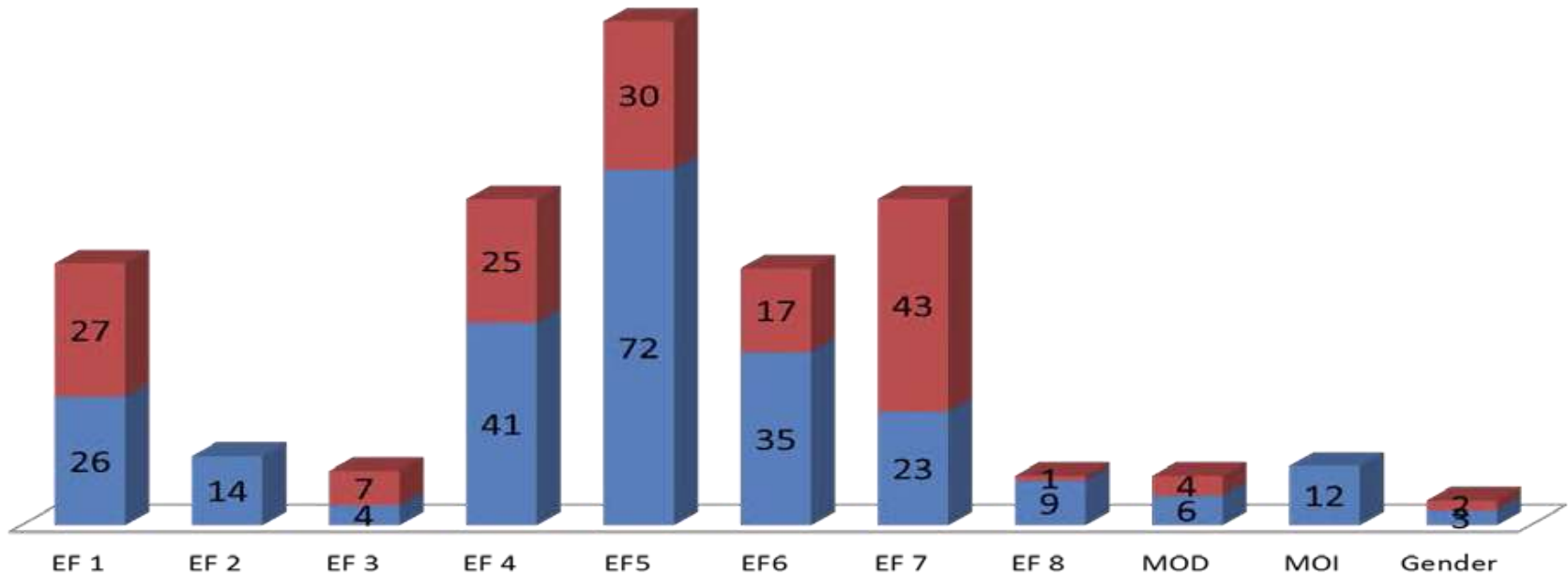
Remaining Allied Forces: 5/2015

Country	Total Personnel	Country	Personnel as % of National Force
United States	6,834	<i>Georgia</i>	2.74
<i>Georgia</i>	885	<i>Iceland</i>	2.00
<i>Germany</i>	850	<i>Czech Republic</i>	0.98
<i>Romania</i>	650	<i>Denmark</i>	0.93
<i>Turkey</i>	503	<i>Australia</i>	0.70
<i>Italy</i>	500	<i>Mongolia</i>	0.69
<i>United Kingdom</i>	470	<i>Croatia</i>	0.55
<i>Australia</i>	400	<i>Bosnia-Herzegovina</i>	0.50
<i>Spain</i>	294	<i>Albania</i>	0.49
<i>Czech Republic</i>	236	<i>the former Yugoslav Republic of Macedonia</i>	0.49
<i>Denmark</i>	160	United States	0.48
<i>Poland</i>	150	<i>Latvia</i>	0.47
<i>Armenia</i>	121	<i>Germany</i>	0.47
<i>Mongolia</i>	120	<i>Romania</i>	0.43
<i>Bulgaria</i>	110	<i>Finland</i>	0.32
<i>Croatia</i>	107	<i>Lithuania</i>	0.32
<i>Hungary</i>	97	<i>United Kingdom</i>	0.30
<i>Azerbaijan</i>	94	<i>Hungary</i>	0.25
<i>Netherlands</i>	83	<i>Armenia</i>	0.25
<i>Finland</i>	80	<i>Slovakia</i>	0.25
<i>Lithuania</i>	70	<i>Bulgaria</i>	0.23
<i>Norway</i>	56	<i>Norway</i>	0.22
<i>Bosnia-Herzegovina</i>	53	<i>Netherlands</i>	0.19
<i>Belgium</i>	43	<i>Sweden</i>	0.19
<i>Albania</i>	42	<i>Montenegro</i>	0.14
<i>the former Yugoslav Republic of Macedonia</i>	39	<i>Italy</i>	0.14
<i>Slovakia</i>	39	<i>Spain</i>	0.14
<i>Sweden</i>	30	<i>Azerbaijan</i>	0.11
<i>Latvia</i>	25	<i>Belgium</i>	0.11
<i>Montenegro</i>	17	<i>New Zealand</i>	0.09
<i>Austria</i>	10	<i>Poland</i>	0.09
<i>Portugal</i>	10	<i>Turkey</i>	0.08
<i>Ukraine</i>	10	<i>Ireland</i>	0.07
<i>New Zealand</i>	8	<i>Estonia</i>	0.07
<i>Slovenia</i>	7	<i>Luxembourg</i>	0.07
<i>Ireland</i>	7	<i>Slovenia</i>	0.05
<i>Iceland</i>	4	<i>Austria</i>	0.04
<i>Estonia</i>	4	<i>Portugal</i>	0.01
<i>Greece</i>	4	<i>Ukraine</i>	0.01
<i>Luxembourg</i>	1	<i>Greece</i>	0.003

Resolute Support HQ Advisors by Essential Function*

RS HQ Advisors by EF (02 FEB 15)

■ Military Advisors ■ Ctrs/ Civilian



Essential Function 1: Plan, program, budget, and execute

Essential Function 2: Transparency, accountability, and oversight

Essential Function 3: Civilian governance of the Afghan security institutions and adherence to rule of law

Essential Function 4: Force generation

Essential Function 5: Sustain the force

Essential Function 7: Develop sufficient intelligence capabilities and processes

Essential Function 8: Maintain internal and external strategic communication capability

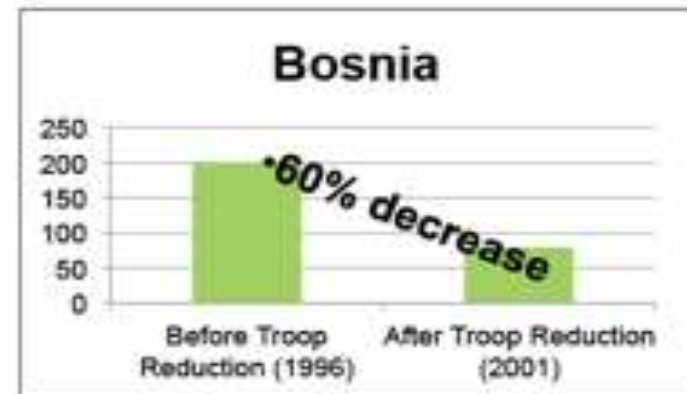
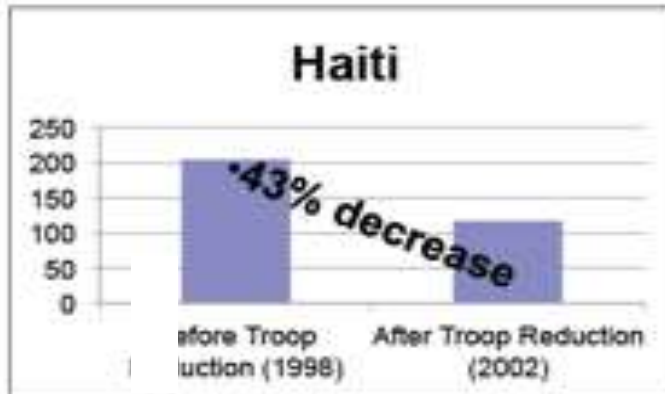
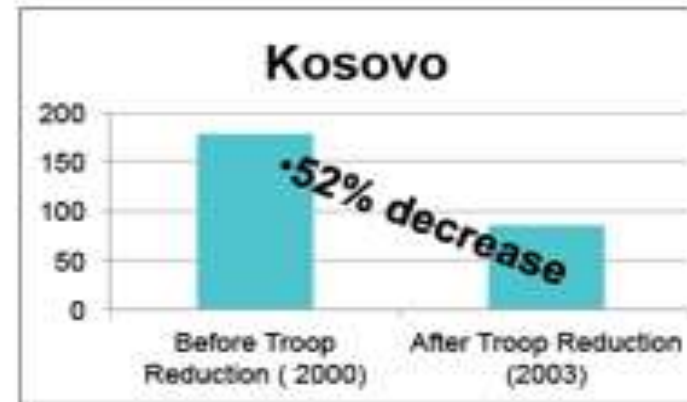
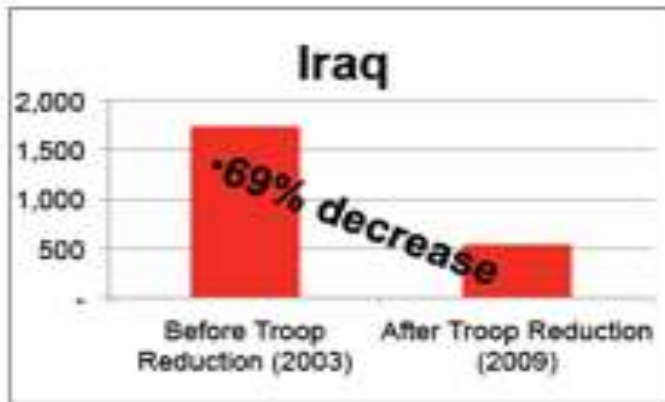
U.S. Civil and Military Aid

Paying the Necessary Price in Aid

- **Long U.S. and allied history of cutting aid funds too soon.**
- **Aid flow has been extremely erratic, lacked central planning and effective financial control and measures of effectiveness in the field.**
- **SIGAR reporting does not reflect any major current improvements in U.S., allied, or Afghan planning, management, fiscal control at civil or military levels.**
- **Afghan dependence on future aid far higher than planned, seems likely to grow, and will extend beyond 2020.**
- **No progress in Tokyo reforms Afghan government had pledged in return for aid.**

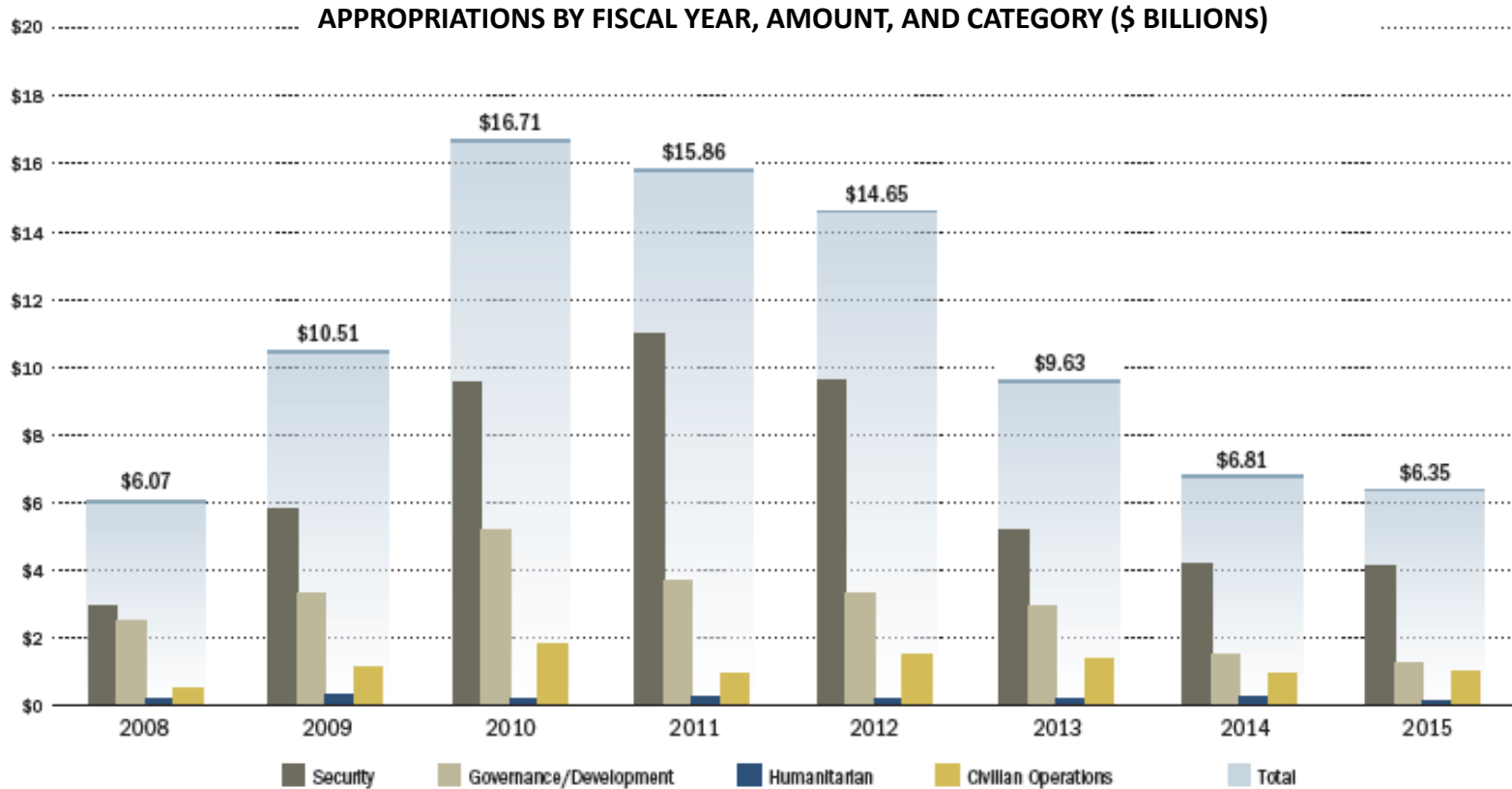
History is a Warning: Declare Victory and Leave?

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.

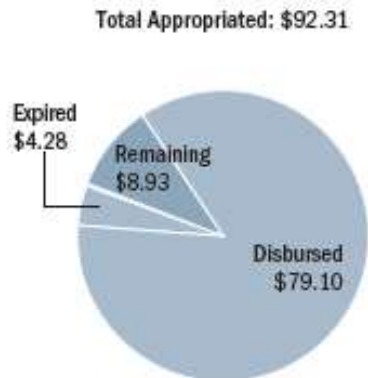
Declining U.S. Aid: 2008-2015



CERP: Commander's Emergency Response Program
AIF: Afghanistan Infrastructure Fund
TFBSO: Task Force for Business and Stability Operations
DOD CN: DOD Drug Interdiction and Counter-Drug Activities
ESF: Economic Support Fund
INCLE: International Narcotics Control and Law Enforcement
Other: Other Funding

U.S. Aid Funding Pipeline

CUMULATIVE AMOUNT REMAINING TO BE DISBURSED (\$ BILLIONS)



FY 2015 AMOUNTS APPROPRIATED (\$ MILLIONS)

	Appropriated
ASFF	\$4,109.33
CERP	10.00
ESF	831.90
INCLE	250.00
Total Major Funds	\$5,201.23

Note: Numbers have been rounded. ESF was reduced from an anticipated \$900 million to \$831.9 million during the 653(a) congressional consultation process.

CUMULATIVE AMOUNTS APPROPRIATED, OBLIGATED, AND DISBURSED FY 2002–2015 (\$ BILLIONS)

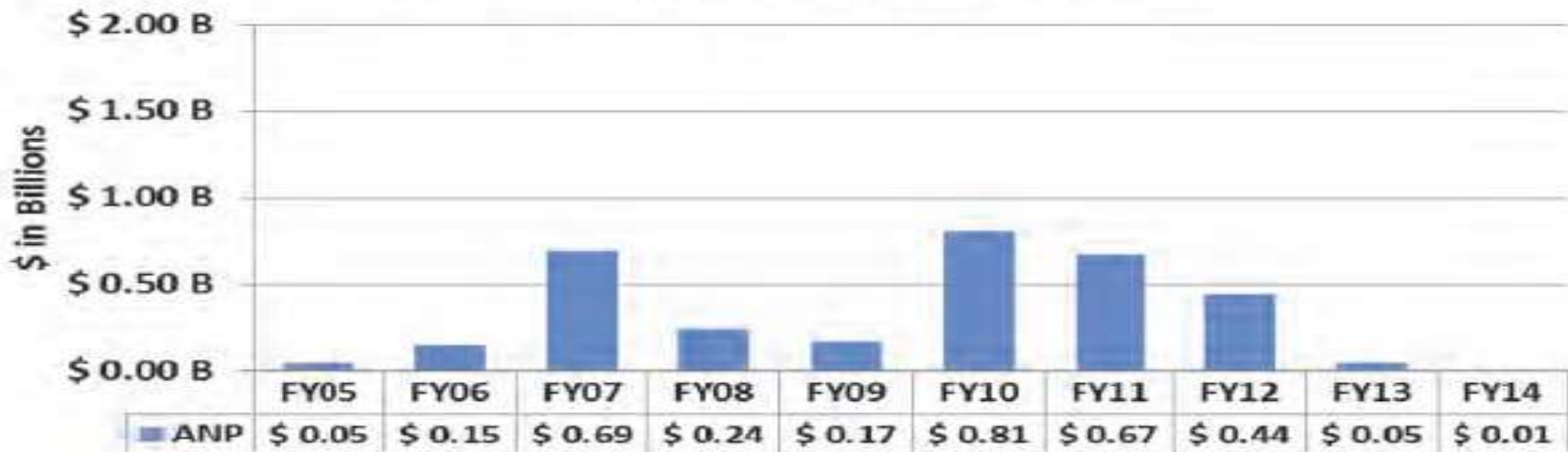
	Appropriated	Obligated	Disbursed	Remaining
Afghanistan Security Forces Fund (ASFF)	\$60.67	\$56.92	\$55.79	\$3.07
Commander's Emergency Response Program (CERP)	3.68	2.28	2.27	0.02
Afghanistan Infrastructure Fund (AIF)	0.99	0.79	0.48	0.32
Task Force for Business & Stability Operations (TFBSO)	0.82	0.76	0.64	0.12
DOD Drug Interdiction and Counter-Drug Activities (DOD CN)	2.86	2.86	2.86	0.00
Economic Support Fund (ESF)	18.60	17.06	13.54	4.36
International Narcotics Control & Law Enforcement (INCLE)	4.69	4.33	3.54	1.05
Total 7 Major Funds	\$92.31	\$85.01	\$79.10	\$8.93
Other Reconstruction Funds	7.44			
Civilian Operations	9.87			
Total	\$109.62			

Afghan Government Budget Pays for Very Limited Portion of ANSF Costs

ANA Funding Budget Profile



ANP Funding Budget Profile

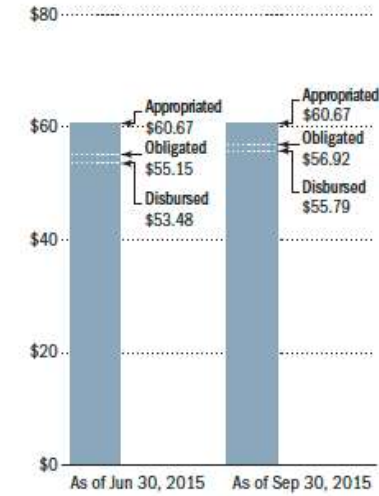


Erratic and Declining U.S. Security Aid

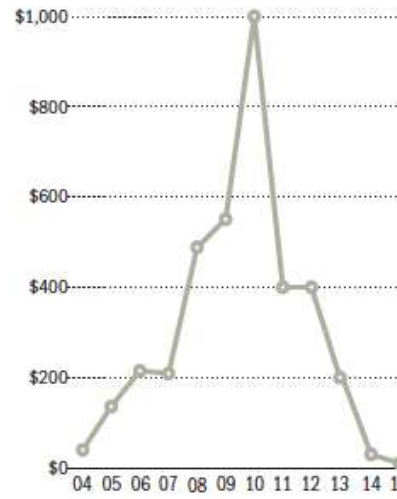
ASFF APPROPRIATED FUNDS BY FISCAL YEAR
(\$ BILLIONS)



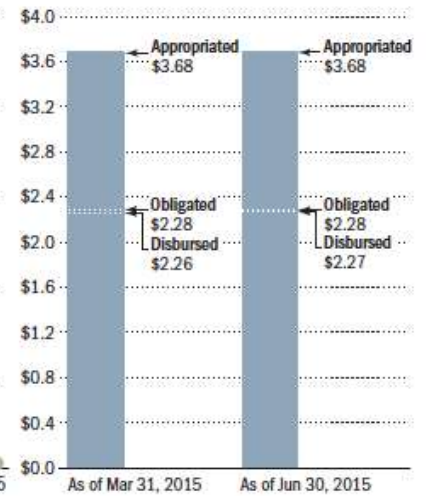
ASFF FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



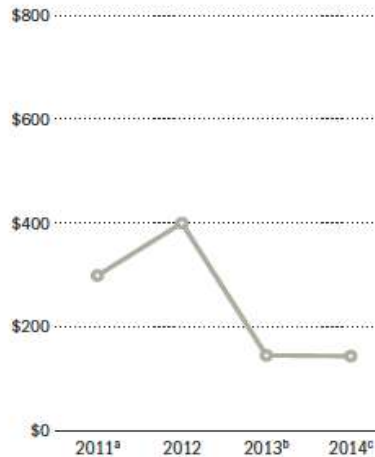
CERP APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



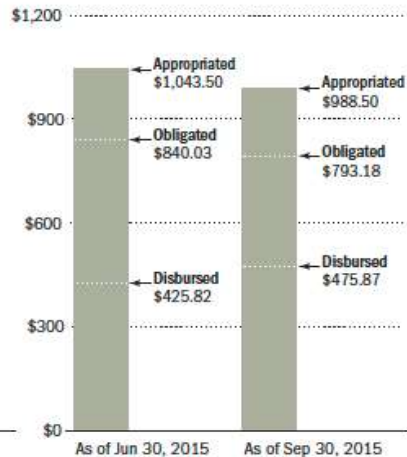
CERP FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



AIF APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)



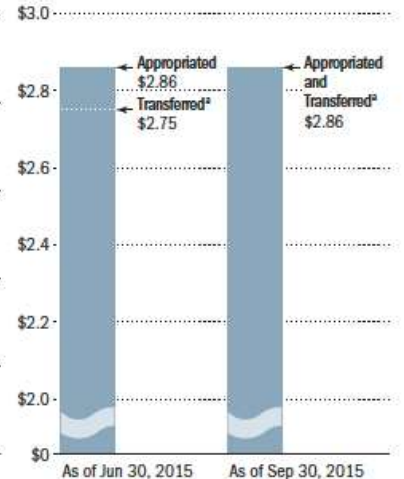
AIF FUNDS, CUMULATIVE COMPARISON
(\$ MILLIONS)



DOD CN APPROPRIATIONS BY FISCAL YEAR
(\$ MILLIONS)

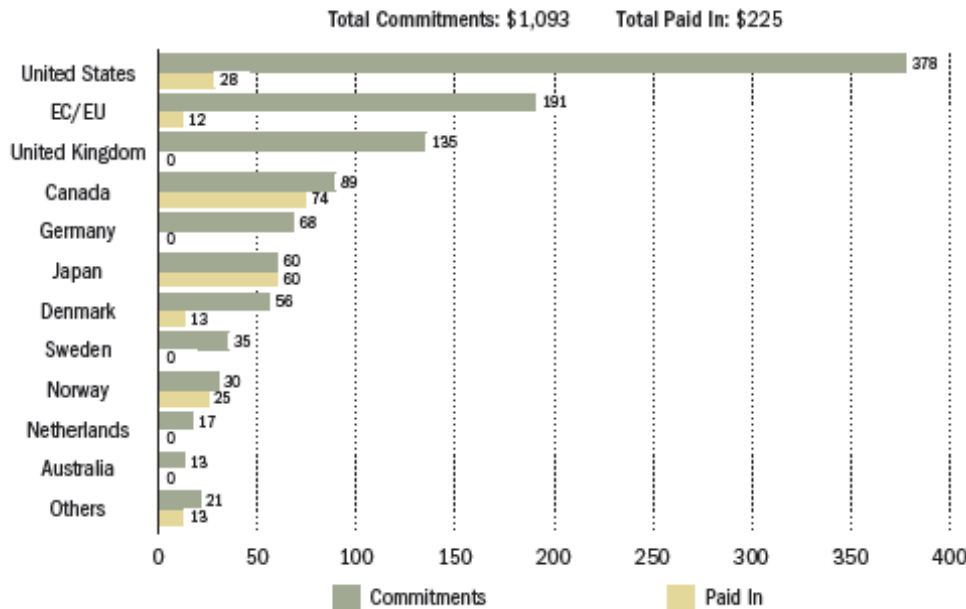


DOD CN FUNDS, CUMULATIVE COMPARISON
(\$ BILLIONS)



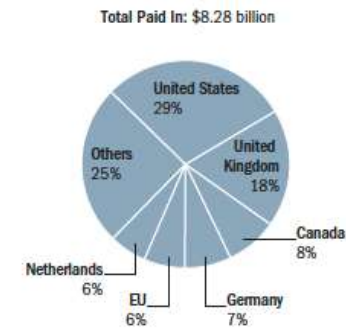
Uncertain Other Foreign Aid

ARTF CONTRIBUTIONS FOR FY 1394 BY DONOR, AS OF JUNE 21, 2015 (\$ MILLIONS)



...most of the international funding provided is administered through trust funds. Contributions provided through trust funds are pooled and then distributed for reconstruction activities. The two main trust funds are the Afghanistan Reconstruction Trust Fund (ARTF) and the Law and Order Trust Fund for Afghanistan (LOTFA).

ARTF CONTRIBUTIONS PAID IN BY DONORS, 2002-AUGUST 22, 2015



Note: Numbers have been rounded. EU = European Union. "Others" includes 28 donors.

The largest share of international contributions to the Afghan operational and development budgets comes through the ARTF. From 2002 to August 22, 2015, the World Bank reported that 34 donors had pledged more than \$9.02 billion, of which more than \$8.28 billion had been paid in. According to the World Bank, donors had pledged nearly \$1.09 billion to the ARTF for Afghan fiscal year 1394, which runs from December 22, 2014 to December 21, 2015.³⁴

DONOR CONTRIBUTIONS TO THE LOTFA SINCE 2002, AS OF OCTOBER 15, 2015



The United Nations Development Programme (UNDP) administers the LOTFA to pay ANP salaries and build the capacity of the Ministry of Interior.⁴⁰ Since 2002, donors have pledged more than \$4.32 billion to the LOTFA, of which more than \$4.07 billion had been paid in, as of October 15, 2015.⁴¹ As of October 15, 2015, the United States had committed nearly \$1.53 billion since the fund's inception and had paid in all of the commitment.

The World Bank Projects Rising Dependence on Foreign Aid and Grants Through 2018

(Tentative Staff Projections)

	2012	2013	2014	2015	2016	2017	2018
	<i>Actual/Estimates</i>		<i>----- Tentative Staff Projections -----</i>				
Real GDP growth	14.4	3.7	1.5	4.0	5.0	5.1	5.3
Nominal GDP (bn US\$)	20.5	20.3	21.0	22.6	24.4	26.4	28.5
CPI inflation (period average)	6.4	7.7	6.1	5.5	5.5	5.0	5.0
Fiscal	<i>Percent of GDP</i>						
Revenues and grants	23.1	23.5	25.1	27.4	28.9	33.1	34.8
Domestic revenues	10.3	9.7	8.7	9.6	10.8	11.6	12.8
Foreign grants	13.0	14.5	16.5	17.8	18.1	21.5	22.0
Total core expenditures	23.8	24.7	27.3	29.7	30.5	34.7	36.7
Recurrent expenditures	17.1	17.6	19.4	22.2	23.4	27.4	29.1
Development expenditures	6.7	7.1	8.0	7.5	7.1	7.3	7.6
Overall balance (incl. grants)	-0.5	-0.5	-2.1	-2.3	-1.6	-1.6	-1.9
External							
Trade balance	-41.9	-40.8	-39.3	-37.7	-35.5	-33.5	-30.3
Current acct balance (incl. grants)	4.2	3.7	4.1	0.3	-1.9	-3.7	-3.5
External debt	6.4	6.2	6.1	5.9	5.8	5.6	5.5

Source: Staff estimates, tentative and subject to revision

An Uncertain Pakistan

DEPARTMENT OF DEFENSE ASSESSMENT OF IMPORTANCE OF AFGHANISTAN-PAKISTAN RELATIONS, JUNE 2015 - I

The role of Pakistan remains critical to stability in Afghanistan. Since President Ghani's inauguration, Afghan and Pakistani leaders have conducted several high-level engagements to discuss regional security. President Ghani has taken steps toward improving relationships with several countries in the region in an effort to help Afghanistan move forward on a more stable platform of physical and economic security. The Tehrik-e Taliban Pakistan attack on a school in Peshawar, Pakistan, on December 16, 2014, allowed the leadership of both countries to engage each other on counterterrorism issues. This has led to some progress in the Afghanistan-Pakistan military-to-military relationship. The day after the school attack, General Raheel Sharif, Pakistan's Chief of Army Staff, flew to Afghanistan to meet with President Ghani. By the end of December 2014, the Pakistani government created a National Action Plan to eliminate terrorism from inside its borders; this remains a long-term plan that will have to overcome significant obstacles. Headquarters, Resolute Support facilitates a constructive and effective relationship between the Afghan and Pakistan militaries when necessary.

On May 12, 2015, a Pakistani delegation led by Prime Minister Nawaz Sharif and Chief of the Army Staff General Raheel Sharif visited Kabul, where Prime Minister Sharif publicly condemned the Taliban's spring offensive, insisting, "The enemies of Afghanistan cannot be friends of Pakistan." President Ghani reinforced this message by similarly saying that the enemies of Pakistan cannot be the friends of Afghanistan. General Raheel and President Ghani have also pledged to support each other in their fight against terrorism. Afghanistan and Pakistan also share mutual concerns over the potential emergence of elements of the Islamic State of Iraq and the Levant in the region. Pakistani Army operations in the last several months, such as Operation KHYBER II, have applied pressure on extremists operating in the border region. The Pakistani military attempted to coordinate these operations bilaterally with Afghan military representatives, not via U.S. or coalition channels. The ANDSF are now attempting to capitalize on the Pakistani military operations on their side of the border.

President Ghani is matching General Raheel's initiatives to encourage rapprochement between both countries. Encouragingly, both appear to be pushing for political reconciliation between the Afghan government and the Taliban. During the May 12, 2015, meeting between Prime Minister Sharif and President Ghani, Prime Minister Sharif publicly reaffirmed Pakistan's support of an Afghan reconciliation process and vowed to take coordinated action with Afghanistan against militant hideouts along the border.

Both the Afghan and Pakistan governments have indicated a desire to coordinate cross-border security and are in the process of finalizing a Bilateral Military Coordination Standard Operating Procedure (SOP). Although the previous trilateral border SOP expired on December 31, 2014, both militaries are still operating under those procedures until the new SOP is signed.

DEPARTMENT OF DEFENSE ASSESSMENT OF IMPORTANCE OF AFGHANISTAN-PAKISTAN RELATIONS, JUNE 2015 - II

On December 23, 2014, Afghanistan's Army Chief General Sher Mohammad Karimi met with General Raheel Sharif in Pakistan to discuss coordinating Pakistan-Afghanistan military and counterterrorism operations on both sides of the border. General Raheel and General Karimi agreed that their subordinate commanders would begin meeting immediately to coordinate border area security operations. The goal of these meetings is for Afghan and Pakistan military units that regularly operate near the border to work together in a combined effort to eliminate terrorist threats while bringing security and stability to the people of the region.

The subsequent consultations between Afghan and Pakistani corps commanders showed some promise. Notably, Afghan and Pakistan corps-level commanders met on January 18, 2015, in Nangarhar Province, Afghanistan, and talked about the mutual benefits of building a cross-border network to root out terrorism and bring safety and security to the region. ANDSF and Pakistan Army operational commanders, and a delegation from RS headquarters, participated and openly discussed recent operations in their respective areas, provided intelligence assessments, and talked about future operations. All groups agreed that sharing operational plans and coordination between tactical units is both feasible and necessary along the border. On January 22, 2015, a second meeting occurred that included higher-level Afghan and Pakistani leadership to discuss how to improve security and border cooperation. The parties further discussed the common enemy they face and emphasized the close geographic and cultural ties between the two countries. Additional bilateral security meetings have occurred, including a visit by Afghan Border Police (ABP) leaders to Pakistan to discuss improving border security, including the establishment of common SOPs, sharing intelligence, and conducting joint operations; and a visit by Afghan National Army corps commanders to meet with their counterparts at General Headquarters in Rawalpindi, Pakistan.

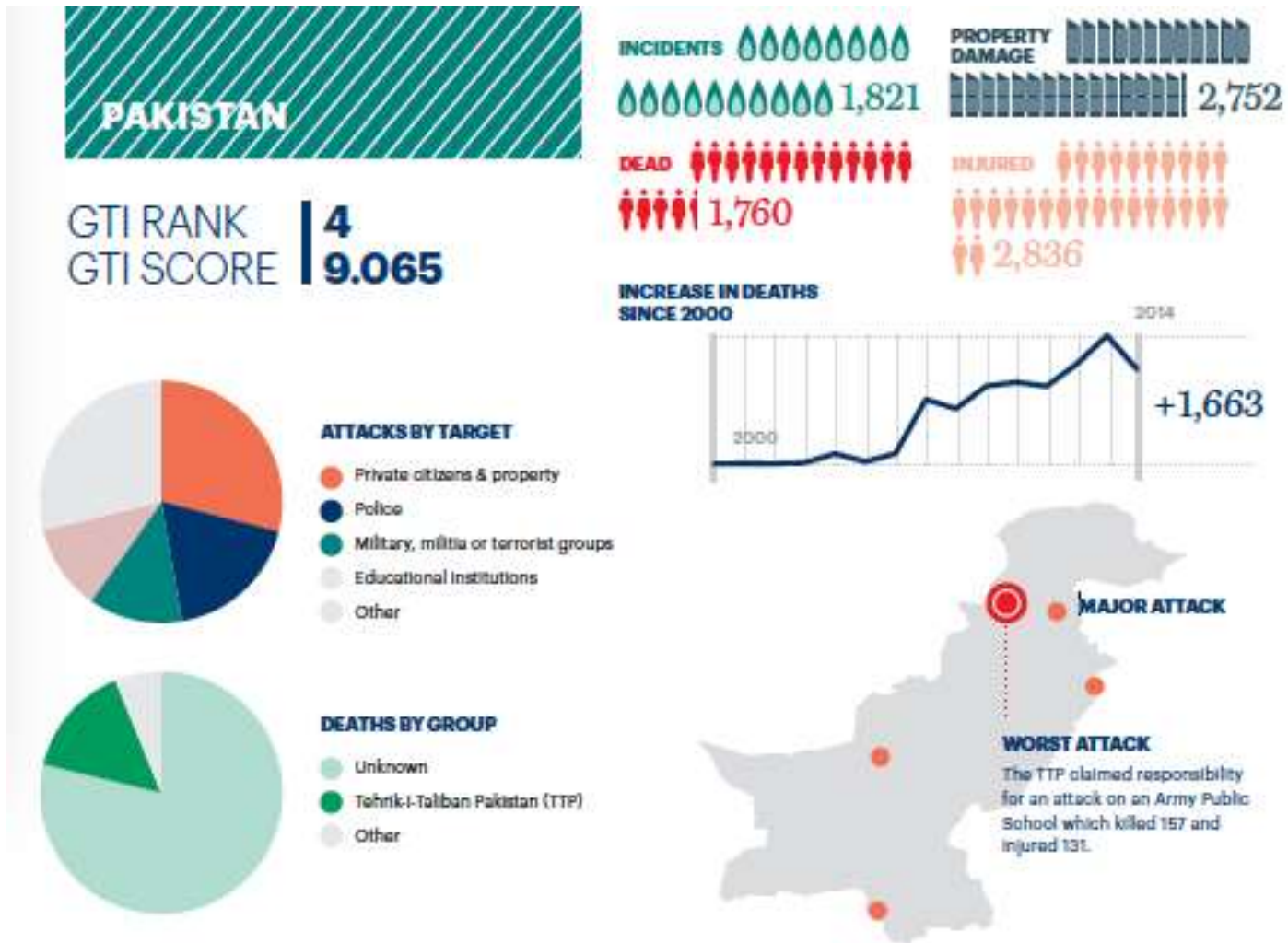
The Pakistani military also re-extended an offer to provide military training for Afghan security forces. Unlike his predecessor, President Ghani accepted their offer and sent members of the ANDSF for formal training in Pakistan during this reporting period. In February 2015, six ANA cadets arrived to attend an 18-month long course at the Pakistan Military Academy in Abbottabad. In April, General Karimi was invited to serve as the guest of honor at a ceremony at the academy. During the ceremony, General Karimi emphasized that Afghanistan and Pakistan face a common enemy, which requires cooperation between the two countries. Pakistan and Afghanistan have discussed expanding training opportunities to include other ANDSF branches and capabilities.

With considerable time and political will, Afghanistan and Pakistan can build upon the meaningful progress made during this reporting period to make further progress on resolving key bilateral disputes. Afghan-focused militants may continue to pose a threat to this progress from remaining safe havens in Pakistan.

12/10/20

15

Pakistan Terrorism Deaths: I



Pakistan Terrorism Deaths: II

Whilst Pakistan saw a seven per cent reduction in incidents and a 25 per cent reduction in deaths from 2013 to 2014, the country still has the fourth highest number of deaths from terrorism in the world. There were 1,760 people killed from terrorism in Pakistan in 2014.

Terrorism in Pakistan is strongly influenced by its proximity to Afghanistan with most attacks occurring near the border and involving the Taliban. Nearly half of all attacks had no groups claiming responsibility. The deadliest group in Pakistan in 2014, responsible for 31 per cent of all deaths and 60 per cent of all claimed attacks, is Tehrik-i-Taliban Pakistan (TTP), the Pakistani Taliban. This group killed 543 people in 2014, slightly down from 618 in 2013. Lashkar-e-Jhangvi, a jihadi group based in Pakistan, also saw a substantial decline in activity to 45 deaths in 2014 down from 346 in 2013. In addition the leader of the group, Malik Ishaq, was killed by Pakistani police forces in July 2015.

Terrorism in Pakistan has a diverse array of actors. In 2014 there were 35 different terrorist groups, up from 25 groups in 2013. However, seven groups account for the majority of claimed attacks. While many of these groups are Islamist there are also other organizations such as separatist movements for Baloch, the Bettani tribe and Sindhi people. The majority of terrorism occurs in just three provinces: Khyber Pakhtunkhwa in the north-west, which recorded 35 per cent of the deaths; the Sindh province, in the south east, which recorded 23 per cent of the deaths; and Balochistan in the south-west which recorded 20 per cent of the deaths.

There were 535 cities or regional centers in Pakistan that had at least one terrorist incident in 2014, with at least one death in each of 253 cities. The largest city in Pakistan, Karachi, had the most deaths with 374. Islamabad, the capital, had the second highest deaths from terrorism with 38 deaths. The city of Parachinar in the Federally Administered Tribal Areas, the closest point in Pakistan to Kabul in Afghanistan, had among the highest rates of deaths per incident with 12 killed per incident.

Bombings and explosions continue to be the most common type of attack accounting for around 40 per cent of fatalities. However, the use of firearms and armed assault attacks has increased. In 2013 armed assaults were responsible for 26 per cent of fatalities whereas in 2014 this had increased to 39 per cent. The numbers killed by armed assaults rose 14 per cent to 685, up from 602 in 2013.

The biggest target for terrorism in Pakistan is private citizens, who are the target of 20 per cent of incidents and account for 29 per cent of fatalities. Educational institutions continue to be targeted. In 2014 there were 103 attacks on schools which caused 201 deaths and 203 injuries. The Pakistani Taliban, like the Taliban in Afghanistan, is opposed to western education and to the education of girls and has targeted schools and advocates of equal education.

Ten countries with the most terrorist attacks, 2013

Country	Total Attacks	Total Killed	Total Wounded	Average Number Killed per Attack	Average Number Wounded per Attack
Iraq	2495	6378	14956	2.56	5.99
Pakistan	1920	2315	4989	1.21	2.60
Afghanistan	1144	3111	3717	2.72	3.25
India	622	405	717	0.65	1.15
Philippines	450	279	413	0.62	0.92
Thailand	332	131	398	0.39	1.20
Nigeria	300	1817	457	6.06	1.52
Yemen	295	291	583	0.99	1.98
Syria ²	212	1074	1773	5.07	8.36
Somalia	197	408	485	2.07	2.46

Pakistani Terrorism: State Department Country Profile

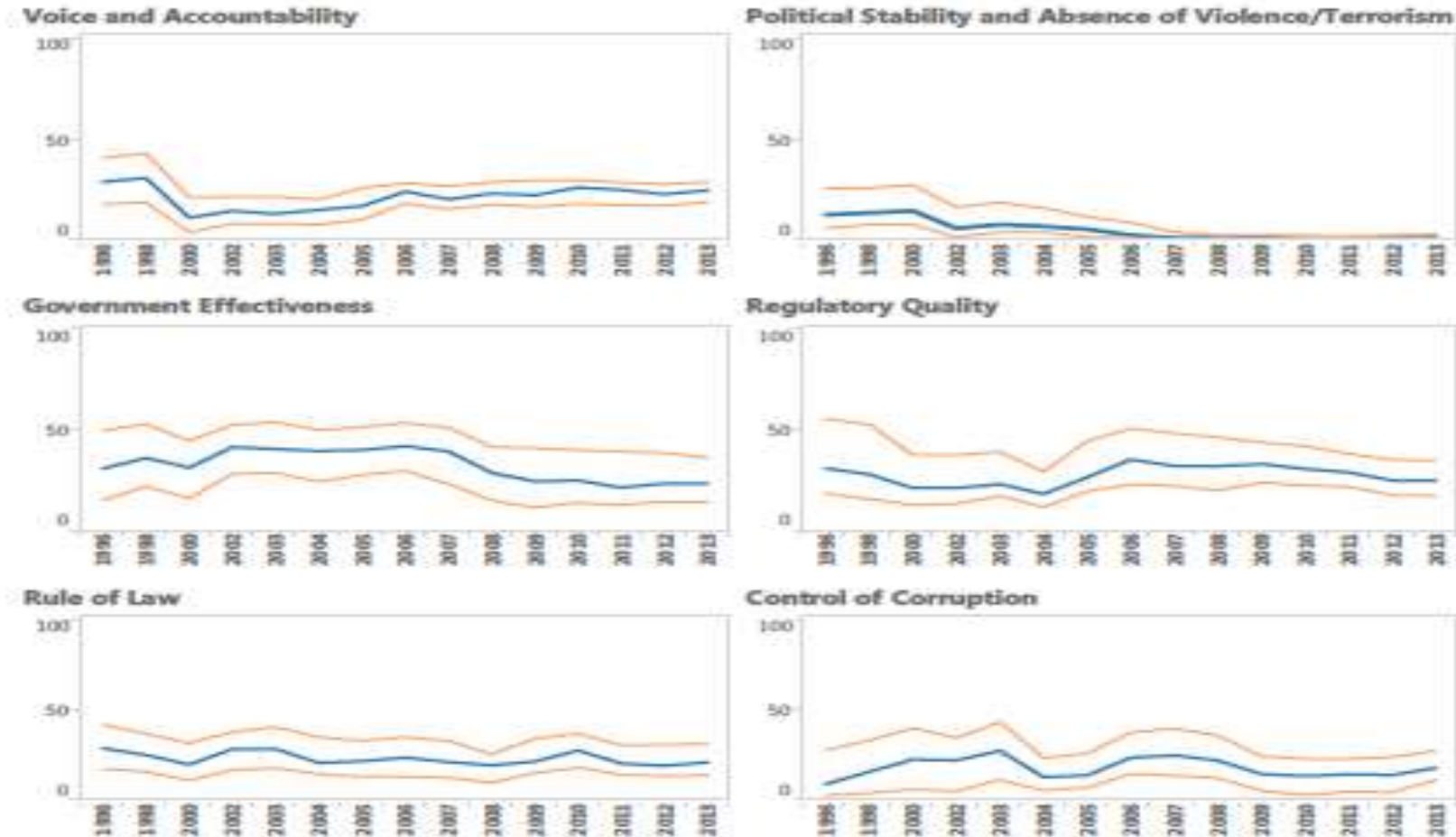
- The total number of terrorist attacks reported in Pakistan increased 36.8 percent between 2012 and 2013. Fatalities increased 25.3 percent and injuries increased 36.9 percent.
- No specific perpetrator organization was identified for 86.2 percent of all attacks in Pakistan. Of the remaining attacks, nearly half (49%) were carried out by the Tehrik-i-Taliban Pakistan (TTP). Attacks attributed to the TTP killed more than 550 and wounded more than 1,200 in 2013.
- Twenty other groups, including a number of Baloch nationalist groups such as the Baloch Republican Army, the Baloch Liberation Army, the Baloch Liberation Front, and the Baloch Liberation Tigers, carried out attacks in Pakistan, particularly in Balochistan.
- More than 37 percent of all attacks in Pakistan took place in Khyber Pakhtunkhwa province, 28.4 percent took place in Balochistan, and 21.2 percent took place in Sindh province. The proportion of attacks in the Federally Administered Tribal Areas (FATA) decreased from 19.6 percent in 2012 to 9.4 percent in 2013.
- The most frequently attacked types of targets in Pakistan were consistent with global patterns. More than 22 percent of all attacks primarily targeted private citizens and property, more than 17 percent primarily targeted the police, and more than 11 percent primarily targeted general (non-diplomatic) government entities.
- However, these three types of targets accounted for a smaller proportion of attacks in Pakistan (51.1%) than they did globally (61.7%). Instead, terrorist attacks in Pakistan were almost twice as likely to target educational institutions (6.4%) and more than three times as likely to target violent political parties (4.4%), organizations that have at times engaged in both electoral politics and terrorist violence.

Ten Perpetrator Groups with the Most Attacks Worldwide, 2013

Perpetrator Group Name	Total Attacks	Total Killed	Average Number Killed per Attack
Taliban	641	2340	3.65
Al-Qa'ida in Iraq/Islamic State of Iraq and the Levant	401	1725	4.30
Boko Haram	213	1589	7.46
Maoists (India)/Communist Party of India - Maoist	203	190	0.94
Al-Shabaab	195	512	2.63
Tehrik-i-Taliban Pakistan (TTP)	134	589	4.40
New People's Army (NPA)	118	88	0.75
Al-Qa'ida in the Arabian Peninsula (AQAP)	84	177	2.11
Revolutionary Armed Forces of Colombia (FARC)	77	45	0.58
Bangsamoro Islamic Freedom Movement (BIFM)	34	23	0.68

- Of the attacks for which perpetrator information was reported, more than 20 percent were attributed to the Taliban, operating primarily in Afghanistan. In addition to carrying out the most attacks, the Taliban in Afghanistan was responsible for the greatest number of fatalities in 2013.
- Along with the Taliban in Afghanistan, five other groups carried out attacks that were more lethal than the global average (1.84 people killed per attack) in 2013: Boko Haram, al-Qa'ida in Iraq (AQI)/ Islamic State of Iraq and the Levant, Tehrik-i-Taliban Pakistan (TTP) and al-Qa'ida in the Arabian Peninsula

Pakistan: Low World Bank Rankings of Governance, Violence, and Stability



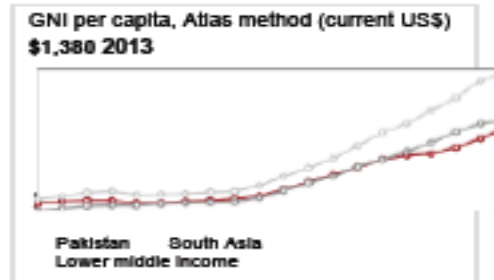
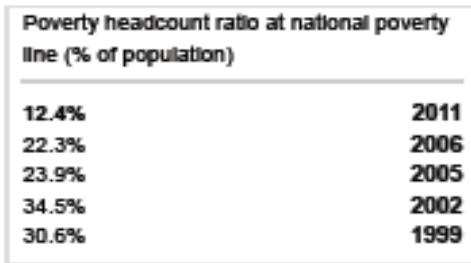
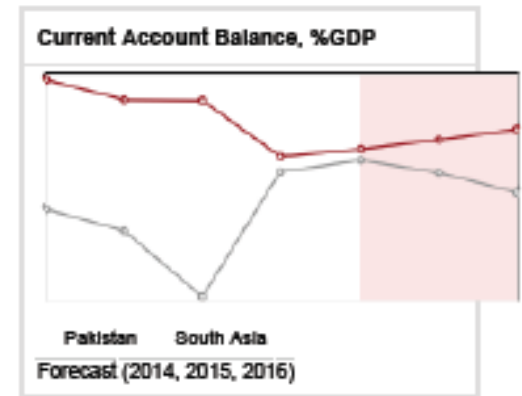
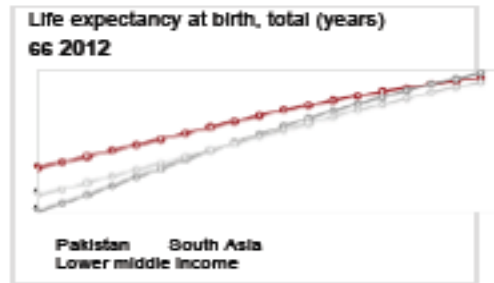
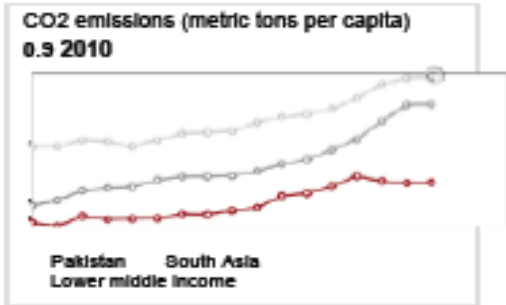
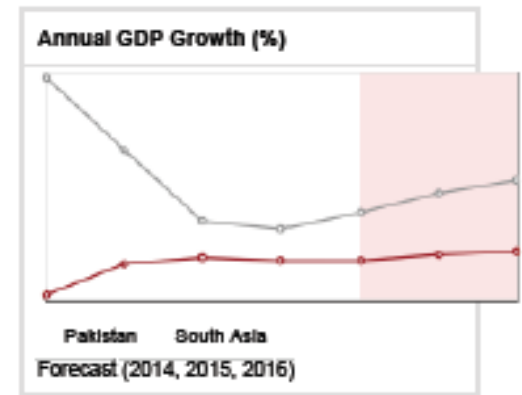
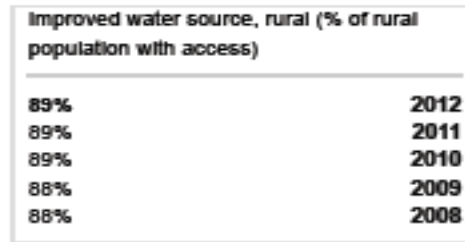
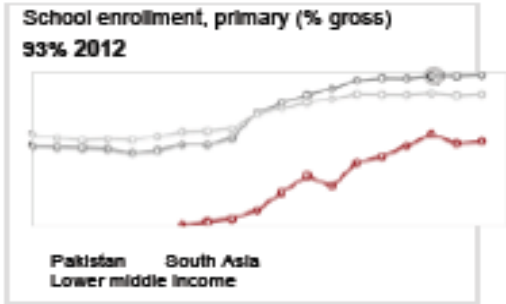
The inner, thicker blue line shows the selected country's percentile rank on each of the six aggregate governance indicators. The outer, thinner red lines show the indicate margins of error.

Source: [Kaufmann D., A. Kraay, and M. Mastruzzi \(2010\), The Worldwide Governance Indicators: Methodology and Analytical Issues](#)

The Worldwide Governance Indicators are available at: www.govindicators.org

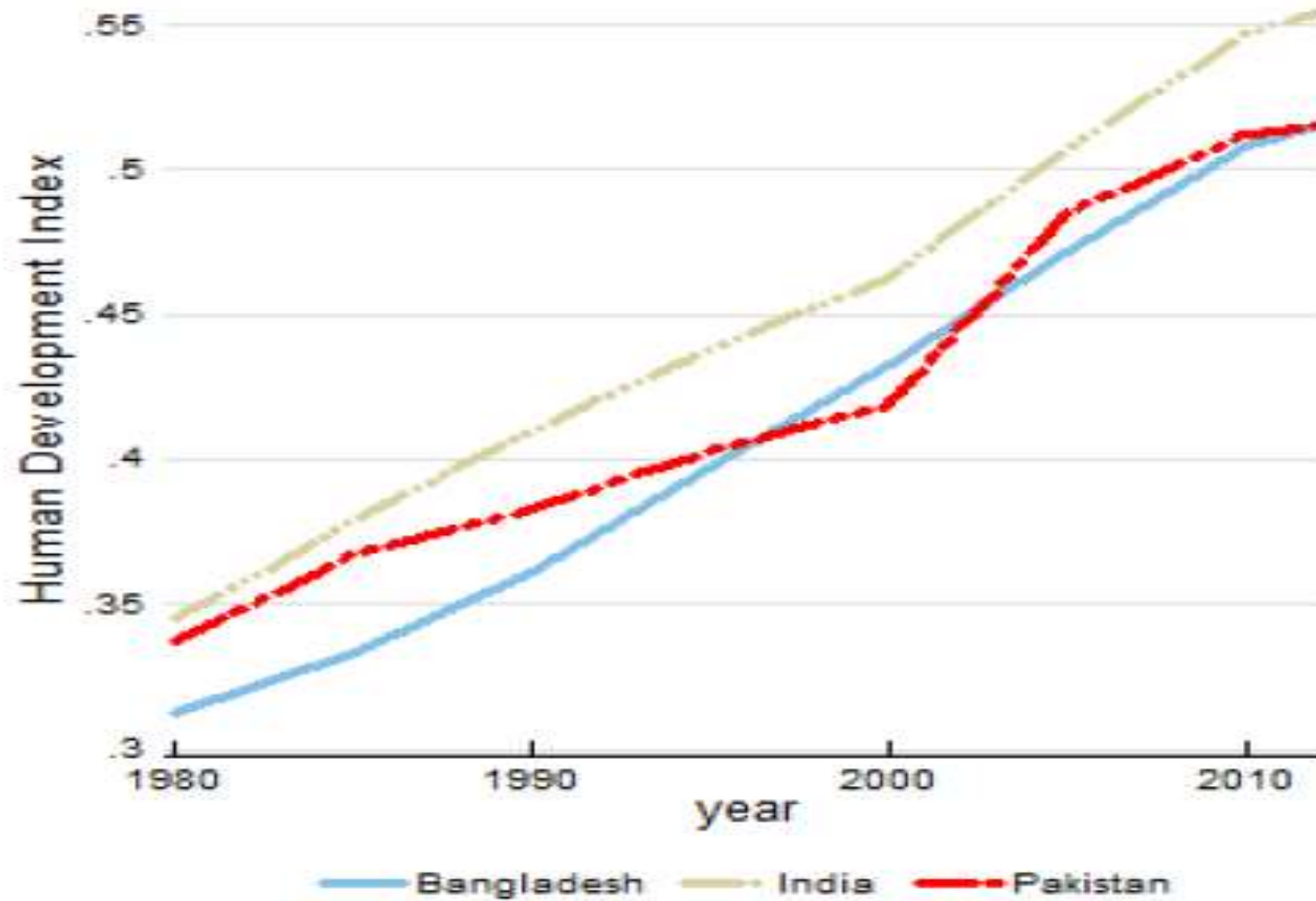
Note: The Worldwide Governance Indicators (WGI) are a research dataset summarizing the views on the quality of governance provided by a large number of enterprise, citizen and expert survey respondents in industrial and developing countries. These data are gathered from a number of survey institutes, think tanks, non-governmental organizations, international organizations, and private sector firms.

Pakistan: Human Development Comparisons



Pakistan vs. India and Bangladesh

Figure 2: Trends in Pakistan's HDI 1980-2012



World Bank Economy Rankings: Ease of Doing Business: 2014

Economy	Ease of Doing Business Rank ▲	Filtered Rank	Starting a Business	Dealing with Construction Permits	Getting Electricity	Registering Property	Getting Credit	Protecting Minority Investors	Paying Taxes	Trading Across Borders	Enforcing Contracts	Resolving Insolvency
Sri Lanka	99	1	4	2	3	5	3	4	7	1	5	1
Nepal	108	2	4	3	2	1	5	5	4	7	3	3
Maldives	116	3	2	1	4	6	5	7	5	4	2	4
Bhutan	125	4	3	5	1	2	2	6	3	6	1	8
Pakistan * SUBNATIONAL	128	5	7	4	7	3	7	2	8	2	4	2
India * SUBNATIONAL	142	6	8	7	5	4	1	1	6	3	7	5
Bangladesh *	173	7	6	6	8	8	7	3	2	5	8	6
Afghanistan	183	8	1	8	6	7	3	8	1	8	6	7

Economies are ranked on their ease of doing business, from 1–189. A high ease of doing business ranking means the regulatory environment is more conducive to the starting and operation of a local firm. The rankings are determined by sorting the aggregate distance to frontier scores on 10 topics, each consisting of several indicators, giving equal weight to each topic. The rankings for all economies are benchmarked to June 2014.

Source: World Bank: <http://www.doingbusiness.org/rankings>

Pakistan

Pakistan's 2012 HDI of 0.515 is above the average of 0.466 for countries in the low human development group and below the average of 0.558 for countries in South Asia. From South Asia, countries which are close to Pakistan in 2012 HDI rank and population size are India and Bangladesh, which have HDIs ranked 136 and 146 respectively (see table B).

Table B: Pakistan's HDI indicators for 2012 relative to selected countries and groups

	HDI value	HDI rank	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (PPP US\$)
Pakistan	0.515	146	65.7	7.3	4.9	2,566
India	0.554	136	65.8	10.7	4.4	3,285
Bangladesh	0.515	146	69.2	8.1	4.8	1,785
South Asia	0.558	—	66.2	10.2	4.7	3,343
Low HDI	0.466	—	59.1	8.5	4.2	1,633

Pakistan's HDI for 2012 is 0.515. However, when the value is discounted for inequality, the HDI falls to 0.356, a loss of 30.9 percent due to inequality in the distribution of the dimension indices. India and Bangladesh, show losses due to inequality of 29.3 percent and 27.4 percent respectively. The average loss due to inequality for low HDI countries is 33.5 percent and for South Asia it is 29.1 percent.

Table C: Pakistan's IHDI for 2012 relative to selected countries and groups

	IHDI value	Overall Loss (%)	Loss due to inequality in life expectancy at birth (%)	Loss due to inequality in education (%)	Loss due to inequality in income (%)
Pakistan	0.356	30.9	32.3	45.2	11
India	0.392	29.3	27.1	42.4	15.8
Bangladesh	0.374	27.4	23.2	39.4	17.7
South Asia	0.395	29.1	27	42	15.9
Low HDI	0.31	33.5	35.7	38.7	25.6

Pakistan

The most recent survey data available for estimating MPI figures for Pakistan were collected in 2006/2007. In Pakistan 49.4 percent of the population lived in multidimensional poverty (the MPI 'head count') while an additional 11 percent were vulnerable to multiple deprivations. The intensity of deprivation – that is, the average percentage of deprivation experienced by people living in multidimensional poverty – in Pakistan was 53.4 percent. The country's MPI value, which is the share of the population that is multi-dimensionally poor adjusted by the intensity of the deprivations, was 0.264. India and Bangladesh had MPI values of 0.283 and 0.292 respectively.

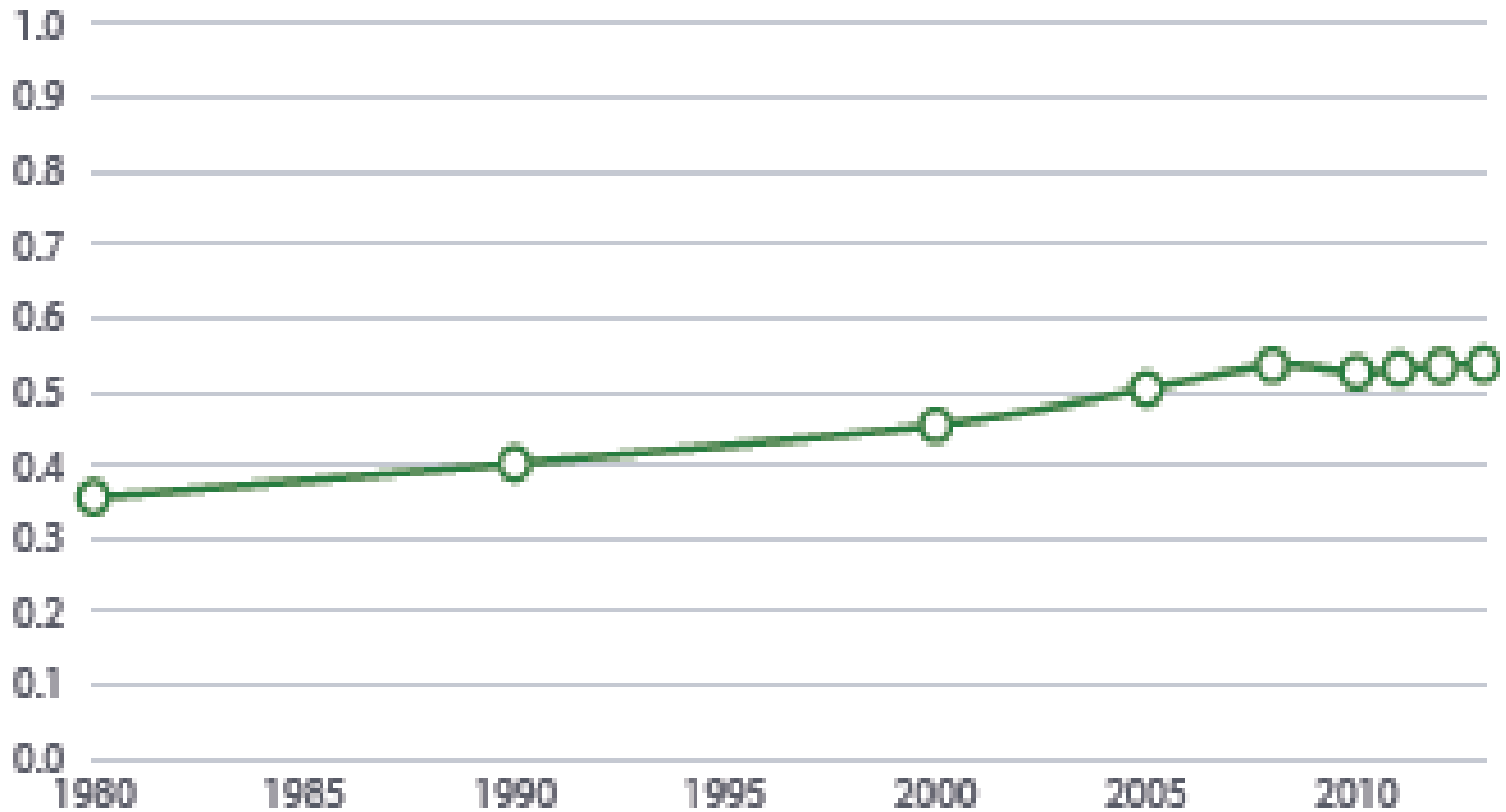
Table E compares income poverty, measured by the percentage of the population living below PPP US\$1.25 per day, and multidimensional deprivations in Pakistan. It shows that income poverty only tells part of the story. The multidimensional poverty headcount is 28.4 percentage points higher than income poverty. This implies that individuals living above the income poverty line may still suffer deprivations in education, health and other living conditions. Table E also shows the percentage of Pakistan's population that live in severe poverty (deprivation score is 50 percent or more) and that are vulnerable to poverty (deprivation score between 20 and 30 percent). The contributions of deprivations in each dimension to overall poverty complete a comprehensive picture of people living in poverty in Pakistan. Figures for India and Bangladesh are also shown in the table for comparison.

Table E: The most recent MPI figures for Pakistan relative to selected countries

	Survey year	MPI value	Headcount (%)	Intensity of deprivation (%)	Population			Contribution to overall poverty of deprivations in		
					Vulnerable to poverty (%)	In severe poverty (%)	Below income poverty line (%)	Health	Education	Living Standards
Pakistan	2006/2007	0.264	49.4	53.4	11	27.4	21	37.9	30.8	31.2
India	2005/2006	0.283	53.7	52.7	16.4	28.6	32.7	35.7	21.8	42.5
Bangladesh	2007	0.292	57.8	50.4	21.2	26.2	43.3	34.5	18.7	46.8

UN Pakistan Human Development Indicator Ranking (Minimal growth, Only 146th in the World in 2014)

Trends 1980 - Present



Key Pakistan UN Human Development Indicators

Demography	Population total (millions)	182.14
Health	Life expectancy at birth	66.57
Income/Command Over Resources	Gross national income (GNI) per capita (2011 PPP \$)	4,651.64
	Gross national income (GNI) per capita (2011 PPP \$)	4,651.64
	GDP (2011 PPP\$) (billions)	781.2
	GDP per capita (2011 PPP\$)	4,360.35
	Gross fixed capital formation (% of GDP)	10.92
	Domestic credit provided by the banking system (% of GDP)	44.52
Poverty	Population in multidimensional poverty (%)	45.59
	Multidimensional poverty index	0.24
	Population in multidimensional poverty (%)	45.59
	Intensity of multidimensional poverty (%)	52.03
	Population near multidimensional poverty (%)	14.94
	Population in severe multidimensional poverty (%)	26.46
	Population living below \$1.25 a day (%)	21.04
	Share of working poor, below \$2 a day (%)	57
Education	Mean years of schooling	4.73

Post-2014 Security Challenge

Key Warfighting Challenges

- **US., allied, and Afghan Acceptance that as long as Taliban and other insurgents have sanctuary in Pakistan, war will last as long as it lasts.**
- **End focus on tactical clashes, focus on political-military control and protection of key populated areas and LoCs.**
- **Responding to the changing threat in a Political-Military War.**
 - **Tests of 2015 campaign season: “Coming out of the sanctuary closet.”**
 - **Threat ability to choose time and place, intensity and persistence of operations.**
 - **New forms of high profile attacks, political-military structures at urban and district level, focus on ANSF, officials, advisors, and NGOs.**
 - **LOC and commercial threats.**
 - **New role of narcotics, power brokers, corruption in poorer economy**
- **Ensuring popular support of government and ANSF is critical. Deal with Security vs. hearts and minds dilemmas on Afghan terms.**
 - **Reshaping role of US and other “partners,” advisors, “enablers” to win popular support.**

There is some hope that an adequately resourced ANSF layered defense and US “four quarter” advisory strategy could succeed in provide the necessary security in key populated areas and for key lines of communication, even if Pakistan continues to provide Taliban sanctuaries and comes to dominate less populated areas in the east and South.

Afghanistan is, however, very much a nation at war and success is extremely uncertain given the limited size and duration of the US advisory effort.

ISAF and the US government have stopped all detailed reporting on actual success in war for more than a year. ISAF no longer reports maps or metrics, and the semi-annual Department of Defense 1230 report stopped such reporting in late 2012 and has not been updated since July 2013.

It is clear from a wide range of media reporting, however, that the transition to Afghan forces in 2013 gradually extended ANSF responsibility to many areas still dominated by the Taliban and other insurgents

There has been no meaningful net assessment of the success of Afghan government/ANSF efforts versus those of the Taliban and other threats.

The ANSF will have to cover a large country with a highly dispersed population and 18 major population clusters. Some do not face major threats, but many do face serious risks.

General Dunford on “Resolute Support” and on Post-2014 Mission

- **In anticipation of a signed BSA and NATO SOFA, ISAF continues to plan for the Resolute Support train, advise, assist mission.**
- **This mission will focus on the four capability gaps at the operational/institutional and strategic levels of the ANSF that will remain at the end of the ISAF mission: 1) Afghan security institution capacity, 2) the aviation enterprise, 3) the intelligence enterprise, and 4) special operations.**
- **In accordance with NATO guidance, ISAF is planning on a limited regional approach with 8,000 - 12,000 coalition personnel employed in Kabul and the four corners of Afghanistan.**
- **Advisors will address capability gaps at the Afghan security ministries, army corps, and police zones, before eventually transitioning to a Kabulcentric approach focused on the Afghan ministries and institutions.**
- **Due to delays in the completion of the BSA, and at the recent direction of NATO, we will begin planning for various contingencies in Afghanistan while still continuing to plan for Resolute Support.**

Layered Defense: A Concept that May Work with Adequate US and Allied support

- Concentrate ANSF in layered elements to defend population and key lines of communication.
- ANA defends, deters, defeats active Taliban and insurgent forces; ANP plays paramilitary role, with ALP forward in key sensitive areas.
- Accept Taliban and insurgent presence and control in less populated parts of East and South,
- Continued Pakistani sanctuaries unless Pakistan fundamentally changes tactics.
- Support with US advisory presence down to at least level of each of six Afghan corps, key enablers, limited COIN element plus drone and air support.
- German and Italian presence in populated but less threatened areas in the North.
- Support with governance and economic aid.