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TECHNICAL REPORT

Guidebook for Supporting Economic Development in Stability Operations

Keith Crane, Olga Oliker, Nora Bensahel, Derek Eaton, S. Jamie Gayton, Brooke Stearns Lawson, Jeffrey Martini, John L. Nasir, Sandra Reyna, Michelle Parker, Jerry M. Sollinger, Kayla M. Williams

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Preface

P.1. This document, *Guidebook for Supporting Economic Development in Stability Operations*, is designed to help U.S. Army personnel to more effectively use economic assistance to support economic and infrastructure development. It is inspired by the USAID *Guide to Economic Growth in Post-Conflict Countries*, originally published in October 2007, which addressed economic growth issues at the national level in post-conflict environments. Based on that template, this document seeks to identify the issues specifically relevant to U.S. Army personnel. While the document's recommendations are intended to be of benefit to personnel across ranks, it is specifically geared toward tactical commanders. The guidebook should help tactical commanders choose and implement more effective programs and projects in their areas of responsibility and better understand the economic context of their efforts. It describes key characteristics of the economic environment and the key players that soldiers are likely to encounter according to the specific demands of the assistance effort. It also provides suggestions on what to and what not to do, with examples from current and past operations. The document draws heavily on lessons learned in current conflicts (Iraq and Afghanistan) and seeks to be of immediate assistance to those operating in these theaters. However, the economic-related material covered and the potential military tasks presented can also be applied in future conflict and post-conflict settings.

P.2. The lead authors of this guidebook have served as civilian specialists in Iraq, Liberia, and a variety of other transitioning states. Other authors include current and former military personnel who have served in Iraq, current and former civilian aid providers (including USAID), and other renowned specialists in nation-building and conflict and post-conflict society and reconstruction. All have therefore dealt with the issues described in this guidebook, many firsthand and on a daily basis.

P.3. To write this guidebook, the authors interviewed commanders in Afghanistan as well as U.S. military officers who have served in that theater, Iraq, Bosnia, Kosovo, and Haiti. They drew on their own work and that of others in previous RAND research and support efforts in Iraq, Afghanistan, Liberia, and the Balkans. The authors tapped the substantial literature about effective economic assistance. Finally, the authors benefited greatly from comments from a broad spectrum of professionals, military and civilian, who have personally engaged in these activities, in particular, the two officers who led the study from the U.S. Army, Major Sandra Reyna and Lieutenant Colonel John Nasir.

P.4. The study was sponsored by Major General David A. Fastabend, Director of Strategy, Plans and Policy, Office of the U.S. Army Deputy Chief of Staff, G-3/5/7. The research was carried out in RAND Arroyo Center, part of the RAND Corporation and a federally funded research and development center sponsored by the United States Army.

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Executive Summary

Objective

ES.1. This guidebook is designed to help tactical and operational level commanders plan for economic issues in their areas of responsibility (AOR). It should help the reader better understand the economic forces at work in countries and regions emerging from conflict, and the activities and tasks that U.S. Army and other military personnel may take on as they provide support to economic and infrastructure development in conflict and post-conflict settings. The document draws heavily on lessons learned in current conflicts in Iraq and Afghanistan. It seeks to be of immediate assistance to those operating in these theaters. It is also designed, however, to help inform future operations.

Background

ES.2. As part of stability operations, U.S. Army personnel have become increasingly involved in providing assistance to support economic and infrastructure development. Officers in Afghanistan and Iraq have had to select and implement assistance programs in their areas of responsibility. In many instances, they have requested guidance in selecting and implementing effective projects in their AOR. They have also sought to better understand the economic context of their efforts. While the U.S. Agency for International Development (USAID), among others, has produced excellent guidance for the national level, there exists little detailed guidance on tasks appropriate for Army and other military forces.

ES.3. This guidebook is designed to fill this gap. It presents the results of research on best practices in this area. Additionally, the Army stability task described as "support to economic and infrastructure development" is not in any organization's Core Mission Essential Task List (CMETL). This guidebook provides a basis for the development of a Directed Mission Essential Task List (DMETL) and mission planning for commanders who receive missions with lines of effort including economic development.

ES.4. To successfully support the economic development components of stability operations, tactical and operational level commanders should have a basic understanding of the most important principles of economic development, techniques that have proved successful in conflict and post-conflict environments, and the strategic economic impacts resulting from tactical interventions. The Army will often be on the ground before civilian agencies that are better suited for these types of efforts and will, therefore, have to set the conditions for these organizations. However, commanders need to be aware of other stakeholders involved in such efforts

and the tasks and missions that they may carry out so that the Army can better leverage available resources to accomplish its missions.

Context

ES.5. This guidebook focuses on the conflict and post-conflict environment. However, similar tasks in a relatively benign security environment, as part of a combatant commander's Theater Security Cooperation Plan (TSCP), have many of the same goals. It is designed for the use of tactical and operational level leaders and their subordinate leaders, military leaders or members of Provincial Reconstruction Teams (PRTs), and others charged with providing support to economic and infrastructure development. Although civilian assistance providers are not the principal audience, they should find the guidebook a useful source of information on military roles and their relationship to broader development and stability operations efforts.

Content

ES.6. Chapter One, "Introduction," gives a brief introduction to stability operations and the stability task of "support to economic and infrastructure development." It provides a brief summary of the doctrinal underpinnings found in Army Field Manual (FM) 3-0, *Operations*. It also provides the purpose of the guidebook and lists a number of principles that should guide military efforts in support of economic development. Chapter One, and each successive chapter, is supplemented by a glossary of relevant economic terms found in this front matter.

ES.7. Chapter Two, "What You Need to Know Before You Go," discusses the economic considerations that should be developed prior to deployment as part of the intelligence preparation of the battlefield (IPB) process and how to use the political, military, economic, social, infrastructure, information, physical environment and time (PMESII-PT) variables to gather information on how local people in the AOR make a living and survive, how the economy could recover, and how the Army can tell if its efforts are working by measuring outcomes, not inputs or outputs. This chapter offers indicators of a more stable and secure environment and of improvements in the local economy that should be visible to ground forces.

ES.8. Chapter Three, "Players, Coordination, and Resources," describes the actors engaged in economic and infrastructure development that U.S. military personnel may encounter or with whom they may work, including the host-nation government, U.S. civilian agencies, the United Nations, international financial institutions, bilateral agencies, nongovernmental organizations (NGOs), and the local society. It also discusses the resources that may be available to both U.S. military and other assistance providers to carry out projects and tasks.

ES.9. Chapters Four through Nine draw on reports from personnel who have served in Bosnia, Iraq, Afghanistan, and Liberia as well as the experiences of the foreign assistance community to provide detailed suggestions on economic programs and initiatives that have worked well. These programs and initiatives are evaluated in the following subjects, one per chapter:

- Humanitarian assistance

- Infrastructure
- Agriculture
- Currencies, budgets, banking and finance, and foreign trade
- Private sector development and employment generation
- Natural resource management

ES.10. Each of these chapters introduces the major issues and challenges for reconstruction and development in its subject area. Each then discusses what roles host-nation governments and various international civilian donors and organizations may play in addressing these challenges. The focus is primarily at the operational and strategic level, but with an eye to drawing out the implications for military personnel and other tactical operators. Tactical operators need to understand the strategic considerations regarding host-nation roles because Army stability tasks should set the conditions for long-term development. By understanding the responsibilities of the host nation and other organizations supporting it, host-nation military personnel will understand how to implement interventions that help achieve strategic goals.

ES.11. Finally, each of these chapters addresses possible Army roles and missions, whether direct or in support of other actors, and how these relate to the economic development effort. The discussions describe in detail what military units in certain situations might be expected to provide in terms of support, and how U.S. Army personnel can work with the local population and other donors to help expand economic activity in these environments. Each chapter closes with a checklist summarizing the key economic development–related tasks that Army commands may be expected to support.

ES.12. Chapter Ten focuses on how local procurement and other economic interactions between the unit and the local community can affect the local economy and how problems potentially caused by such interactions might be mitigated.

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Glossary

Black economy	Criminal economic activity, such as the drug trade, human trafficking, and organized crime.
Black market	Commerce carried on outside of government taxation and regulation. Also known as the shadow economy or underground economy, it includes both illegal activities (black economy) and those that are not strictly speaking illegal, but are also not taxed or regulated (grey economy).
Central bank	A country's primary monetary authority. Called "central bank" in many, but not all, countries (it is the Federal Reserve System in the United States). Usually has responsibility for issuing currency, administering monetary policy, holding the deposits of member banks, and facilitating the nation's banking industry.
Certification scheme	A process for certifying the source of natural resources, especially gems.
Commercial bank	An institution that accepts deposits, makes business and personal loans, and offers related services (as differentiated from an investment bank, which issues and sells securities in capital markets).
Concessions	Contracts with companies, frequently to extract and process natural resources.
Cooperative banks	A financial institution owned by the members of the cooperative who use the service. Credit unions are an example.
Corruption	Refers to a set of behaviors intended to leverage a public benefit for private gain. This can take the form of bribery, extortion, nepotism, fraud, and certain forms of patronage.
Financial institutions	A public or private institution that receives deposits (from individuals or other institutions) and invests them in financial assets.
Financial intermediary	Typically an institution, such as a bank, that facilitates the movement of funds between two parties.
Float	Subjecting a currency's value to the forces of supply and demand for foreign exchange on local markets.

"Ghost" employees	Fictional civil servants. People who do not work but are nonetheless allocated salaries, which are collected by corrupt personnel. This can also arise from weak data base management insofar as the administration simply fails to remove former or deceased employees from the rolls.
Grey economy	Economic activity carried on outside of regulatory oversight, including unlicensed businesses and the unauthorized sale of manufactured items. This does not extend to criminal activity, which falls under the black economy.
Hawala	An informal money transfer system involving money changers and lenders based on trust, although its fee structure may not fully satisfy sharia restrictions on the charging of interest. The system is widespread in Muslim countries and used by observant Muslims (and others).
Inflation	An indicator that measures the overall rise in the prices of goods and services in an economy. The net effect of inflation is that things cost more and money is worth less.
Informal money transfer systems	A way of transferring funds outside of formal financial institutions. Hawala (above) is an example. Sometimes called "informal remittance system." Characterized by convenience, speed, and privacy.
International diplomacy	The management of communications, negotiations, and relations between nations.
Line ministries	The ministries that provide the service, e.g., Ministry of Health.
Liquidated	The process whereby a company or bank that has gone bankrupt is dissolved and its remaining assets distributed to its creditors in partial payment for its financial obligations.
Market rate	The current cost of something (goods, labor, money) in a given location. The market rate reflects supply and demand as opposed to controlled prices.
Monetary emissions	The process by which a central bank injects money into the economy (for instance by printing money or providing credit).
Natural resource funds	Dedicated banking accounts that collect all or a specified share of revenues from a natural resource and do not commingle them with other revenues, so that the funds can be used only for specified purposes.
Occupying power	A term in international law, codified by the Hague and Geneva conventions. Occupying powers are those that have taken control in another country by force, and thus have certain obligations.

Pegging the exchange rate	A financial regime in which the government or central bank links a country's exchange rate to another country's currency, a basket of currencies, or some other standard such as the price of gold.
Recapitalized	Injecting new capital into a bank and writing off uncollectible loans so that the bank regains a comfortable cushion on which to operate.
Remittances	Funds sent by families or friends outside a country to those in the country.
Safety net	What people rely on for the essentials of life if employment or personal funds are not available. May include government welfare programs or family support.
Shadow economy	Commerce carried on outside of government taxation and regulation. Also known as black market or underground economy, it includes both illegal activities (black economy) and those that are not strictly speaking illegal, but are also not taxed or regulated (grey economy).
State-owned enterprises	A state-owned enterprise (SOE) is a corporation that is fully or partially owned by government and which is chartered to engage in commercial businesses. SOEs are sometimes granted an exclusive right (legal monopoly) to engage in the business for which they are created. Their officers and directors are usually appointed by the government.
Tender	A formal, written offer to supply something for payment, typically in response to a request for proposals or bids.
Underground economy	Commerce carried on outside of government taxation and regulation. Also known as the shadow economy or black market, it includes both illegal activities (black economy) and those that are not strictly speaking illegal, but are also not taxed or regulated (grey economy).

List of Symbols

ADB	Asian Development Bank
AO	Area of Operation(s)
AOR	Area of Responsibility
BCT	Brigade Combat Team
CALL	Center for Army Lessons Learned
CERP	Commander's Emergency Response Program
CMO	Civil-Military Operations
CMOC	Civil-Military Operations Center
COA	Course of Action
CPA	Coalition Provisional Authority (Iraq)
DART	Disaster Assistance Response Team
DDR	Disarmament, Demobilization, and Reintegration
DfID	Department for International Development (United Kingdom)
DoD	Department of Defense
EBRD	European Bank for Reconstruction and Development
ERT	Engineer Reconnaissance Team
FAR	Federal Acquisition Regulation
FEST	Forward Engineer Support Team
FEST-A	Forward Engineer Support Team (Augmentation)
FEST-M	Forward Engineer Support Team (Main)
FM	Field Manual
FOB	Forward Operating Base
IDIQ	Indefinite Delivery/Indefinite Quantity (Contracts)
IFC	International Finance Corporation

IFI	International Financial Institution
IMF	International Monetary Fund
INGO	International NGO
IO	International Organization
IPB	Intelligence Preparation of the Battlefield
JP	Joint Publication
JTF	Joint Task Force
LNO	Liaison Officer
MDMP	Military Decision-Making Process
METT-TC	Mission, Enemy, Terrain and Weather, Troops and Support Available, Time Available, Civil Considerations
MNF-I	Multi-National Force Iraq
MRE	Meal Ready To Eat
NGHO	Nongovernmental Humanitarian Organization
NGO	Nongovernmental Organization
NSPD	National Security Presidential Directive
OEF	Operation Enduring Freedom
OFDA	Office of Foreign Disaster Assistance
OIF	Operation Iraqi Freedom
PMESII-PT	Political, Military, Economic, Social, Infrastructure, Information, Physical Environment and Time
PPO	Project Purchasing Officer
PRT	Provincial Reconstruction Team
PVO	Private Voluntary Organization
SA	Situational Awareness
S/CRS	State Department's Office of the Coordinator for Reconstruction and Stabilization
SOE	State-Owned Enterprise
SWEAT-MS	Sewage, Water, Electricity, Academics, Trash, Medical, and Safety
TTP	Tactics, Techniques, and Procedures
UNDP	United Nations Development Program

UNHCR	Office of the United Nations' High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNITAF	United Task Force
UNODC	United Nations Office on Drugs and Crime
UNOPS	United Nations Office for Project Services
USACE	U.S. Army Corps of Engineers
USAID	U.S. Agency for International Development
USG	U.S. government
USIP	U.S. Institute of Peace
WFP	World Food Program

CHAPTER ONE

Introduction

1.1. This guidebook is designed to help U.S. Army personnel more effectively use economic assistance to support economic and infrastructure development as part of stability operations and related missions. It should help tactical commanders choose and implement more effective programs and projects in their areas of responsibility and operations and better support other aid providers. It describes key characteristics of the economic environment, identifies the key players that soldiers are likely to encounter, and provides suggestions on what to do and what not to do.

Stability Operations

1.2. Since the Revolutionary War, the United States has fought in eleven wars considered to be conventional. Of the hundreds of other military operations the United States has undertaken, most would today be viewed at least in part as stability operations. Stability operations are now considered to be a core military mission on a par with offensive and defensive operations. They are often a key component of full spectrum operations.

1.3. In accordance with Army Field Manual (FM) 3-0, *Operations*, and Joint Publication (JP) 3-0, *Joint Operations*, stability operations encompass various military missions, tasks, and activities conducted outside the United States in coordination with other instruments of national power to maintain or reestablish a safe and secure environment and provide essential government services, emergency infrastructure reconstruction, and humanitarian relief. The mechanisms of stability and stabilization are "the primary method through which friendly forces affect civilians in order to attain conditions that support establishing a lasting, stable peace" (JP 3-0). Stability operations focus on providing a safe and secure environment, securing land areas, meeting the critical needs of the populace, and shaping the environment for interagency and host-nation success. While these operations are often conducted in support of a host-nation or interim government, they may also be executed as part of a military occupation or under other circumstances where no functioning government exists. Moreover, while stability operations are best conducted in coordination with other instruments of national power, the U.S. military should also be prepared to act in those circumstances that preclude collaboration from civilian agencies and actors. This is particularly important in the transition from high-intensity conflicts to stability operations insofar as the U.S. military may be the only actor capable of carrying out this role. In those cases, the U.S. Army may well play a primary role.

1.4. The U.S. Army conducts full spectrum operations to defeat the enemy on land and to establish the conditions to achieve the joint commander's end state. Overseas full spectrum operations consist of the simultaneous and synchronized conduct of offensive, defensive, and stability operations. Full spectrum operations involve continuous interaction between friendly forces and key partners in the operational area. In addition to enemy forces and the local populace, soldiers deal with multinational partners, adversaries, civil authorities, business leaders, and other civilian agencies. These interactions are necessarily complex: enemies and adversaries may consist of multiple competing elements. Civil authorities range from senior political leaders to local government officials to religious and business leaders. Populations may include people of differing tribes, ethnic groups, and nationalities. The components of full spectrum operations conducted outside the United States and its territories—offensive, defensive, and stability operations—have equal importance but are employed proportionally to the mission and with an understanding of the variables of the operational environment (political, military, economic, social, infrastructure, information, physical environment, and time: PMESII-PT).

1.5. Stability operations can be conducted in support of a host-nation or interim government or as part of an occupation when no government exists. Stability operations can help facilitate reconciliation among local or regional adversaries and can also help establish political, legal, social, and economic institutions and support the transition to legitimate local governance (FM 3-0). Army stability tasks will set the conditions and maintain the effort for long-term development efforts that may be performed by key partners. Setting these conditions is paramount because stability tasks are not performed in isolation. When integrated with their complementary U.S. government sectors or with other key partners, they represent a comprehensive effort to reestablish or create a safe and secure environment that provides for the livelihood of the citizens and the state.

1.6. The five Army stability tasks are:

1. Establish civil security
2. Establish civil control
3. Restore essential services
4. Support governance
5. Support economic and infrastructure development.

Support to Economic and Infrastructure Development

1.7. Economic problems are linked to governance and security concerns. If the citizenry is not secure or the government does not function, the economy cannot develop. Sound economic stabilization policies create conditions for economic growth, which alleviates underlying tensions and addresses the chronic social conditions that can fuel insurgency or conflict. Experiences drawn from counterinsurgency operations in Malaysia, Algeria, Vietnam, Northern Ireland, and other counterinsurgency operations suggest that improved economic well-being increases a population's interest in establishing and maintaining security.

1.8. The types of economic and infrastructure tasks that tactical units may be called upon to conduct will generally fall into two broad categories: humanitarian tasks and development tasks. Humanitarian tasks meet the emergency needs of the population in the area of responsi-

bility and are generally conducted in support of civilian aid providers or host-nation agencies. If this is not possible, for instance if there is no host-nation government or if the existing government lacks either the capacity or political will to provide necessary relief, or if the security concerns keep civilian aid providers from providing humanitarian relief, tactical units may be required to play a direct role in providing relief and restoring essential services. These tasks include the provision of emergency medical services, food and water, shelter, and basic sanitation. Units may also play an important role in the restoration of essential services (sewage, water, electricity, academics, trash, medical, and safety: SWEAT-MS) in their area of responsibility during the immediate aftermath of combat operations or as part of the initial response to a crisis. These tasks can be vital to the overall success of the joint operation. Units may also be assigned the task of supporting broader economic and infrastructure development tasks to meet broader mission goals.

1.9. Some development tasks go beyond the provision of basic needs and stability and are focused on fostering long-term economic growth. Stability operations often take place in poor countries: Afghanistan, Liberia, and Sierra Leone are recent examples of countries that have required stability operations and also rank among the ten poorest countries in the world. Many of these nations have been wracked by war for years, sometimes decades. In these situations, needs for infrastructure and essential services can be enormous; differences in living standards between these countries and more stable developing countries, even very poor countries like Bangladesh, are large. In wealthier countries that are emerging from conflict, war has destroyed infrastructure and impoverished the people. In such situations, the security situation can be exacerbated by unfulfilled public expectations that peace will bring a rapid return to economic growth and prosperity.

1.10. In supporting economic development efforts, U.S. Army commanders and personnel need to remain focused on the primary goal of the larger stability operations mission: maintain or reestablish a safe and secure environment. The five Army tasks of stability operations listed above are designed to help achieve this goal; each contributes to it. In the case of economic and infrastructure development, efforts should be geared to creating an economic environment in which the local inhabitants can peacefully engage in legal economic activities while U.S. Army personnel pursue other initiatives that are likely to improve security. Experience drawn from counterinsurgency operations in Malaysia, Algeria, Vietnam, Northern Ireland, and now Iraq demonstrates the importance of increased economic well-being in forging a population's interest in establishing and maintaining security. The perceived benefits of peaceful pursuits should outweigh the benefits from supporting or condoning a violent insurgency. The level to which economic activity and essential services need to be developed or restored will be driven by the overall objectives of the mission and the specifics of the country in question. A secondary goal of reconstruction efforts should be to enhance the reputation of the national government in the eyes of the nation's citizens. If a national government exists, economic reconstruction activities and efforts must be in line with its goals, guidelines, and priorities.

1.11. Specific goals for economic development must be realistic and modest in scope. This necessitates managing local expectations so as to define down success and not feed disappointment over the pace of reconstruction. For example, in reports submitted to the U.S. Army's Center for Army Lessons Learned (CALL), a number of officers have noted that local leaders assume (or pretend to assume) that discussions of potential future projects are actually commitments.

In Iraq, U.S. Army leaders have discussed possible bridge and road projects in agricultural communities with local leaders to be funded by the Commander's Emergency Response Program (CERP). But if a project is rejected, local leaders complain that they have lost face, even though the commander had attempted to make clear that the project was to be proposed and might not be funded.

1.12. Realistic expectations on the part of commanders are equally important. Providing economic assistance in a conflict environment is a difficult and complicated task that frustrates virtually everyone involved. Progress will often be slow, and backsliding will be common. Commanders need to keep their expectations, and those of their soldiers, in check. Commanders should set realistic objectives, expect slow progress and setbacks, and prepare their soldiers for the same. Because incomes have often fallen sharply during the conflict, "normal" living conditions or levels of service are often impossible to define. It is not the job of the U.S. Army to restore public services or incomes to prewar or other desired levels; that is the job of the citizens of the host nation themselves. Depending on the state of the economy, doing so may take considerable time. It is, however, part of the mission of personnel engaged in stability operations to help create the security conditions that can make growth and development possible. The security environment should be such that local citizens can resume economic activity, the groundwork for future economic growth is laid, and local and national governments are able to provide public services.

The Guidebook

Purpose

1.13. This guidebook is designed for the use of tactical and operational level leaders, including commanders of brigade combat teams, battalions, and companies and their subordinate leaders; leaders or members of provincial reconstruction teams or other civilian-military teams; and others charged with providing support to economic and infrastructure development. It is geared specifically to U.S. Army personnel, although it will also be relevant to Marine Corps and other U.S. military personnel carrying out similar duties.

1.14. Support to economic and infrastructure development can and should be applied across the spectrum of conflict from stable peace to general war. This guidebook is designed to focus primarily on economic stabilization tasks in a conflict and post-conflict setting; however, similar activities conducted in a relatively benign security environment as part of a combatant commander's Theater Security Cooperation Plan share many goals with the activities executed in the aftermath of conflict or disaster. The Army is now heavily committed in Iraq and Afghanistan and in countering terrorism worldwide. This guidebook is therefore also designed to assist those engaged in ongoing economic stabilization efforts.

1.15. The goal of this guidebook is to help readers understand:

1. The economic forces at work in countries and regions, and
2. The activities and tasks U.S. Army personnel may take on as they provide support to economic and infrastructure development in conflict and post-conflict environments.

1.16. The guidebook describes the activities and efforts that may be carried out by various actors providing economic development assistance. It outlines approaches that U.S. Army and other military personnel can apply in supporting economic assistance and provides options for what personnel can and cannot do as they pursue these tasks. Throughout, it seeks to place the efforts and tasks of U.S. Army and other military personnel in the broader contexts of the overall assistance effort and the overall mission.

1.17. U.S. Army and other military personnel will find this guidebook useful as a source of information on:

1. The kinds of data to be gathered during the intelligence preparation of the battlefield (IPB) process,
2. What approaches commanders might consider when conducting mission analysis and developing potential courses of action (COAs),
3. With whom they might interact and work as they carry out their mission tasks, and
4. How to measure progress and success.

1.18. It will also help readers assess tradeoffs, when they exist, between short-term security goals and longer-term goals to generate sustained economic growth. Although civilian assistance providers are not the target audience of this guidebook, they too may find it useful as a source of information on possible military roles and their relationship to broader development and stability operations efforts.

Terminology

1.19. For the purposes of this guidebook, "stability operations," and "full spectrum operations" are used to refer to full spectrum operations in which the mission calls for a greater proportion of stability operations compared to offensive and defensive operations. The terms "commander" or "leader" are used interchangeably to refer to potential users. The terms "personnel" and "units" are also used to refer to personnel who may be assigned to carry out various tasks. We refer to the "area of operations" and "area of responsibility" to indicate the geographical locales in which military personnel may be involved in these efforts. The country in which the operation is under way is referred to as the "host nation," and its government as the "host government" or "host-nation government." A glossary and list of symbols are included (pages xvii–xxiii) to assist with definitions.

Outline

1.20. The guidebook is divided into ten chapters. This, the first, presents introductory material. Chapter Two provides a description of the likely economic problems facing the host nation and the commander and principal lines of inquiry needed for the IPB process. It outlines what should and should not be done in the initial period following conflict. It also provides a preliminary guide to assessing progress and outlines key principles that should guide military efforts to support economic development.

1.21. Chapter Three describes the actors engaged in economic and infrastructure development that U.S. Army and other military personnel may encounter and work with. These include host-nation governments, U.S. civilian agencies, the United Nations, international financial

institutions, bilateral agencies, nongovernmental organizations (NGOs), and the local society. It also discusses the resources both U.S. military and other assistance providers may have to carry out projects and tasks.

1.22. Chapters Four through Nine draw on reports from personnel who have served in Bosnia, Iraq, Afghanistan, and other stability operations as well as the experiences of the foreign assistance community to provide detailed suggestions on economic programs and initiatives that have worked well in stability operations. Their subjects are as follows:

- Humanitarian assistance;
- Infrastructure;
- Agriculture;
- Currencies, budgets, banking and finance, and foreign trade;
- Private sector development and employment generation;
- Natural resource management.

1.23. Each of these chapters first introduces the specific issue-related problems that U.S. Army and other military personnel might encounter in their area of responsibility and then discusses what roles host-nation governments and various international civilian donors and assistance organizations may play in responding to these problems. This is focused primarily at the strategic level, but with an eye to drawing out the implications for U.S. Army and other military personnel and other tactical operators. Tactical operators need to understand the strategic considerations regarding host-nation roles because Army stability tasks should set the conditions for long-term development. By understanding the responsibilities of the host nation and other organizations supporting its return to stability, military personnel will discover how not to implement interventions that are counter to the strategic goal. Finally, it addresses possible military roles, whether direct or in support of other actors, and how these relate to the development effort and the stability operations mission. The discussion describes in detail what military units in certain situations might be expected to provide in terms of support. It sets forth ways in which U.S. Army personnel can work with the local population and other donors to support expanding economic activity in these environments. Finally, each of Chapters Four through Nine closes with a checklist that summarizes the key economic assistance–related elements that military commanders and staffs may be expected to support during stability operations.

1.24. Chapter Ten concludes this guidebook. It focuses on the ways in which local procurement and other economic interactions between the unit and the local community can affect the local economy and how to mitigate problems this can cause.

1.25. Most chapters contain a "Quick Reference" section that summarizes the sources and additional resources for the various subjects. The report also includes a "Suggested Readings" chapter. All URLs given in the text were functional as of December 2008.

CHAPTER TWO

What You Need to Know Before You Go

Economic Activity in Countries Emerging from Conflict

2.1. Now that so many U.S. Army personnel have served in Afghanistan, Bosnia, Iraq, and Kosovo, most are well aware of the differences between U.S. living standards and lifestyles and those of countries in which stability operations typically take place. Soldiers also know how much societies and economies can differ around the world. As part of the predeployment intelligence preparation of the battlefield (IPB) and environment (IPE), commanders and other unit personnel need to gain an understanding of the economy and infrastructure in their area of responsibility. This will allow them to more effectively use economic assistance and other tools and activities to help restore livelihoods and improve security. When conducting stability operations, the political, economic, and infrastructure variables of the PMESII-PT and the civil considerations of METT-TC (mission, enemy, terrain and weather, troops and support available, time available, civil considerations) are particularly relevant and key to situational awareness (SA) as well as planning and implementing tasks. If key unit staff learn how the people in their area of responsibility earn (or used to earn) their living, the most important items that locals consume, and from where these items come, they will be able to design operations that better protect key economic activities and infrastructure, are less disruptive to the local economy, and target economic assistance to address local needs. Local economies tend to go through distinct stages of recovery following conflict. By learning what stage the economy is currently passing through, commanders and their teams will be better able to select projects that contribute to economic recovery rather than impede its progress. Understanding the economic and infrastructure operational and mission variables present in the area of responsibility is particularly important for mission analysis and COA development during the commander's MDMP (military decision-making process) for stability operations.

2.2. Units can be more effective in stability operations if they are able to identify and disrupt the sources of financing of local power brokers and insurgent groups. Local crime lords and gangs often hold onto power by siphoning off money from the host-nation government, assistance providers, and, at times, the U.S. military through complex schemes. Illegal activities such as opium cultivation and trade in Afghanistan and smuggling operations, including human trafficking in Kosovo, also finance bad actors. Unfortunately, some of these same activities, like poppy cultivation in Afghanistan or the resale of gasoline in Iraq, play important roles in the livelihood of the population as a whole, supporting the informal, or "**shadow**" **economy**. By understanding the importance of these activities, units are better able to target programs and choose tactics that disrupt the operations of local gangs and other hostile actors without antagonizing the local population, which may depend upon illicit activities for their livelihood.

How Do Local People Survive?

2.3. Conflict invariably makes people poor. It destroys homes, buildings, and plants. It disrupts commerce and scatters populations. In places such as Afghanistan, Bosnia, and Mozambique, widespread use of land mines prevented farmers from planting their fields. But even in the midst of conflict, people adapt to survive, often by relying on subsistence farming, small-scale trading, humanitarian assistance, help from relatives abroad, or payments from warring factions. Understanding how the local people make ends meet during conflict will help commanders better tailor their efforts to improve local living conditions.

What Do People Do for a Living?

2.4. Before arriving in-country and as part of the IPB, commanders should task the appropriate personnel with reporting on local inhabitants' primary economic activities. To avoid actions that might disrupt economic recovery and to target efforts effectively to improve local living conditions, commanders need to know what economic sectors are most important in terms of income generation and employment.

2.5. The Army may conduct full spectrum operations in developing countries where employment is very different from employment in more developed economies. In developing countries (most countries of the world), people make a living the way many of our great grandparents did, not with a regular paycheck, but by what they can earn from farming, herding, trading in a bazaar, or working as day laborers building houses or harvesting major crops. In these societies, people are not unemployed, but they are generally poorly paid and not very productive. Everyone who can work does, because if they do not, they starve.

2.6. Work rhythms in these countries may also differ from those in more developed countries. For example, when the weather is hot, most economic activity, especially physical labor, takes place in the morning; shopping often occurs in the evening. Activity slows to a crawl at midday. Day laborers look for work every day, congregating in public places waiting for the day's job. It is a common mistake for outside observers to equate waiting for the day's job with persistent, long-term unemployment.

2.7. In most of these societies, agriculture is a major source of income. In Iraq, a quarter of the population relies on agriculture for at least part of their incomes; in Afghanistan and sub-Saharan Africa, most people also live off the land. In light of the importance of agriculture for the local economy, anyone seeking to provide assistance will need to know what crops and animals are most important for local diets and for cash crops: opium in Afghanistan, bananas and sugar cane in Haiti, rubber in Liberia. Assistance providers need to know the crop cycles to time employment and other programs so as not to disrupt planting or harvests.

2.8. After farming, trade, not industry, tends to be the largest employer in most developing countries. This is true even in advanced economies like the United States, where retail trade counts as one of the largest employers. In societies with less advanced economies, trade often takes place in open-air markets on specific days. U.S. Army and other military personnel active in a region need to learn the times, locations, and customs associated with these markets so that they can focus assets to improve security and ensure that any planned combat or other operations cause minimal disruption to market activities.

2.9. Not all military operations will take place in developing countries. War and conflict have an even more devastating effect on economic activity in more developed countries. The labor force in more developed economies is much more dependent on industry, telecommunications, electric power, and foreign trade. More people live in cities and far fewer are able to return to subsistence farming to survive. When plants close and government paychecks disappear, people may try to emigrate or sell household valuables to survive. But the memory of happier times when they received a regular, stable paycheck from a full-time job will drive expectations about what peace should bring. People who live in more developed economies are likely to expect a faster return to past living conditions than may be possible. They may blame intervening forces for failing to make things better fast enough.

2.10. During IPB, U.S. Army personnel also need to determine whether current ways of earning a living, for instance through agriculture or day labor, are the same as those before the war. U.S. Army personnel can turn to country reports available from the CIA's *World Factbook* (available at https://www.cia.gov/library/publications/the-world-factbook/) or from the World Bank (http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/0,,pagePK:180619~theSitePK:136917,00.html) to learn about the economic past of the country. Even more useful will be talking to people and asking them about their histories once the unit is deployed. While it may or may not be possible (or even desirable) to restore a society to its previous condition, understanding what the society looked like, and how this affects expectations, is important. Moreover, being able to identify doctors, teachers, and other professionals who are no longer employed in those capacities will be helpful as stability operations and tasks are under way and efforts are made to build and staff hospitals, schools, and other facilities.

2.11. Transport is an important economic activity and employer in any economy. Taxis, trucks, minibuses and other means of transport such as boats, ferries, and even animals, as well as the associated roads, paths, and waterways, are vital for linking goods and people. Commanders need to know how and by what routes goods are transported to and from markets and homes. They also need to be aware of how cash is protected and transferred. U.S. Army personnel should also assess which improvements will have the greatest effect on transportation links in their area of responsibility.

2.12. Many countries or locales have one or two important industries, e.g., a major mine, oil field or refinery, a hydroelectric dam, or a processing plant. For example, the port in Port-au-Prince, Haiti, the diamond deposits and rubber plantations in Liberia, and the oil fields in Chad are major sources of revenue in those countries. These facilities often generate (or once generated, before the onset of conflict) large revenues and have been key parts of the national and local economies. Although these industries often pay much higher wages than can be earned from agriculture or self-employment, they are usually not large employers, despite frequently being heavily overmanned. However, employees of these enterprises often support extended families, so these higher incomes tend to spread throughout the local community.

2.13. Manufacturing involves collecting and processing materials and then distributing the final product. Conflict often makes these operations difficult. In most societies emerging from conflict, manufacturing will have disappeared from the local economy, if it was ever of importance. Before Operation Iraqi Freedom, manufacturing in Iraq (one of the more developed countries in which stability operations are currently under way) had never constituted much more than 6 percent of total employment. It is even less today.

2.14. Throughout the world, governments are often major employers. In most African and Middle Eastern countries, the government is the single largest employer. Although in developing, conflict, and post-conflict countries, wages are often paid late and not in full, government employment is an important source of cash income, especially in cities and larger towns. Government employment can also be a major source of patronage: warlords, militias, and gang leaders with ties to the government (a frequent development during and in the wake of conflict) are often able to put supporters on government payrolls. Government employees with hiring authority will often add relatives to payrolls. Government employment may serve to destabilize reconstruction and stabilization operations by providing power brokers with a means of supporting armed followers.

2.15. Government employees often benefit from corruption. Government officials may take bribes to change government policies, for the sale of government-owned property, and to award government contracts. Government employees may steal government property, ranging from computers to state-owned enterprises worth hundreds of millions of dollars. The problem of bribery is particularly acute among lower-level officials who take bribes in exchange for not harassing or not enforcing regulations affecting businesses. For many civil servants, bribes provide a major supplement to their often meager wages. In many countries, police will arbitrarily stop cars and demand bribes in exchange for not issuing a traffic violation. Customs agents will often look the other way in exchange for a bribe. To provide a basis for demanding bribes, government employees often make regulations overly complicated. For example, in the country of Georgia, government employees had made regulations on importing cars from neighboring states so complicated that when the new government cracked down on bribing customs officials, importers found there was no legal way to import cars until the government simplified regulations. For policemen and customs agents, income from bribes often greatly exceeds their salaries. Customs officials often "buy" their jobs, paying the person who hires them in expectation of the large incomes they will earn from bribes. Not all this income stays with the government employee. Office directors, division chiefs, and ministers frequently demand and receive a share of the take. Sometimes policemen are given "revenue" targets: their superiors demand a set payment and the officer has to raise the money.

2.16. Corruption is not a victimless crime. Countries with high levels of it tend to be poor because corruption stifles the entrepreneurial spirit, deterring people from founding and expanding businesses. It robs people of their taxes, as monies paid for roads, education, or primary health care ends up in the pockets of corrupt officials or contractors. Throughout the former Soviet countries, corruption limits economic growth by creating incentives to operate outside of legal economic structures. Corruption can also help feed conflict: corrupt government structures are one of the most common complaints raised by rebel groups and insurgents around the world.

2.17. U.S. Army and other military personnel can do some things about corruption, particularly in their area of responsibility. As described in more detail in Chapter Ten, they can introduce transparent, open procedures for bidding on contracts. They can ensure that everyone, not just individuals suggested by local power brokers, gets a chance to apply for jobs as local hires. They can demand and enforce financial and physical audits of government expenditures, U.S. and local, over which they have oversight. Because U.S. military personnel do not give or receive bribes, they set an example that locals can seek to emulate. However, corruption will

likely remain a factor that units will encounter consistently; they cannot expect to overcome it entirely as a result of their own actions and available tools.

2.18. Crime is often a major source of income for young people and politically powerful individuals in societies emerging from conflict. Weapons are readily available. Large numbers of young people (particularly, but not exclusively, young men) may have recently been engaged in combat. In many communities, police are either not present or ineffective. In this environment, burglary, armed robbery, hijackings, extortion, and kidnappings can be lucrative professions, making it difficult for legitimate businesses to flourish.

2.19. A large share of economic activity in many conflict and post-conflict societies consists of the **grey economy**: the activities of unlicensed businesses, small-scale smuggling, untaxed trade, and low-level corruption. The grey economy does not include violent criminal activity nor incomes from illegal activities like human trafficking or the drug trade, activities often referred to as the **black economy**. Items sold in the grey economy are not themselves illegal, but the method of acquisition, distribution, or sale generally is. Because normal distribution systems have been disrupted, the grey economy is often the only way that people can acquire goods and services. Many people in poor, conflict, and post-conflict countries will participate in the grey economy, both as buyers and sellers. They often need to be involved in these activities to survive. Together the grey and black economies are often called the **shadow economy**. In conflict and post-conflict environments, the shadow economy may be larger than the official, legal economy and is probably keeping a good many people employed and alive.

2.20. Stability, security, and the development of effective host-nation institutions, including justice systems, are what will cause the shadow economy to dwindle. When goods and services are readily available legally, and when police can effectively crack down on illegal trade, the economy as a whole will improve. As with corruption, military personnel can lead by example: they should not feed illegal activity by participating in it, and they should take care that their own economic actions exemplify a better way.

2.21. **Remittances** from relatives working abroad are often major sources of income for people in poor, conflict, and post-conflict countries. For example, in Kosovo in 2000, the year after the NATO peacekeeping operation began, remittances accounted for a quarter of GDP. Army and other military personnel need to be aware of the rough magnitude of remittances in financing consumption, the origin of most of these remittances, and how they are distributed in their area of responsibility. Aggregate data on the magnitude and origin of remittances can be found in the International Monetary Fund's *Balance of Payments Statistics Yearbook*; however, the effect of remittances at a local level is best appreciated by engaging host-nationals in discussion of economic conditions. This information is useful for calibrating the strength of the social **safety net**, that is, what people will rely on if other income sources fail. In Kosovo, the international community seriously overestimated the need for assistance because it failed to take into account funds flowing in from Kosovars working abroad. U.S. Army personnel also need to understand how their area of responsibility is linked to the rest of the world. If, for example, the host-nation government decides to limit ties with another state, this decision may have serious repercussions for the local economy. In the Ivory Coast, attacks on workers from neighboring countries not only led to more violence within the country, it also exacerbated tensions in the neighboring countries, as workers fled for home and extended families lost a key part of their income, resulting in increased competition for work and a fall in living standards.

How Do People Live?

2.22. As part of the IPB, planners need to learn the most important items that locals consume and where they come from. Are the most important foods in their diet wheat bread, cooked rice, corn tortillas, or something else? Is chicken or fish preferred? How do people heat their homes and cook? Planners need to be aware of the most important consumption items in their area of responsibility so that the unit can ensure that adequate supplies are available and that supply chains are not disrupted.

2.23. Planners also need to be aware of important local customs. Do locals tend to smoke or drink alcohol? For example, in Yemen and in the Horn of Africa, many men chew khat leaves, a mild stimulant. In the highlands of Bolivia and Peru, people often chew coca leaves. In Asia, they chew betel nuts. People spend a substantial share of their incomes on these habits; trade and production of these items comprise an important part of the economy. Planners need to be aware of these customs so that they can take steps so as not to disrupt supply chains.

2.24. Unit personnel should learn where locals procure food, clothing, fuel, and other key items. Which important foods are grown locally and which are purchased elsewhere? Units also should know whether there are particular times of the year when key items are transported; for example, are sheep brought down from mountain pastures to be slaughtered in the fall? How is fuel delivered and at what times of the year? If the area receives heavy snowfall in the winter or roads become impassable during the rainy season, fuel may have to be delivered and stockpiled in the fall or before the rainy season begins.

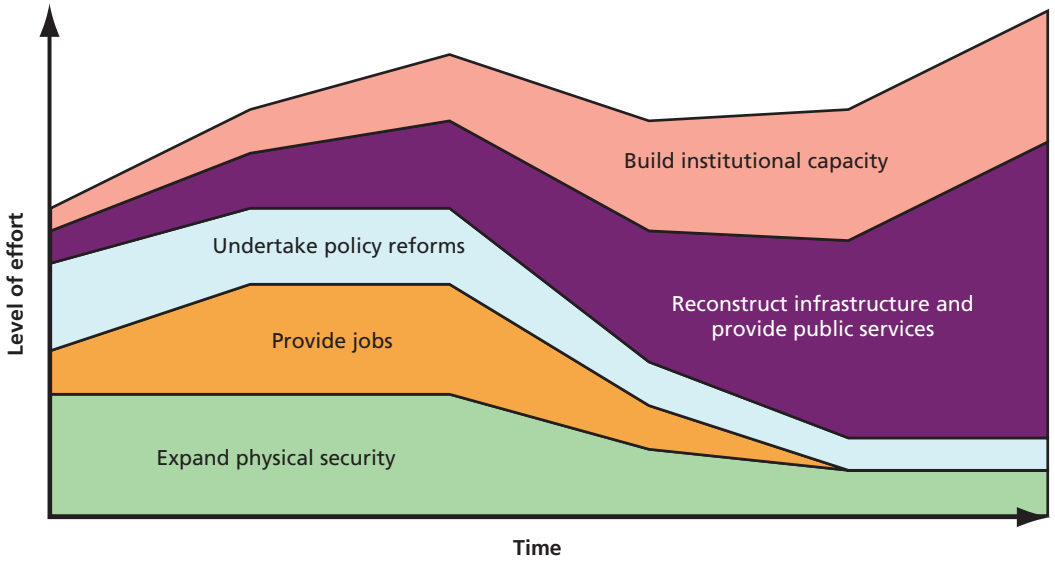
2.25. What is the role of the grey economy in providing these services as opposed to the formal economy or supplies provided by the government? Although locals will generally grow or purchase food with their own money, in some societies government programs are important sources of basic commodities. Some governments subsidize fuels. Other governments provide subsidies for key foodstuffs like flour, rice, or milk. These programs may account for a large share of foods and fuels consumed by locals. Units may be required to oversee or support these distribution programs in their area of responsibility.

How Does the Economy Recover?

2.26. Security is a necessary precondition for economic recovery. When levels of violence fall, economies tend to go through similar (although not identical) stages as economic growth resumes. An illustrative representation of how these stages can develop is presented in Figure 2.1. U.S. Army and other military personnel should be aware of the stage and condition of the local economy when planning operations designed to stimulate economic growth in their area of responsibility. Some policies, like short-term job-creation projects, are more effective during the initial stages of recovery when refugees are returning or local businesses have not yet been reestablished. In contrast, larger-scale infrastructure projects are usually better suited for later stages after supply chains have been reestablished and local and national governments are in better shape to plan, contract, and manage major projects.

2.27. The first stage is rapid growth. Since World War II, every country in which the United States has conducted stability operations has experienced an initial period of rapid economic growth once violence declined. During this period, trade expands and refugees return as

Figure 2.1
Timing of Post-Conflict Economic Growth Program Emphases



SOURCE: *A Guide to Economic Growth in Post-Conflict Countries*, USAID, October 4, 2007.
NOTE: This stylized diagram is intended to provide an illustrative example of how programs can be approached. Actual programming should be flexible to respond to the specific needs of a given situation.
RAND *TR633-1*

security improves. Units will notice a huge increase in imports of consumer goods trucked in from abroad. People reconstruct their homes and towns, return to farming, and start new businesses. Often an influx of foreign assistance contributes to a rebound in economic activity, especially in the service sector, as demand soars for restaurant meals and translators. At this stage, U.S. Army units may support short-term public-works projects like road repair, cleaning out irrigation systems, and restarting electricity supply so as to set the economy on its feet and put some money into the pockets of locals. U.S. Army engineering units may play a role at this stage in overseeing public-works projects or repairing roads and bridges. However, the activities of the local inhabitants, not foreign donors, are the key drivers of growth.

2.28. After a year or so of rebound, the local economy is likely to enter a second stage during which more successful local businesses begin to make larger investments in expanding their services. Trucking companies invest in new trucks. Warehouses and storage facilities are constructed. Small-scale housing and retail developments are built. Car dealerships may appear. Construction takes off, as both demand and prices for cement, gravel, timber, and other building supplies rise. Farmers make longer-term investments. For example, in Afghanistan, farmers have begun to replant orchards that had been destroyed in the civil wars. Local entrepreneurs and some foreign investors, usually of local descent, offer new services, like cell phones or satellite dishes for TVs and internet access. In this stage, some of the most effective assistance strategies focus on improving the investment climate and creating an environment where private enterprise can thrive. At this stage, U.S. Army personnel may be engaged with local communities in identifying priority local projects that can be contracted and managed locally and that reinforce stability and enhance the legitimacy of the local government. In some cases this

engagement with local communities can take place while conflict is still raging, as has been the experience in Afghanistan and Iraq.

2.29. In successful stability operations, the economy transitions to a third stage in which the expanding private sector increasingly demands better services. Foreign investors may finally become an appreciable force in the economy as they invest in telecommunications networks, banking, distribution centers, mines, oil fields, and even manufacturing plants. Local and national governments begin to develop the capacity to improve and expand the educational and public health care systems. Donors focus on working with local and national governments to improve government operations, the provision of public services, and the regulation and operation of the financial sector. At this stage, demand for electricity and transport are likely to be rising sharply. For the first time, large-scale infrastructure projects like new power plants, dams, ports, or railroads become truly feasible. Lending from international financial institutions may begin to replace grant aid. At this stage, U.S. Army units should focus on transferring remaining responsibilities for economic and infrastructure development to civilian agencies.

2.30. Not all areas of the country will be at the same stage at the same time. Moreover, as violence ebbs and flows, economic activity will ebb and flow with it. Because local economic conditions vary and are likely to fluctuate, it is important that units understand how the economy is faring.

How Can You Tell If It Is Working?

Missions, Goals and Tradeoffs

2.31. Economic assistance is provided to support the broader goals of stabilization. Army or other military units engaged in economic reconstruction tasks in a conflict or post-conflict situation almost always have a number of missions and goals driving their actions. It may be fighting insurgents or other hostile actors; it may be working to prevent the outbreak of conflict between former combatants; it may be providing security in an uncertain situation. Often, it is undertaking two or more of these missions at the same time.

2.32. Although broad goals are likely to be the same, units will have limited assets. Moreover, some immediate objectives may conflict with one another. Units will need to prioritize their activities. Commanders will have to make decisions on whether to secure the local marketplace, rebuild a school or a road, or focus on seeking out and destroying the enemy. Higher-level priorities will dictate what comes first, but the implications of these choices can be significant—if the focus is on immediate kinetic action and local security and economic development fall by the wayside, the population in the area of responsibility may become hostile and more willing to support insurgents or other enemy actors. Balancing the components of full spectrum operations will be the commander's decision based on the mission, goals, and demands.

Measuring Effectiveness

2.33. Assistance is only effective if it produces an outcome that improves people's lives on a sustainable basis. Once determined, indicators and desired outcomes should be incorporated into the commander's intelligence requirements so that units on patrol or otherwise engaged

among the population include this information in their reports. To evaluate the effectiveness of a project or initiative, the key is to focus on outcomes (more children learning to read) rather than output (number of schools rebuilt) and especially inputs (money spent rebuilding schools). For example, if the unit is supporting a program to drill wells, the measure of success is not the number of wells drilled, but the increase in the share of the population with access to safe drinking water because they are using the wells.

2.34. The need to measure outcomes means that measurements may be more qualitative than quantitative. Outcomes are often much more difficult to quantify than outputs or, especially, inputs. For example, it is much easier to count how many clinics have been built and how much they have cost than to evaluate the impact on local health care. The unit should focus its efforts on evaluating effects. The unit can establish how many people use the clinic and who they are (members of the community as opposed to insurgents); assess the types of services available and how they relate to needs and usage; assess patient satisfaction; and look at rates of cure.

2.35. Evaluating stability and security. Because stabilization is the fundamental goal of stability operations, a primary measure of success is whether the area of responsibility is becoming more stable. Useful indicators of a more stable and secure situation include:

- A decline in the number of deaths, particularly those due to crime or violence.
- A reduction in the number of people fleeing their homes. Displacement is a very accurate indicator of insecurity; people often leave their homes when they feel unsafe. The numbers of people who flee an area is difficult to measure, but the unit can gather highly indicative information by asking local citizens how many of their neighbors have left recently and why.
- A decline in violence. Tallying numbers of reported violent crimes or acts of violence can be helpful, but can also be misleading at two levels. First, victims are often unwilling to report violent acts because they believe that the perpetrator will retaliate and the government will not be able to protect them. If figures are being collected by the local police, the unit should try to get these reports, but numbers of deaths and reports of displacement are more reliable indicators. However, successful economic reconstruction projects are prime targets of insurgents, so progress in this realm may be accompanied by a short-term uptick in violence.
- Hours of operation. A good indicator of improved security is when markets, shops, and restaurants stay open longer, especially at night, and customers are willing to shop and go to restaurants in the evening. When people do not feel secure, they stop going to restaurants and often only go out to shop or work during the day.
- Increased numbers of people, of different ages and sexes, at markets and shops throughout the day. When families feel insecure, they are more careful about who goes out when. When they feel more secure, more women and children will be out in the streets.
- Children, particularly girls, attending school regularly. This is an excellent indicator, because parents keep their children, especially their daughters, home from school when they feel the risks are too high.

2.36. Attacks or lack thereof on coalition forces are not as helpful an indicator of security and stability as violence against the local population. U.S. Army casualties depend on operations tempos, the size and security of the forward operating base (FOB), and the opponents' desire to engage. They are not always a useful indicator for overall security and stability. Civilian security, as assessed above, is.

2.37. Evaluating economic development and growth. Some general indicators of improvements in the local economy that would be visible to ground forces include:

- increased wage rates for day laborers;
- proliferation of cell phones;
- increased purchases of appliances and electronics;
- widespread reconstruction and repair of houses;
- construction and repair of commercial buildings;
- opening of new businesses and shops;
- increased motor vehicle traffic;
- purchases of new or used cars, trucks, or bicycles;
- planting of orchards and other crops that take more than one year to mature;
- increase in investment by foreigners or local citizens returning from abroad.

2.38. Measuring the effectiveness of specific tasks and efforts. It is possible to measure the effectiveness of specific programs by determining:

- whether they are being used as intended, and
- whether they are improving people's lives in specific, even if small ways.

2.39. Civilian counterparts and colleagues from the U.S. Agency for International Development (USAID), the U.S. embassy, and local NGOs can help units develop assessment criteria based on goals and effects. These criteria should be developed in view of the specific purpose of each project. Examples of project-specific criteria include:

- Are local people using newly built facilities (schools, clinics, business centers) regularly? Are there sufficient staff (teachers, doctors, nurses) and supplies?
- Are people taking advantage of the water from new wells or water purification plants? Do local medical professionals attribute any drop in disease to access to purer water?
- Are people utilizing humanitarian assistance (food, water) as intended and is the appropriate aid being provided? If people are reselling aid on the grey economy, throwing it away, or stockpiling it, it may no longer be needed, be inappropriate, or not be reaching those in need.
- Are roads that you have built or repaired in consistent use for business and personal travel?
- Do citizens express gratitude for the facilities, services, and goods provided? (Do not overestimate the usefulness of this metric, however. In many societies, it is simply polite to give thanks.)

Trash in Baghdad

2.40. In the immediate aftermath of major combat operations in Iraq, many major cities faced a trash problem: trash collection equipment, including containers, trucks, front-end loaders, and tractors had been damaged or had vanished. Trash piled up.

2.41. In Baghdad, military units hired local contractors to build large four-sided community trash storage bins out of concrete blocks. Once complete, many of these structures were immediately occupied and claimed as "homes" by Iraqi families. One family of 35 adults and children constructed a roof over its new "house" within 24 hours. Although the families were happy to have found housing, the trash problem remained.

2.42. When used as intended, the large, heavy bins required 10–30 minutes of collection time per site for crews to retrieve the trash. Technical advisors from the Research Triangle Institute, an NGO, recommended a new approach. Metal trash containers, which were far easier to lift and maneuver, replaced the concrete bins so that trash could be collected more efficiently.

2.43. Although the unit successfully built the number of planned bins, the initial concept failed to produce the desired outcomes. The failure can be traced to an initial emphasis on outputs rather than outcomes. In other words, success was judged by the fact that bins were constructed and deployed rather than whether the bins were actually serving their intended purpose. By discussing the parameters of needs with an NGO, a better solution was found.

2.44. How to collect information. To assess effectiveness, U.S. Army personnel should seek information from several sources and compare the results. Someone from the unit may be designated to be responsible for collecting this information on an ongoing basis and preparing an assessment. Units may have access to the following types of information:

- Official host government data. If the host-nation government collects statistical information, the unit should be able to obtain access to it either through the local or national statistical office or through local government offices, like those responsible for registering births or deaths. Government offices in charge of registering deaths are particularly useful for tracking violent deaths. Police headquarters may have information on violent crime. Hospitals and the Ministry of Health will have some statistics on health. The information from these sources is often partial and in some cases may not be accurate. To the extent possible, the unit should cross-check information from one source against another. National data, which should be available upon request up the chain of command, is useful to compare conditions in the area of responsibility with national averages or with those in other regions.
- NGOs working in the region. NGOs and their staffs carry out their own assessments. They may be willing to share data, although some NGOs are reluctant to work with the military due to prohibitions in their charter or the internal culture of the organization. It may be useful to approach them through or in concert with a USAID or embassy representative, depending on the NGO's attitude to military personnel.

- Go and look. Drive around, visit businesses and markets, and note what you see. Visit morgues to see if body counts match what the government tells you. Visit markets and shopping areas at different times of the day.
- Talk to people. Ask the local people about their living conditions and recent changes. Do not always approach the same people, or confine questioning to just a few people, or they may be branded informers. Talk to substantial numbers of people. Discussing general economic conditions with a group will allay fears about being branded an informer and may also start spirited conversations about the local economy. If there is general agreement about a particular point, one can be more confident about its accuracy. If there is a heated discussion, one should treat the observation with less confidence, but you may learn more about local concerns and opinions. One should talk to different people at different times. This is also a helpful way to assess needs and build trust, because people will also report on what they feel needs doing. If steps are then taken to improve the situation, they will remember. Conversely, if they complain and the situation does not improve, they will remember that as well. If the unit seeks to undertake comprehensive regular questionnaires and surveys, it is important to request guidance regarding standardized approaches and language for such information collection.

Key Principles

2.45. A number of principles should guide military efforts to support economic development. These are emphasized throughout the guidebook but collected here for your reference:

- Economic development supports stability operations. Indeed, it is often a critical component of enabling a society to stabilize.
- The military is in a supporting role to civilian assistance providers for economic development efforts. Civilian government officials should guide all aspects of development. Consult with civilian representatives as you plan and develop projects.
- If a host government exists, its national and local level plans, and its laws and regulations must govern all that goes on in the country. Development must fit with host government plans and be legal according to its laws.
- Aspects of international law affect what can and must be done as part of humanitarian assistance. Military personnel must abide by these laws.
- Security is critical to economic development, and military forces are often the only ones who can provide it. This includes both the security of the local people and, sometimes, the security of civilian aid providers.
- Learn as much about the area you are deploying to as you can before you go. Talk to those you're replacing, identify specialists on the region, read up in available sources of information to understand how people have lived there and how they live there now.
- Managing expectations of what is available and what can be done is critical to effective economic development efforts. This means both the expectations of aid recipients and your own expectations.

- Coordinate, coordinate, coordinate. Make early and regular contact with civilian government representatives, civilian nongovernmental aid providers, foreign military representatives, and others in your area of responsibility. Be aware of who is doing what and keep them aware of what you are doing. Seek synergies and ways to cooperate to greater effectiveness.
- Consult. Ask civilian government counterparts, international aid workers, local assistance providers, and the local population what is needed and how it can be approached. Make sure they are part of the process and that their knowledge and expertise informs planning and implementation. Let them help you design programs and approaches that are needed, effective, and sustainable.
- Seek input widely. Do not identify key local officials and consult only with them. Make an effort to get the views of a broader base of the local population.
- Find local, market-based solutions to problems whenever possible.
- To assess effectiveness, measure outcomes, not inputs or outputs.
- Recognize the impact your presence has on the economy and society, and make it a priority to mitigate any negative effects.

Quick Reference

2.46. The following readings and outside sources were mentioned in this chapter:

- Individual country guides from the CIA's *World Factbook* can be accessed at https://www.cia.gov/library/publications/the-world-factbook/.
- Individual country guides from the World Bank can be accessed at http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/0,,pagePK:180619~theSitePK:136917,00.html.
- The International Monetary Fund provides data on basic economic indicators from individual countries at http://www.imf.org/external/country/index.htm.
- Remittance data is available from the International Monetary Fund's *Balance of Payments Statistics Yearbook*.
- Measuring Progress in Conflict Environments: Metrics Framework for Assessing Conflict Transformation and Stabilization (MPICE Framework). MPICE is a collaborative project of the U.S. Institute of Peace (USIP), the U.S. Army Corps of Engineers, and the U.S. Army Peacekeeping and Stability Operations Institute. The framework is a tool developed by USIP to assess, at the strategic level, progress from conflict to peace. Current versions can be accessed through the USIP website at www.usip.org/peaceops/metrics_framework.html.

CHAPTER THREE

Players, Coordination, and Resources

3.1. During stability operations, a host of organizations will be present and active in economic and infrastructure development. Knowing who is active and what they are is critical to situational awareness (SA). In their areas of responsibility, Army personnel are likely to encounter representatives, staff, and officials of the following organizations:

- The U.S. government (USG), especially from the State Department and the U.S. Agency for International Development (USAID).
- Civilian and military branches of other countries involved in the conflict or post-conflict effort—either working with the United States or not.
- International organizations (IOs) such as the United Nations (UN), the World Bank, and other development banks.
- International nongovernmental organizations (NGOs) such as Mercy Corps and Oxfam.
- The humanitarian arms of international political groups, including violent radical ones (such as Hezbollah).
- International and multinational businesses.
- The host-nation government, at the national and local levels, possibly including security personnel.
- Local social and civil society organizations.
- Local businesses, private and state-owned.
- Local nongovernmental organizations.

3.2. U.S. Army and other military personnel are not trained or equipped to provide economic development assistance as a core mission. Rather, related efforts fall into the category of Directed Mission Essential Tasks. This means that in almost all cases involving economic development, U.S. Army personnel will act in a support role to the USG, NGOs, coalition, or other aligned organizations. The other actors functioning in-country, and what they are able to do, will to a large extent determine what tasks fall to the U.S. Army. The more these organizations can operate freely within the host nation, the less the U.S. Army will need to get involved in economic development. In the Balkans, military personnel focused almost exclusively on security issues, while civilian organizations carried out most reconstruction and humanitarian activities. However, in cases where a mission is crucial, for instance the provision of immedi-

ate humanitarian relief, and other actors are unable to carry it out, military personnel may need to engage more directly. This is often the situation when security constraints preclude civilians from operating effectively. In Afghanistan and Iraq, military personnel have been actively involved in supporting a variety of economic development tasks given that high levels of violence have precluded large-scale deployment of civilian personnel. U.S. Army personnel may also be called upon to restore critical infrastructure because the U.S. Army has capacities, resources, and freedom of movement that other actors may not have.

3.3. Every organization or group operating in-country has its own plans and projects. All have different charters, cultures, and methods of operation. Different players often have different points of view and expectations; they use different acronyms and communications equipment and have different organizations and working styles. Because military and civilian agencies may have differing but mutually dependent priorities, communication is key to success. Integrated military and civilian efforts are the cornerstone to effective stability operations, especially in technical sectors such as economic development, not traditionally a U.S. Army task. Whether in a leading or supporting role, successfully executing economic development tasks can facilitate a lasting peace and the timely withdrawal of military forces.

3.4. Interagency coordination and synchronization of activities can be challenging. Most nonmilitary organizations do not subscribe to a "unity of command" approach, but they will generally embrace "unity of effort." Some NGOs or private voluntary organizations (PVOs) may have charters that prevent open collaboration with armed forces. When acting as part of a coalition force, the U.S. Army may face interoperability challenges with dissimilar military units from coalition partners. One mechanism for overcoming these types of challenges is the establishment of a civil-military operations center, or CMOC. The CMOC serves as the coordinating hub in stability operations. It can be a good source of information to help the tactical leader understand who is operating in the area of responsibility, what they are doing, and whether or not they are likely to ask for military support. CMOC and other coordinating organizations are discussed in more detail below.

3.5. U.S. Army personnel will find their own efforts to be more effective when they consistently and comprehensively coordinate efforts with others, often in person. At a minimum, simply for SA, U.S. Army commanders need to find out which organizations are active in their area of responsibility and what they are doing. They can obtain this information by inquiring through their own chain of command, obtaining a full brief from any units they relieve, through USAID advisors to their unit or in the command chain (if any), by asking local interlocutors and leaders, and by traveling and moving around their area of responsibility once they arrive to establish what activities are ongoing. A combination of all of these approaches is recommended.

3.6. In 2007 the United States Institute of Peace (USIP) published a *Guide for Participating in Peace, Stability, and Relief Operations*, edited by Robert M. Perito. This guide describes a number of partner and international agencies and organizations that respond to international crises. The guide introduces and profiles these organizations and describes USG agencies that are currently playing an increased role in these types of operations. This guide can be purchased at the USIP website by following the link http://bookstore.usip.org/index.aspx and searching by title or author.

U.S. Military

3.7. The U.S. armed forces play important support roles for economic and infrastructure development efforts. The most critical supporting task for the U.S. military is to provide local and area security so that stabilization, development, and normal economic activity can be conducted without interference from hostile actors. Providing security requires knowledge of the location and role of critical components of infrastructure that need to be protected. Commanders may also be called on to help ensure the security of civilians engaged in economic development programs, both USG and others, in their area of responsibility. While security does not always need to be provided directly by the U.S. military, these organizations and people need to be protected if they are to perform their tasks. If they are unable to work, the overall effort to stabilize the area of responsibility is degraded. If they are absent, U.S. military personnel, including U.S. Army personnel, will find themselves taking on more economic development tasks themselves. Thus, providing security in the area of responsibility for economic development is a critical task.

3.8. The U.S. military will also be an important source of information for both military and civilian decision makers on the condition of the local economy and on the needs of the local populace. This is particularly true in high-threat environments where State Department or USAID personnel have a hard time getting out into the field. Engineer reconnaissance, Civil Affairs assessments, active patrolling, zone and area reconnaissance by regular forces, and direct contact by the commander with local officials and leaders are useful means of acquiring this information.

Resources

3.9. Whether in support or when providing direct assistance, the projects and programs U.S. Army and other military personnel implement require resources. U.S. military personnel may be able to use some resources that exist within the unit or the Army. Engineers attached to the unit can be assigned to engineer reconnaissance teams (ERTs).[1] These teams can be used to help assess the state of buildings, roads, and other infrastructure. Tactical commanders can also request the use of the brigade or division Forward Engineer Support Team (FEST), a U.S. Army Corps of Engineers (USACE) organization with civilian and military engineering experts who can conduct quick, thorough infrastructure assessments, determine scope of work requirements, provide quality control, and, with some teams, provide contracting capability.

3.10. In some countries, units may be able to use CERP funds. These are primarily a counterinsurgency tool and may not be available in all stability operations in which the U.S. military is involved. CERP funds are generally the only source of development assistance funds under the direct control of U.S. Army personnel. The host government, civilian USG agencies, foreign assistance agencies, or international organizations will have other sources of funds. To access these other funds, U.S. Army and other military personnel have to convince their host nation and civilian counterparts that the projects they are requesting money for are worthwhile and fit the criteria for funding established by those institutions.

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[1] U.S. Army Field Manual FM 3-34.170, *Engineer Reconnaissance,* March 2008, pp. 1-7, and 1-9 to 1-10.

3.11. In addition to CERP funds, commanders will have non-financial assets that they can draw upon to support economic and infrastructure development. Engineer units, both organic to the brigade combat team (BCT) and attached, will be useful for basic critical infrastructure repair and rehabilitation. The BCT's civil-military operations (CMO) staff (S9) may provide tactical-level planning, management, coordination, and synchronization of key CMO within the BCT's area of responsibility. The S9 also serves as the BCT's primary staff link to the CMOC, to maintain liaison with other USG agencies, indigenous population and institutions, NGOs, and international organizations in the area of responsibility. If present, a Civil Affairs Company may provide CMOC support and plan and execute contract administration and project management.

3.12. Commanders should not overlook informal sources of economic and infrastructure expertise within their organizations. Every unit, especially in the Reserves and National Guard, is likely to have personnel who have regional and interagency expertise, civil-military competence, or other critical civilian-oriented skills needed to support the local populace and the host nation. Prior to deployment, commanders should seek to identify these individuals so that their skills can be drawn upon if needed.

CERP

3.13. The Commander's Emergency Response Program was created in 2003 to provide funds to personnel in Iraq to respond to urgent humanitarian and reconstruction needs using seized Iraqi assets. It now uses congressionally appropriated funds and has been expanded to Afghanistan. The program does not currently exist outside of these two countries and may not be available in future conflict and post-conflict operations.

3.14. Levels of contracting authority are determined by the commander's position. Although there is an overall budgetary ceiling set by Congress, if a commander spends the initial allotment, she or he can request more funds.

3.15. The CERP process consists of six steps for each project: identification, approval, funding, execution, payment, and closure. Projects must be small-scale, low-dollar, short-term, oriented toward restoring essential services or generating employment, and of an emergency nature. Oversight of CERP projects is through Project Purchasing Officer (PPO) and Pay Agent teams, although these positions may be staffed by unit personnel that have passed a certification course. Additionally, construction management agencies like USACE may be used to manage larger projects. Only these groups can contract and spend CERP funds. Contracting officers are required for projects larger than $200,000, but advice from the local contracting office should be sought for any project larger than $75,000. For example, while responsible for reconstruction operations in eastern Baghdad from January 2005 to January 2006, one battalion's rule was to use USACE for construction management for all contracts valued at over $100,000, and to consult with them for all contracts valued at less than $100,000.

3.16. Although all requirements of the Federal Acquisitions Regulation (FAR) do not apply to CERP, CERP contracts must be fair, transparent, and accountable. U.S. Army and other military personnel should generally do all they can to follow FAR principles. Solicitation should encourage competition, and documentation should be thorough and kept for the required periods. During the initial stages of reconstruction, it may be difficult to advertise tenders and

develop true competition among bidders, since many professional people will have gone underground or left the country. Often, neighborhood leaders are asked to advertise and solicit the required bids for evaluation. As the communications network develops, the internet can and should be used to solicit bids if practicable. Internet access is available in many post-conflict and developing countries (often less so when conflict is still under way) and can be more reliable than other forms of communication. In eastern Baghdad in 2005, the web was used exclusively to solicit bids for contracts. The result was lower prices as a result of more bids, including from qualified engineers, and higher-quality firms selected for contracts.

3.17. CERP has three major components:

- Reconstruction. Repair or reconstruct hospitals, clinics, power transmission and distribution networks, water or sewer systems (including wells), police and fire stations, schools, telecommunications systems or infrastructure, roads, bridges, and civic or cultural buildings or facilities.
- Economic development. Protective measures such as fencing, lights, barriers, and temporary guards for critical infrastructure sites, micro-grants to disadvantaged small businesses and entrepreneurs, job promotion, and civic cleanup activities to remove trash or perform beautification, temporary pumps to alleviate sewage backups.
- Death benefits/battle damage. Condolence payments as a means of expressing sympathy (not considered an admission of fault by the USG), repair of damage resulting from military operations that cannot be compensated under the Foreign Claims Act.

3.18. The primary purpose of CERP is not economic development per se, but to provide immediate assistance to the populace. The goal is to secure public goodwill and forestall support for U.S. opponents. Projects should be developed in close consultation with civilian assistance providers and local officials and leaders to ensure that they meet the needs of the local populace, are in line with national and local plans for development, and are not redundant and thus a wasteful use of funds. CERP funds should be allocated for projects that complement, not compete with, the programs of other USG organizations, NGOs, and the local government. Despite the tactical focus of CERP, projects should balance short-term tactical military needs with longer-term economic development and capacity building.

3.19. CERP may *not* be used for the following purposes:

- Direct or indirect benefit to U.S., coalition, or other supporting personnel.
- Providing salaries, goods, services, funds, or training to official security forces.
- Psychological operations, information operations, or other U.S. operations.
- Duplication of services available through municipal governments.
- Removal of unexploded ordnance, weapons buy-back programs, or purchase of ammunition.
- Other programs for which other funding sources are available.

3.20. Check current regulations for more detailed and up-to-date guidance.

U.S. Military Interaction with Other USG Entities

3.21. Coordination of efforts with other USG actors can be carried out in a number of ways. At senior levels, military and civilian personnel will coordinate to define policy goals and missions. These will be passed down to the field through the command chain. U.S. military activities need to align with national-level plans and goals for stability and development. The plans must include host-nation input or be host-nation driven. Ensuring this is the job of the unit commander, and it can be done by seeking out and clarifying guidance from senior leaders as well as coordinating with civilian agency representatives.

3.22. In the field, coordination will ideally take place through a Provincial Reconstruction Team (PRT) or a CMOC.[2] However, in some cases this may not be possible, due to the absence of such structures, and more ad hoc mechanisms will have to be developed.

3.23. **PRTs.** These groups were first introduced in Afghanistan. PRTs work directly with provincial and local governments, and both military and civilian personnel are assigned to them. Their mission is to help provincial governments govern (that is, meet the basic needs of the population) and to help them promote security, rule of law, and political and economic development. PRTs often carry out assessments of what is needed so as to identify fruitful projects for economic development. They have overseen implementation of a broad range of projects and programs, such as repairing agricultural infrastructure, creating and funding schools and training programs, providing micro-loans, providing agricultural inputs to needy farmers, funding infrastructure for industrial parks, building micro-power dams, etc.

3.24. Various countries have deployed PRTs. Many differ from U.S. organizational structures. U.S. Army and other military personnel may find themselves working with U.S. PRTs or those of another country. U.S. PRTs are predominantly staffed by U.S. military officers, civil servants, and foreign service officers from the Defense and State Departments, USAID, other USG agencies and departments, and some contract personnel. Some PRTs are "embedded": civilian-led but closely linked to brigade combat teams or Marine regiments. Embedded PRTs depend on their host BCT to provide security, transportation, and logistical support. The BCT commander takes the lead on PRT issues related to security and movement. Such support is not trivial and can require the commitment of a platoon or more. Failure to provide adequate and timely security and transportation support will hinder the ability of PRT staff to operate "outside of the wire" and support stability operations.

3.25. If a PRT exists in the area of responsibility, all U.S. military efforts at economic stabilization should be coordinated through it. Commanders should exchange liaison officers with PRTs operating within their area of responsibility. If the PRT is embedded, the BCT and the PRT should share basic communications infrastructure. Because a PRT may have access to different funding sources for projects than do military personnel, and may be aware of other sources as well as other nonmilitary and non-USG projects, coordination with the PRT will also help ensure that resources are used to greatest effect.

3.26. A core task of a PRT is to interface with the local community. However, Army and other military personnel will also have substantial contact with local communities, because they

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[2] The terminology regarding U.S. government civilian field operations is likely to change in the near future. Under the interagency management system (IMS) for reconstruction and stabilization, PRTs will be replaced by functionally similar Advance Civilian Teams (ACTs) and Field Advance Civilian Teams (FACTs).

have more freedom of movement in places where security is a concern. Army and other military personnel will often be most knowledgeable about local conditions and which development projects the local community would prefer. The PRT, USAID, and other donors need this information to develop high-quality projects with the local community.

3.27. **CMOC.** The CMOC is an organization through which military personnel can establish a relationship and facilitate coordination with other USG agencies, civilian authorities, NGOs, and the local population. CMOCs exist to enable all these actors, U.S. and otherwise, to coordinate on issues such as security, logistics support, information sharing, and communications. CMOCs can be force multipliers when they develop lines of communication between assistance providers, local groups, and governments, helping better identify needs. Although they do not take action or fund activities in and of themselves, they can help determine the best ways to fund and implement projects.

3.28. **Other Coordination.** Whether or not a PRT or a CMOC exists in the area of responsibility, U.S. Army commanders must be actively engaged in CMO. Commanders should regularly and directly engage with local officials, key societal figures, business leaders, NGOs, and other actors engaged in economic stabilization in their area of responsibility.

3.29. The development of coordination mechanisms and relationships will support the overall mission by acting as a force multiplier. When local people and governments come to U.S. forces with ideas on what to do, actors who have a good understanding of who else is operating in the area of responsibility will be better able to advise them of what the best means of implementing and funding good projects may be.

Civilian USG Agencies

State Department

3.30. The State Department is the lead government agency responsible for international **diplomacy**: the foreign affairs of the United States. It represents the nation overseas and develops, implements, and conveys U.S. policies to foreign governments and international organizations through U.S. embassies and consulates throughout the world. The State Department negotiates and concludes agreements and treaties on issues ranging from trade to nuclear weapons. It coordinates and supports international activities of other U.S. agencies, hosts official visits, and performs other diplomatic missions. The State Department also leads interagency coordination and manages the allocation of resources for foreign relations in the USG.

3.31. National Security Presidential Directive 44 (NSPD-44) designates the State Department the lead agency for planning, preparing, and conducting stabilization and reconstruction activities and authorizes use of the department's Office of the Coordinator for Reconstruction and Stabilization (S/CRS), to assist the Secretary of State in executing this function. In 2005, S/CRS published an Essential Task Matrix to help planners identify all of the tasks that may be involved in stability operations in a conflict or post-conflict environment. The matrix provides a common framework for planners to design development programs during stability operations through a menu of potential tasks as part of a whole of government approach to reconstruction and stabilization. You can access the matrix from http://www.crs.state.gov/index.cfm?fuseaction=public.display&id=10234c2e-a5fc-4333-bd82-037d1d42b725.

3.32. The U.S. embassy (the mission), led by the ambassador or chief of mission, has primary responsibility for drawing up the U.S. plans to support the host nation's economic development plans. Most embassies also develop and maintain strategic mission plans for the host nation. These plans also provide foreign policy guidance for USG interventions. In addition to staffing the embassy as part of the "country team," State Department personnel may deploy into the field as part of PRTs. Before embarking on development projects, U.S. Army personnel should work through their chain of command or, if available, contact their State Department liaison, to find out about embassy plans for the country and for their areas of responsibility.

3.33. Although the ambassador has overall responsibility for assistance programs in the host nation, the State Department has virtually no assistance money itself. USAID is the primary source of funds for economic development.

U.S. Agency for International Development

3.34. USAID is the main USG agency devoted to providing development assistance abroad. It is an independent agency operating under the guidance of the Secretary of State. USAID runs a wide range of programs designed to promote economic growth, foster democracy, improve global health, provide humanitarian relief, and prevent conflict. Specific programs with the goal of improving economic prosperity and security include increasing trade and investment; improving the business environment and private sector competitiveness; strengthening the financial services sector; increasing agricultural productivity; and protecting and increasing the assets and livelihoods of the poor.

3.35. At the beginning of a stability operation, USAID's Office of Foreign Disaster Assistance (OFDA) may deploy a Disaster Assistance Response Team (DART) to provide rapid humanitarian relief. DARTs assess and coordinate emergency relief efforts, working with the U.S. embassy in the country, if one exists. However, even DART teams have difficulty working when levels of violence are high. In more benign environments, USAID usually establishes field offices throughout a country and a central presence at the U.S. embassy to award contracts and monitor execution for longer-term development assistance.

3.36. USAID personnel rarely run projects themselves; they contract with private organizations—implementing partners—to execute assistance projects, usually U.S.-based prime contractors who work with local NGOs and companies as subcontractors. USAID does oversee all its projects; it is an important point of contact for commanders. However, because USAID contracts out project implementation, USAID projects will often be executed without a major USAID presence. USAID is increasingly providing advisors to military units to assist them with economic development projects. U.S. Army and other military personnel can go to USAID on behalf of local or regional governments to suggest projects or programs.

3.37. Most U.S. economic assistance is channeled through USAID. USAID budgets for countries in which the United States is conducting stability operations often total several hundred million dollars, and in the case of Iraq, ranged into the billions. However, compared to Department of Defense budgets, USAID budgets are small. USAID often uses indefinite delivery/indefinite quantity (IDIQ) contracts. Companies or consortia compete for these IDIQ contracts. The winners are then shortlisted to bid on task orders issued by USAID.

3.38. Units should be aware of the presence of any USAID DART teams in their areas of responsibility and should request such information prior to deployment. If USAID personnel are in theater, unit personnel will need to work closely with them and ensure coordination and information sharing. If units identify a project that local leaders and communities desire, they should work with USAID to find an appropriate mechanism through which to fund the project. However, it may sometimes be difficult to tap USAID funds for smaller projects. Military planners need to understand the USAID program in their area of responsibility to help coordinate economic development activities with stabilization.

Other USG Agencies

3.39. NSPD-44 charges all U.S. departments and agencies within the executive branch to assist with the planning and execution of stability operations, including providing personnel. The Department of the Treasury has assigned staff to stability operations to advise host governments on central banking, budgeting, and taxation. The Department of Commerce works with U.S. and foreign companies to facilitate international trade and investment while providing policy input to bilateral commercial and economic policy. The U.S. Army Corps of Engineers has been involved in designing, contracting, and monitoring construction projects. The Departments of Agriculture and Labor have assigned staff and run foreign assistance projects in their areas of expertise. Sometimes these staff work in PRTs, but most work in the capital through the U.S. embassy. These departments generally do not have the capacity to execute assistance programs independently, nor do they have much in the way of funds for assistance.

Consolidating Efforts for Greater Effect

3.40. When PRTs were first established in Afghanistan's regions, it quickly became clear that civilian and military assistance providers were duplicating efforts. This resulted in the construction of wells, schools, and clinics that were not used. Military and civilian personnel had different funding and approval mechanisms and time lines. Because they had such separate chains of command, they sometimes failed to coordinate efforts, simply because they had no reason to. Some PRTs were successful in leveraging the funding streams and capabilities of different groups, deconflicting efforts and helping to better target resources: if two pots of money could be used for a project that would have the most impact if executed quickly, it makes sense to use the funds that can be disbursed faster, and reserve the other resources for something else.

Foreign Governments and International Agencies

Other Countries' Foreign Assistance Programs

3.41. Other developed countries also have foreign assistance programs. These programs are administered either by agencies similar to USAID or through the country's equivalent of the State Department, which is usually called the Ministry of Foreign Affairs. Most countries that provide forces for a stability operation also provide economic assistance to the host nation through these programs.

3.42. Similar to USAID, these agencies have guidelines for interacting with military forces conducting stability operations. Coordination of these programs with other players usually takes place through the embassies, although at times the host-nation foreign ministry coordinates with the U.S. State Department. Guidance is passed down from the embassy or State through the military chain of command.

3.43. The aid programs of allied governments can be substantial. The European Union and its member states donated billions of euros to Bosnia and Kosovo, exceeding U.S. donations. The European states have been the principal donors to African nations in which the UN is conducting peacekeeping operations. European allies, Australia, Canada, Japan, India, and China have provided substantial assistance to Afghanistan.

3.44. Local groups should usually contact foreign governments' assistance agencies directly rather than through U.S. forces and personnel. However, in some cases U.S. Army and other military personnel can act as go-betweens. Although U.S. Army personnel may not have direct contact with these programs, they may contact their colleagues from allied nations for suggestions on how to direct local officials to these sources of funding.

3.45. U.S. Army and other military personnel may support projects funded by foreign assistance agencies. For example, the British foreign assistance agency, the Department for International Development (DfID), might be funding a project to repair a bridge in a unit's area of responsibility. U.S. forces might be asked to help provide security. The coalition commander should provide guidance in these instances.

3.46. In addition to the civilian branches of foreign governments, foreign military forces taking part in the same operation may also be in the same sector, and they may also be engaged in economic reconstruction efforts. Commanders should be aware that just as various forces have their own rules of engagement, so also do foreign assistance agencies have their own mechanisms and doctrine for their activities. These may involve how they interact with their own national assistance agencies, international donors, and U.S. organizations and personnel. A CMOC, PRT, or military command arrangements can govern interactions between U.S. military personnel and coalition military personnel, and the extent to which efforts are integrated. If military forces are involved in economic projects, they should seek to make themselves aware of what efforts are under way by other military forces in their area of operations so that they can seek to coordinate efforts, as necessary.

International Organizations

3.47. Several UN agencies, especially the World Food Program (WFP), Office of the United Nations' High Commissioner for Refugees (UNHCR), the United Nations Children's Fund (UNICEF), United Nations Development Program (UNDP), and the United Nations Office for Project Services (UNOPS), provide assistance to people suffering because of conflicts.[3] Most of these agencies work in the field, helping local people. In the field, U.S. Army personnel are most likely to encounter representatives from UNOPS. In some instances, U.S. Army personnel might hire UNOPS to manage a project. If there are displaced people, WFP may have a presence. If there are refugees from other countries in the area, UNHCR will likely be there.

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[3] For a complete list and description of UN agencies and associated programs and organizations, visit http://www.unsystem.org/.

If the region produces drugs, the United Nations Office on Drugs and Crime (UNODC) may have agents in the region.

3.48. However, if the area is too violent, UN agencies may not be able to work in the field and will not deploy or will withdraw. U.S. and other military forces may be tasked to secure UN compounds from looters, insurgents, and other violence.

3.49. If these agencies have local offices, U.S. Army personnel should coordinate with them directly, but keep their superiors and the U.S. embassy informed of communications. UN staff should participate in PRT or CMOC meetings for coordination purposes. If these agencies do not have local offices, units should coordinate through the U.S. embassy. The UN coordinates with the USG through the U.S. State Department in Washington and through the local embassy.

3.50. UN agencies have very specific mandates. For example, WFP, UNHCR, and UNICEF focus on humanitarian assistance rather than development more broadly. UNDP is the lead UN agency responsible for economic development, but its budgets tend to be much smaller than those of USAID or the assistance programs of allied countries.

International Financial Institutions

3.51. International financial institutions like the International Monetary Fund (IMF) and the World Bank Group, and the regional investment banks like the Asian Development Bank (ADB), Islamic Development Bank, and African Development Bank, usually lend money to the host nation rather than give grants. However, for the poorest countries and those emerging from conflict, they do provide substantial amounts of grant aid. These institutions are nonpolitical and their clients are the local government. Consequently, they will not maintain the same close contacts with the military that the national development agencies do.

3.52. The IMF primarily works with the central bank and finance ministries. Tactical planners are highly unlikely to encounter IMF employees. The World Bank and the regional investment banks lend to national governments and therefore primarily work with the capitals to define projects, although projects funded by the development banks will often be implemented at the local level. U.S. Army personnel may encounter projects funded by development banks in their area of responsibility. Interactions with the project team will usually be through the host government agency or the contractor responsible for the project. However, in countries with a weak government, it may be necessary to approach the international financial institutions (IFIs) directly to understand their programs and help local citizens determine what types of assistance they might be eligible to receive. Some interactions may take place through a CMOC or PRT or through USAID or embassy staff.

3.53. Development banks frequently fund large projects involving tens or even hundreds of millions of dollars. In addition to lending for infrastructure projects, the banks have increasingly focused on technical assistance loans, loans to finance investments in information technology, financial management, and training for government personnel. Sometimes loans are used to buy out surplus government employees. U.S. Army personnel may identify large projects suitable for development bank funding and may advise locals to contact the national government to seek funding for these projects. The banks only lend to national governments, so all projects would need to go through the host government, although the International Finance Corpora-

tion (IFC), part of the World Bank Group, and the European Bank for Reconstruction and Development (EBRD) do invest in private companies.

3.54. In addition to their projects, the World Bank and some other IFIs provide a large amount of high-quality analysis across all sectors. Their websites and local offices are an important resource for planners and officers seeking to understand the local economy.

Nongovernmental Organizations

3.55. NGOs are not-for-profit organizations that usually focus on a particular issue or task, such as providing health care in conflict zones, increasing incomes for the very poor, or improving conditions for marginalized groups. Oxfam, International Relief and Development, CARE, Relief International, Médecins Sans Frontières (Doctors Without Borders), and Mercy Corps are among the better known international NGOs that work in conflict zones. NGOs deploy foreign staff and hire local staff to provide humanitarian assistance or engage in projects designed to accelerate economic development. They primarily focus at the tactical level, working with communities on agriculture programs, small infrastructure projects, and micro-lending.

3.56. Some NGOs are funded entirely by contributions and grants. Others accept contracts from USAID or foreign assistance programs. In general, the latter do not fund, but implement projects using their own staff. They often subcontract to local NGOs and businesses. Some local NGOs may be set up specifically to carry out particular projects. In some cases, local NGOs may work on projects funded by the U.S. Army. Local NGOs usually have close ties to the local population.

3.57. International NGOs (INGOs) often employ large numbers of national staff to implement their programs. These local staffers are supervised by INGO expatriate staff. In conflict areas, INGO expatriate staff are often virtually invisible to local citizens, as they live and work in secured compounds or military bases. As a result, local INGO staff may hide their INGO's identity, or the fact that it is affiliated with USG agencies. Local INGO staff may also be hesitant to be seen talking with soldiers or expatriates in doing their work because that might compromise their family's or their own physical safety.

3.58. U.S. Army units will need to develop means of communicating with NGOs in their area of responsibility. If a CMOC exists and PRTs participate, commanders should assign an NGO liaison officer. NGOs and other groups frequently bring their concerns to the attention of the U.S. military personnel through these meetings, and NGOs can be an important source of local information. Responding to issues raised in the CMOC should be a priority.

3.59. Until the NGO has agreed to a protocol for communicating with U.S. forces, NGOs should be approached discreetly. NGOs usually stress their neutrality, especially in conflict-ridden areas. Often, their charter is to help anyone who needs it, rather than withholding or providing aid based on political or commercial interests. Thus, some NGOs avoid contact with military personnel because they fear such contact would compromise their neutrality. Even NGOs that are willing to engage directly with military personnel may request that military vehicles not visit their offices or project sites, so as to avoid the appearance of having taken sides. NGOs have expressed concerns about military personnel involved in humanitarian and

development work who do not wear uniforms while doing so. They are afraid this will cause their employees to be mistaken for soldiers and attacked.

3.60. NGOs may ask for security or support for their projects, including assistance with construction. It may often be in the interest of the unit to provide support. Even if NGOs do not ask for support, U.S. Army units need to coordinate assistance projects with NGOs to ensure that support can be provided, if necessary, and to avoid working at cross purposes. Some NGOs will be willing to engage with military personnel directly, or through a CMOC or PRT. Others will not, and coordination will have to be carried out through USAID, State Department, or other civilian agencies. Specific guidance on interaction with NGOs is detailed in *Guidelines for Relations Between U.S. Armed Forces and Non-Governmental Humanitarian Organizations in Hostile or Potentially Hostile Environments,* http://www.usip.org/pubs/guidelines.html. The U.S. Defense Department and key NGOs have agreed to these guidelines.

3.61. There are four main recommendations in the guidelines pertaining to coordination between the U.S. military and the NGO community: [4]

- Nongovernmental humanitarian organization (NGHO) liaison officers should participate in unclassified security briefings conducted by the U.S. armed forces.
- Unclassified information should be shared with the NGHO liaison officer on security conditions, operational sites, location of mines and unexploded ordnance, humanitarian activities, and population movements, insofar as sharing such unclassified information is for the purpose of facilitating humanitarian operations and the security of staff and local personnel engaged in these operations.
- Arrangements should be made for liaison with military commands prior to and during military operations to deconflict military and relief activities, including the protection of humanitarian installations and personnel and to inform military personnel of humanitarian relief objectives, operations, and the extent of prospective or ongoing civilian humanitarian relief efforts.
- In extremis the military will have to provide assistance to NGHOs for humanitarian relief activities when civilian providers are unavailable or unable to do so. Such assistance need not be provided if it interferes with higher-priority military activities.

Host Government

3.62. If a host-nation government exists and is functioning, it should provide government services through ministries like education, health, natural resources, and transportation. Many host governments will have a planning ministry that is responsible for major infrastructure projects and coordinating with international development agencies. Most host governments in a conflict or post-conflict country will have difficulties managing economic reconstruction. Even if host government structures are not effective, the U.S. military needs to work with the government if it exists. U.S.-funded assistance projects need to be designed in conformity with

[4] These recommendations are excerpted from *Guidelines for Relations Between U.S. Armed Forces and Non-Governmental Humanitarian Organizations in Hostile or Potentially Hostile Environments,* http://www.usip.org/pubs/guidelines.html.

and be integrated into the host government's plans. U.S. Army and other military personnel must take care not to undermine host-nation efforts as they seek to provide assistance. U.S. Army assistance efforts also have to abide by host-nation codes, laws, and regulations.

Know Who's Doing What and How They Are Supporting Broader Goals

3.63. In Afghanistan, Civil Affairs personnel worked with the Ministry of Women's Affairs to construct an administrative building. However, when information about the building was presented to the regional governor, he rejected the project. As it turned out, USAID was already building an administrative building for the Ministry of Women's Affairs in the same area. Failure to coordinate between the Civil Affairs unit and USAID, as well as failure to effectively coordinate in advance with local and national governments to make sure activities were in line with broader plans, led to wasted time, resources, and effort.

3.64. The military command, the U.S. embassy, or USAID should have detailed knowledge of the host government's plans and should be able to provide that information, as well as an understanding of national and local laws, to units. Units should therefore contact USAID, the embassy, or their chain of command for this information. Contacts among local leaders can also be helpful, but personnel should take care to confirm information. Plans, laws, and regulations may be changing as the country rebuilds, which can cause confusion and require regular updating. Moreover, for regulations like building codes, there are a variety of international standards; U.S. Army personnel need to know which ones the host nation uses. For instance, building standards in Iraq were generally in accordance with British or European standards, not U.S. standards. U.S. military units also need to ensure that the host government is made aware of their assistance projects so that they can fit them into their planning. The U.S. embassy or senior commanders should relay this information to the national government. At the same time, units should themselves make sure that local officials know what they are planning, so they, too, can send this information up to the regional and national levels.

Local Groups

3.65. U.S. Army personnel will interact with a wide range of local groups. Knowing who they are is critical to SA. Power brokers include local as well as national government officials, religious, community, and tribal leaders, teachers, and the business community. U.S. Army personnel should also reach out to groups that might otherwise not be included, such as minority communities, women, and youth. They should do this with a certain amount of care, since such actions have the potential to antagonize local leaders and make them feel threatened. Although it is often difficult to determine who should be involved in discussions, units should cast a wide, inclusive net. These local leaders should define and determine local priorities for assistance.

3.66. Military personnel may wish to use assistance projects to benefit marginalized groups by employing members of those groups on projects. However, when providing "targeted" employ-

ment opportunities, military personnel should be aware that they may create frustration and anger within those groups who are not "targeted" beneficiaries and plan accordingly. A common way of managing targeted assistance is the insertion of provisions in competitions for contracts that at least some of the work go to firms that employ or are owned by women or minorities. The need and approach for these sorts of efforts will vary by culture and community, as well as by the national-level guidance for development goals and priorities. Moreover, there may be tradeoffs. In an economy emerging from conflict, for example, large numbers of young men may be unemployed. Their frustration with unemployment may lead them to violence. At the same time, those societies will also have large numbers of households headed by women. The women who run these households need jobs to feed their families. Both groups can be targeted with economic development programs when assistance providers are aware of needs.

Hostile Actors

3.67. Groups hostile to the stability operation, the host-nation government, or the United States and its coalition partners may try to undermine U.S. and coalition efforts. They may attack individuals and local NGOs. They may attempt to discredit U.S. projects and steer people to their own programs.

3.68. They may also run assistance programs similar to those run by U.S. military units and civilian aid organizations in an effort to gain support and discredit the host-nation government and its allies. In addition, unfriendly actors may attempt to and succeed in claiming credit for U.S. funded activities. This can be countered through publicity campaigns, coordinated closely with local communities and government agencies, where credit for the improvements is given to legitimate national groups or agencies.

3.69. Development assistance provided by unfriendly actors creates a difficult situation for U.S. personnel. First, they are often filling social needs that the host-nation government is unable or unwilling to provide. They may build and run clinics and schools, and provide food aid and medicine. Second, such groups may have the support of the local populace. Kinetic action against medical facilities, schools, and development projects built or operated by these groups is likely to antagonize the local population. Involving local leaders, official and unofficial, in U.S. and host-nation government economic development activities and the provision of viable alternative programs may help mitigate the negative effects of the programs run by unfriendly actors. In all circumstances, commanders need to be aware of what these groups are doing and where. This is a critical part of SA.

Quick Reference

3.70. The following readings and outside sources were mentioned in this chapter:

- Robert M. Perito (ed.), *Guide for Participating in Peace, Stability, and Relief Operations*, United States Institute of Peace (USIP). This guide can be purchased at the USIP website by following the link http://bookstore.usip.org/index.aspx and searching by title or author.

- The Essential Task Matrix developed by the Office of the Coordinator for Reconstruction and Stabilization to help planners identify all of the tasks that may be involved in stability operations in a post-conflict environment is available through http://www.crs.state.gov/index.cfm?fuseaction=public.display&id=10234c2e-a5fc-4333-bd82-037d1d42b725.
- A complete list and description of UN agencies and associated programs and organizations is available at http://www.unsystem.org/.
- *Guidelines for Relations Between U.S. Armed Forces and Non-Governmental Humanitarian Organizations in Hostile or Potentially Hostile Environments,* United States Institute of Peace, is available at http://www.usip.org/pubs/guidelines.html.
- National Security Presidential Directive-44, *Management of Interagency Efforts Concerning Reconstruction and Stabilization*, December 7, 2005, was issued to improve interagency coordination in reconstruction and stabilization efforts. It designates the State Department the lead agency for planning, preparing, and conducting stabilization and reconstruction activities and authorizes use of the department's Office of the Coordinator for Reconstruction and Stabilization (S/CRS), to assist the Secretary of State in executing this function. It is available at www.fas.org/irp/offdocs/nspd/nspd-44.html.
- More information on USAID is available at http://www.usaid.gov/.

CHAPTER FOUR

Humanitarian Assistance

4.1. Humanitarian assistance is provided to save lives and alleviate suffering caused by conflict or other human-made or natural disasters. The destruction of homes, violence that leads people to flee, failed water and sewage systems, lack of power, and damaged supply routes and transportation systems lead to hunger and disease and can cause or continue conflict. Humanitarian assistance is provided by national governments, international organizations, nongovernmental organizations, foreign governments, and militaries and combatant groups. Some groups provide assistance for purely altruistic or humanitarian reasons; others may provide aid to attain political goals.

4.2. If the host government is incapable of responding to needs and if security concerns limit what civilian assistance providers can do, military personnel are often called upon to help. Even when civilians are actively involved, military personnel may play a supporting role in helping ensure that humanitarian assistance is provided effectively. In addition, the commander has a moral and legal obligation to the civilian population in his or her area of responsibility (AOR). Understanding the humanitarian situation and who is taking what action with regard to it is also critical to SA.

The Problems

4.3. **Getting relief to victims can be hard.** Without relief, human suffering will be great and stabilization and reconstruction impossible. Civilian international relief agencies have become adept at determining appropriate quantities of food, tents, water, and other relief supplies needed after a disaster. Many agencies have substantial stockpiles ready for an emergency. However, transportation and distribution remain major challenges. People may live in remote areas with poor transportation links or roads, and conflict has often destroyed what networks there were. The roads that exist may be controlled by insurgents or criminals, mined, or impassable for other reasons. Local police, customs officers, government officials, and militias may demand payments to facilitate the free movement of relief supplies or individuals working for humanitarian relief organizations.

4.4. **Refugee camps can make conflict worse.** In the Congo, Thailand, and elsewhere, refugee camps fell under the control of insurgents, who abused residents, controlled supplies, and used the camps as recruiting grounds and bases for insurgent attacks against the host-nation government.

4.5. **Humanitarian assistance is used as a political and security tool.** Both armed groups party to the conflict (such as insurgents) and peacekeepers often provide assistance in part to gain the support of the local population. In the aftermath of its 2006 conflict with Israel, Hezbollah played a lead role in reconstruction efforts in Lebanon—clearing rubble, providing medical care, rebuilding houses, and offering financial support, including one year's rent, to affected families. U.S. military units also provide assistance, both to meet needs and to gain public support—they distribute food, build wells, and provide medical facilities and care. Provision of assistance in a discriminatory fashion violates U.S. government policy, international humanitarian guidelines, and international law. It can also perpetuate inequalities, prevent development, and foster discontent and possibly conflict.

4.6. **Ineffective host government responses to disasters may foster support for an insurgency.** In an insurgency, the support of the local population is the ultimate objective of each party. If armed groups opposed to the government visibly do a better job of responding to a disaster than the government, public support for the government weakens and the position of the insurgents strengthens. On the other hand, security forces that support the local government will strengthen the government's position if they provide humanitarian assistance in a quick and effective manner. Combatants may compete with one another to provide assistance, even as they engage in combat. Although U.S. government guidance for humanitarian assistance requires that aid be given to those who need it, U.S. forces may be seen by both aid recipients and other assistance providers as having a political as well as humanitarian purpose.

Tasks for the Host Government, Civilian Agencies, and NGOs

4.7. Key tasks for the host government, civilian assistance agencies, and nongovernmental organizations (NGOs) include:

- Determine what needs to be done and coordinate efforts;
- Help displaced people survive and eventually resettle;
- Distribute relief;
- Make sure that relief supports, not undermines, longer-term development goals.

Determine What Needs to Be Done and Coordinate Efforts

4.8. In the aftermath of a crisis, host governments are often incapable of providing humanitarian assistance because government operations are hampered by the disaster or conflict. In some cases, civil servants are unable to work because they too have been caught up in the disaster. For example, during Hurricane Katrina the New Orleans police force was unable to restore order in the city because many of its members' own homes and cars had been flooded, making it impossible to get to work. If the host government is able to function, its primary task is to work with relief agencies to determine what needs to be done and to coordinate the relief efforts offered by many countries and agencies. If they are incapable of coordinating this effort, an international organization like the United Nations may take on this role. If the country is under foreign occupation, international law holds the occupying state responsible for making sure that food, medicine, and other humanitarian relief is provided to the populace.

4.9. The host government and its agencies may be the only institutions that have detailed information on the people and areas affected by the disaster, including the number of people who lived in the disaster zone, the location of the affected towns and villages, the location of road, rail, and telecommunications links, and the pipeline networks associated with the water, sewage, and sanitation systems. The host government is responsible for transferring this vital information to assistance providers. If it cannot, providers will have to seek it out from ministries, agencies, and other government institutions.

Help Displaced People Survive and Eventually Resettle

4.10. If large numbers of people flee, the host government should provide or at least help identify safe locations where the displaced can obtain water, food, blankets, and shelter. If camps are needed, the host government or assistance providers should help set them up. The Office of the United Nations High Commissioner for Refugees (UNHCR) has the most expertise in this area. Organizations such as the International Organization for Migration (IOM) may also become involved. Who does what will be a senior policy-level decision, but military leaders at the operational and tactical level should be prepared to help their civilian counterparts involved in these efforts by providing security and in some cases transportation or other logistical support.

4.11. Displaced people often need food, water, sanitation, and medical care. Security is another key concern. If displacement lasts more than a brief period, schools will also be needed in addition to assistance with earning money. In cases where the displaced are not living in camps or other temporary shelters, such assistance can be provided as part of development assistance to the broader community. In those cases, it is important to make sure that the needs of the displaced are neither ignored nor appear to take precedence over the needs of the longer-term population. The displaced can also be employed in short-term jobs in construction and in clinics and schools for their own communities.

4.12. If the displaced cannot return home quickly, it is usually better that they be integrated into the surrounding community, rather than housed in temporary shelters such as camps. People living in camps are cut off from the local economy and society. Camps are often recruiting grounds for insurgents, who may take over the camp and monopolize its resources. Programs to assist refugees and the internally displaced need to be designed by donors, international organizations, and the host government so that they do not perpetuate or reignite conflict. Ethnic cleansing, continued violence, and the ability to enforce property rights will affect what is possible. Donors and the host government should design programs to help the displaced return home or find new permanent homes. They can also provide cash grants or vouchers to pay for travel, seeds, and tools to help people resume their livelihoods. Donors and the host government should also ensure that the displaced have access to schools, medical care, and other needs, not only during displacement, but also once returned or resettled. They also need to work with local governments and leaders to integrate the displaced into new communities, which may not be fully welcoming.

Distribute Relief

4.13. The most important tasks for providers of humanitarian assistance is to satisfy immediate needs for water, food, fuel for heating and cooking, blankets, medical supplies, and emergency

shelter. To ensure that immediate needs continue to be met, providers must often restore essential services that have been cut off. Providers of relief also need to provide for sanitation and security, both in the area affected by the catastrophe and in temporary shelters.

4.14. The host government should permit humanitarian assistance to be given to anyone who needs it. According to international law, neither it nor foreign providers of assistance can deny or use aid to punish or reward particular people or groups. This principle of neutrality protects (albeit not fully) relief agencies that operate in conflict zones from being seen as aligned with combatants and targeted, making it possible for them to provide aid to everyone in need.

4.15. Relief supplies can be an especially valuable commodity during disasters and can be used for personal gain or as leverage to induce desired behavior. An area of concern is to ensure that relief supplies are distributed according to need and for the purpose intended. Following World War II, the Allies used religious organizations to distribute aid because they had grass roots organizations in place and could assist in distribution. But in some cases, the Allies had to abandon the practice because they discovered that the aid was going only to the members of the religious group or was being used to coerce people into joining the group. Following Hurricane Katrina, supervisors of a relief organization were fired because they were ordering more food than was needed and diverting the excess for their own profit. Militias and other armed groups can also use aid to fund their operations. One of the major sources of revenue for militias in Somalia is providing protection for aid delivery or diverting the aid.

Make Sure Relief Supports, Not Undermines, Longer-Term Development Goals

4.16. The drilling of wells and building reservoirs, the building of shelters and homes for the displaced, food aid, and the opening of roads to use for relief, all affect the longer-term development of the country. Newly constructed infrastructure often becomes permanent after the crisis subsides. Seeds and other agricultural support provided to meet needs will affect what farmers grow. How the displaced are or are not reintegrated in a given area, or assisted to return, will help define the future economy of both their place of refuge and the area they fled. The host government should consult with agencies that are providing relief to ensure that the aid provided is positioned to best support the future development of the country.

4.17. Care should also be taken by the host government to protect against the potential negative effects of food aid on local agriculture. Food aid, particularly when arriving late in a humanitarian crisis, may serve to drive down the prices of local crops, hurting farmers and creating disincentives for future production. While the priority is to stabilize food supplies, the timing of aid and targeted support to farmers can help avoid destroying the market for local crops.

Potential Army Tasks

4.18. In a situation where humanitarian assistance needs to be provided, the Army can expect to be involved in the following tasks:

- Provide immediate relief and supply management, logistical, and transportation support to assist in the delivery of relief if civilian actors are incapable of doing so.
- Coordinate with other actors.

- Provide security for populations at risk.
- Protect roads, ports, airports, warehouses, relief personnel, and critical infrastructure.
- Provide general engineering support to repair infrastructure.
- Provide technical assistance and training.

Provide Immediate Relief and Supply Management and Transportation Support to Assist in the Delivery of Relief If Civilian Actors Are Incapable of Doing So

4.19. U.S. Army and other military forces usually play a supporting role in providing humanitarian assistance. However, if the United States is, for example, an occupying power, it may be the responsibility of U.S. forces to assure the delivery of food and medical supplies to the indigenous population in their areas of responsibility. Sometimes civilian agencies are unable to distribute supplies to everyone in need, especially if the victims are stranded in a violent part of the area of responsibility. In these instances, the unit may be asked to draw on its logistical capabilities to deliver relief.

4.20. U.S. military personnel have directly provided aid in a broad range of conflict, post-conflict, and emergency situations. In Operation Provide Comfort the U.S. military was first on the scene with humanitarian assistance for Iraqi Kurds fleeing into Turkey after the first Gulf War. During the Berlin airlift the U.S. military supplied the entire city of West Berlin with relief supplies for almost a full year. Following the tsunami that hit South and Southeast Asia in 2004, the U.S. military drew on airlift and other transport capabilities to deliver more than 12,000 tons of supplies that would otherwise not have reached victims.

4.21. If civilian providers are unable to or limited in their ability to deliver humanitarian assistance in an area of responsibility, an Army or other military unit may be called upon to do the following:

- Organize food drops and distribution while fighting is still going on and provide protection to refugee populations.
- Provide military doctors in the unit to tend civilians in conflict zones (immediate care could be provided by, if available, a Preventive Medicine Detachment or a Combat Support Hospital [CSH]; the Hospital may be augmented by Medical Detachment-Minimal Care, Hospital Augmentation Team—[Special Care (OB/GYN), or a Medical Team-Infectious Disease]).
- Assist with providing potable water (for example, an Engineer Well Drilling Team with Vertical Construction Company, or Quartermaster Water Purification and Water Storage Platoons).
- Establish medical facilities (Engineer Vertical Construction Company), or contract out efforts to do so (the Army could do site preparation, set up and build shelters, and provide Base Ops and Class 8 (Medical) supplies to a medical team provided by an NGO or a coalition government, such as the Jordanian Hospital established in Mazar-e-Sharif early in Operation Enduring Freedom (OEF)).

- Assist in setting up temporary shelters for the displaced and provide them with food and water (again, Engineer Vertical and Horizontal Construction Companies, U.S. and coalition).
- Draw down military stocks of tools, such as shovels, and materials, such as metal sheeting, to give to victims to build shelters (Class II hand tools and Class IV and construction/barrier materials may be available in theater project stocks and then issued as Class X support; the Defense Logistics Agency could provide further material either from on-hand stocks or through contracting vehicles to augment the efforts of or until NGOs and the host-nation government can provide shelter).

4.22. Military provision of humanitarian assistance remains controversial, even though military forces may be the only ones who can operate in an area. Some NGOs argue that U.S. military assistance is not, strictly speaking, "humanitarian" because its purpose is in part to build support for U.S. forces and their mission. In Afghanistan in the fall of 2001, the United States stopped air drops of "Humanitarian Daily Rations" (HDRs) in most of the country because they were deemed unnecessary. However, air drops continued in the north, to support the advancing allied Northern Alliance forces.

4.23. Whether materials are shipped from U.S. military bases or distributed by military personnel, units should coordinate with civilian relief agencies to ensure that priorities are met effectively. In emergency situations, military personnel will have to react quickly, for instance by providing MREs to hungry people because no HDRs are available. However, guidance from civilian providers should be sought in any situation that continues for an extended period. Intelligence, Civil Affairs, or other sections that assess needs should report them to civilian providers to ensure that they become part of the overall relief plan. **Cash handouts should be avoided.** They create expectations of continuing cash flows and can undermine long-term institutional development and sustainability.

4.24. While immediate guidance should be sought through the chain of command and through USAID staff and liaisons, military personnel may find it helpful to consult *Guide for Participants in Peace, Stability, and Relief Operations* by Robert M. Perito (ed.), U.S. Institute of Peace, 2007. It is available on the internet at http://www.usip.org/pubs/guidelines.html.

Coordinate with Other Actors

4.25. Before launching initiatives to provide humanitarian assistance in their area of responsibility, U.S. Army units should first coordinate with USAID. USAID is the lead U.S. federal agency for providing humanitarian assistance. In the aftermath of a disaster, USAID usually sets up a Disaster Assistance Response Team (DART) to provide an initial assessment of what is needed and to serve as the primary U.S. point of contact for the host government and other agencies and countries that are providing assistance. USAID's Office of Foreign Disaster Assistance works closely with the United Nations, international organizations, and international and host-nation NGOs to provide humanitarian supplies and services. These groups usually jointly establish Humanitarian Operations Centers to coordinate relief efforts. If these agencies become overwhelmed or lack sufficient supplies or transportation assets, USAID or the USG may ask U.S. Army units to provide additional support in their areas of responsibility.

4.26. If a unit has been deployed to a disaster area, there are several options available to coordinate between the various entities involved in the response. Many commanders choose to set up a civil-military operations center (CMOC) to coordinate with U.S. and foreign DART teams and Humanitarian Operations Centers. In this instance, Civil Affairs personnel in the CMOC act as liaisons between the military, diplomats, the host government, and relief agencies. The CMOC oversees coordination at a number of levels, from the capital to the field. Alternately, coordination can also be achieved through the establishment of a Humanitarian Assistance Coordination Center (HACC) or a Humanitarian Operations Center (HOC). Knowing who is doing what can help all actors ensure their efforts are complementary.

Effectiveness of Small Water Purification Units Depends on Linking Project to Iraqi Government

4.27. Working in consultation with the local PRT, a brigade combat team installed a number of small water purification units throughout Dhi Qar province in Iraq. The use of these units successfully reduced water-borne illnesses and infant mortality. However, to keep the units running, trained technicians, replacement parts, and coordination with the Iraqi government would be necessary. The BCT worked with the PRT to hand off the project to them. The PRT then worked to staff the units with technicians and link them in to the Iraqi government supply system. Coordination and effective assignment of tasks and resources resulted in a successful project.

4.28. Past failures to coordinate have resulted in too many supplies delivered to some areas and too few to others or in the delivery of too much of some supplies but not enough of others. Coordination failures have led to disputes among aid providers regarding who should be doing what. For example, during the first year of OEF, NGO staff involved in providing assistance argued that a number of U.S. military projects to build schools, hospitals, and wells duplicated civilian efforts or did not take into account priority needs. A number of U.S. officers disagreed with this assessment, but better project coordination would have improved the overall effectiveness of assistance.

4.29. Some relief organizations, especially those concerned about maintaining a neutral stance, may prefer not to work closely with U.S. forces. Relief organizations may also be concerned that the provision of similar assistance by military forces will put them at risk, because combatants will assume that all external assistance providers are affiliated with the U.S. military. To the extent they can, U.S. Army and other military units should discretely coordinate with these organizations, perhaps through USG civilian liaisons, to establish guidelines for interaction acceptable to everyone. Sometimes, U.S. Army and other military forces can assist civilian providers with tasks that the latter cannot do, such as building roads and bridges to support humanitarian work. The previously referenced *Guidelines for Relations Between U.S. Armed Forces and Non-Governmental Humanitarian Organizations in Hostile or Potentially Hostile Environments* reflects approaches agreed upon between the U.S. Department of Defense and key NGOs. A somewhat longer document that may be useful is the United Nations *Civil-Military Guidelines and Reference for Complex Emergencies.* Although geared for civilian assistance workers interacting with military personnel and not the reverse, it provides useful insights into how civilian relief organizations view humanitarian assistance issues. It is available at http://www.reliefweb.int/rw/lib.nsf/db900sid/ASIN-7CHT7T/$file/Full_Report.pdf?openelement.

Civilian Guidance Necessary for Relief Operations

4.30. As increasing numbers of Iraqis have been displaced, U.S. commanders often have not known what their tasks should be to respond to this problem. The absence of clear U.S. government guidance led units to do what they could, when they could. They provided water, temporary shelter, and MREs to people forced from their homes because of combat operations. Reportedly, some U.S. military units tried to prevent Iraqis from fleeing their homes.

4.31. The first of these tasks is appropriate; the second is not. Under international law, people have a right to flee violence or other crises, and should not be prevented from doing so.

4.32. Over time, cooperation between senior military personnel and USAID improved efforts by providing more oversight and guidance, although uncertainties remain.

Provide Security for Populations at Risk

4.33. During conflicts, people leave their homes because of threats to their lives or livelihoods, because they oppose the new political order, or because they had been involved in activities that hurt their neighbors. When they return, the reasons they fled often remain. Conflicts exacerbate tensions among ethnic, religious, or other groups in a society. These tensions easily spill over into violence and another round of displacement.

4.34. U.S. Army and other military units may have to protect the displaced, returnees, or other populations in danger in their areas of responsibility until host-nation security forces can carry out these tasks. Assistance providers, including and in concert with U.S. Army and other military forces in their area of responsibility, should continually assess the risks facing these populations. U.S. Army leaders should meet with local officials or larger groups in towns and villages, as well as community leaders for various minority groups, on a regular basis to assess the situation in their area of responsibility. NGOs and others operating in the region can be helpful sources of information about who is at risk, from whom, and why. In all cases military personnel should make clear that violence against any at-risk populations will not be tolerated. However, they should also be aware that groups who express fears of mistreatment may be seeking to enlist U.S. forces for their cause, or at least to foster the perception that the United States is siding with them in disputes over property, influence, or something else.

4.35. U.S. Army and other military units may set up and publicize telephone numbers that threatened people can call for assistance. Leaders need to make sure that units are able to receive and respond to calls in their areas of responsibility appropriately while remaining aware and wary of efforts to exploit the U.S. military presence in their disputes with other groups.

4.36. You may wish to examine both the United Nations *Civil-Military Guidelines and Reference for Complex Emergencies* at http://www.reliefweb.int/rw/lib.nsf/db900sid/ASIN-7CHT7T/$file/Full_Report.pdf?openelement and the *Guide for Participants in Peace, Stability, and Relief Operations* referenced previously.

4.37. You may also wish to familiarize yourself with human rights law. FM 3.07, Appendix E, provides an overview. The International Committee of the Red Cross also has a wealth of information at its web page on international humanitarian law: http://www.icrc.org/web/eng/siteeng0.nsf/iwpList2/Humanitarian_law?OpenDocument.

Protect Roads, Ports, Airports, Warehouses, Relief Personnel, and Critical Infrastructure

4.38. Security is an important component of a successful humanitarian relief operation. Not only is security crucial to ending a crisis, but while the crisis persists, if security concerns and attacks prevent effective action by civilian relief personnel, the responsibility for providing relief may fall upon the Army (or other military forces).

4.39. Ensuring that key infrastructure and utilities are secure and functioning is critical to both immediate and longer-term needs. Host-nation security functions and services are often in disarray and incapable of effective action in the aftermath of conflict. If looting and violence create lasting damage, it may be months or years before facilities are rebuilt and functioning. Protecting government buildings and infrastructure contributes to making it possible for the host government to take on more tasks, build public trust, and help return stability to the country. U.S. Army and other military personnel will also often have to secure SWEAT-MS (sewage, water, electricity, academics, trash, medical, and safety) infrastructure. If this infrastructure is not secure, reconstruction will be slowed and economic hardship increased. Effectively protecting infrastructure and key facilities sends a message to the populace that their neighborhoods are secure and prevents the development of criminal activity.

4.40. If ports, airports, and roads are not secure, relief agencies may find it difficult or impossible to move supplies. If local security forces are incapable of securing these areas, U.S. Army and other military units may need to patrol roads, escort supply convoys, and guard ports so that supplies reach the victims of the disaster. Warehouses and other storage areas may also need to be secured. Coordination with civilian aid groups can help the unit commander determine what needs to be done and how to align the unit's efforts with other security tasks.

4.41. Relief supplies are often an attractive target for criminal and violent groups. Some groups steal supplies for their own use. Others steal them and then distribute them to the local populace, claiming credit. Others provide it to their own supporters. Combatants have attacked relief workers; in Darfur, a number have been killed. U.S. Army units may find themselves protecting relief workers and logistical systems to ensure that humanitarian supplies get through.

4.42. Guidance on military roles in protecting infrastructure and relief can be found in the UN publication called *Civil-Military Guidelines and Reference for Complex Emergencies,* http://www.reliefweb.int/rw/lib.nsf/db900sid/ASIN-7CHT7T/$file/Full_Report.pdf?openelement.

Providing Security for Humanitarian Assistance in Somalia: A Tactical Success

4.43. The initial mission of the UN security force in Somalia was to help ensure that humanitarian aid could be provided to over 1.5 million people at immediate risk of starvation in the wake of war and drought. Warlords were attacking humanitarian convoys and supply ships, seizing supplies, and controlling their distribution. Supplies were not getting through to camps for Somalis who had fled the fighting and drought.

4.44. The initial military mission under UN mandate, Unified Task Force (UNITAF), was successful. UNITAF protected humanitarian convoys, distribution centers, ports, and airports. Key facilities were secured. UNITAF troops built and repaired roads and bridges, dug wells, and set up hospitals. Aid began to flow throughout the country, preventing widespread starvation. The presence of the U.S. contingent at the head of UNITAF was especially important in convincing warlords to stop attacking aid deliveries and facilities. This security assistance saved the lives of hundreds of thousands of people.

4.45. The mission ran into trouble when the objectives were expanded to bring warlords to heel and create a single national government while dramatically reducing U.S. forces. The subsequent mismatch between resources and goals resulted in the withdrawal of U.S. military forces and eventually all UN forces as well. Somalia lapsed back into conflict.

Provide General Engineering Support to Restore Vital Infrastructure

4.46. If the host government or relief agencies are unable to rebuild transportation links or other infrastructure needed to distribute aid, the U.S. military may need to step in. U.S. military units may have to clear or repair roads, bridges, and airports, restore communications networks, and construct storage warehouses for food. They may also have to become involved in restoring power, reopening medical facilities, repairing water and sewage systems, drilling wells, and digging latrines—or contracting for this work. In those cases, they should coordinate with civilian assistance providers to avoid duplication of effort. U.S. Army units should site facilities so that they can be used by the people they are meant to help. For example, after the violence subsided in Rwanda in the mid-1990s, the Tutsis, a group that had been slaughtered by the majority Hutus, feared using wells or clinics in Hutu areas. Relief providers needed to build new wells and clinics to which Tutsis were not afraid to go.

4.47. See Chapter Five of this guidebook for more on infrastructure.

The Importance of Securing Infrastructure

4.48. The failure to secure key government infrastructure in Iraq seriously delayed the restoration of Iraqi government operations following Operation Iraqi Freedom, particularly in Baghdad. When government workers returned to their offices, they found them stripped bare. Windows, doors, electric outlets, and light switches had been stolen. It took months before many offices were even minimally functional. Not only did this slow down the resurrection of Iraqi government, but in opinion polls, Iraqis listed the inability of coalition forces and the Iraqi government to provide services as a major frustration and a primary reason for public discontent.

Provide Technical Assistance and Training

4.49. As part of humanitarian assistance, U.S. Army and other military units may provide technical assistance and training. Units may need to provide training and technical assistance in operating and maintaining utilities and in logistics so as to accelerate the provision of humanitarian supplies. Where needed, U.S. army and other military units should be ready to instruct relief agencies and host-nation citizens in how to locate, report, and avoid mines. U.S. military personnel are restricted to conducting demining activities that are part of combat operations or that threaten joint forces. DoD's Humanitarian Mine Action Program helps host countries set up demining programs by training and equipping local citizens for this task. U.S. Army personnel may also need to instruct civilian and host-nation agencies in supply management and logistics.

4.50. DoD's Humanitarian Demining Training Center has a useful website with information about demining approaches and policies. It can be found on the internet at http://www.wood.army.mil/hdtc/.

4.51. The Geneva International Centre for Humanitarian Demining has published the third edition of *A Guide to Mine Action and Explosive Remnants of War,* available at http://www.reliefweb.int/rw/lib.nsf/db900sid/THOU-7AQ8FG/$file/Full_Report.pdf?openelement. It has also published a related document, *The Role of the Military in Mine Action,* available at http://www.reliefweb.int/rw/lib.nsf/db900sid/OCHA-6D7MH7/$file/GICHD_jun_2003.pdf?openelement.

Checklist

4.52. U.S. military commanders and personnel should be prepared to carry out the following tasks:

- ❑ Understand and practice the international legal principles of humanitarian relief (see FM 3.07, Appendix E, for an overview).

- ❑ Understand and practice the guidelines for interaction with NGOs set out in *Guidelines for Relations Between U.S. Armed Forces and Non-Governmental Humanitarian Organizations in Hostile or Potentially Hostile Environments,* available at http://www.usip.org/pubs/guidelines.html.
- ❑ Read and retain for reference the United Nations *Civil-Military Guidelines and Reference for Complex Emergencies,* available at http://www.reliefweb.int/rw/lib.nsf/db900sid/ASIN-7CHT7T/$file/Full_Report.pdf?openelement.

During the IPB process:

- ❑ Task staff to identify foreign and host-nation agencies providing humanitarian relief in the area of responsibility. Identify not only "friendly" groups and agencies but also insurgent and enemy assistance providers.
- ❑ Task staff to identify and assess the humanitarian situation within the area of responsibility. The assessment should include both a comprehensive list of what needs exist, where and how they align with the various groups in the area of responsibility, and the resources available locally to meet those needs. Civilian assistance providers in the area should be consulted in carrying out this task, as should host-nation representatives and local leaders. At times, sections tasked with this job may wish to set up public meetings to elicit comment from a broader range of local people.
- ❑ Identify which groups have fled the area of responsibility and which groups are returning. In particular, identify key issues in regards to property disputes, threats, and access to public services that are emerging or are likely to emerge as the displaced return.
- ❑ Identify and assess what minority and other at-risk groups are in the area of responsibility, and why. Identify sources and form of risk.
- ❑ Assess potential threats and challenges to efforts to get relief to those who need it, whether the relief is to be provided by the unit or by other assistance providers.
- ❑ Request guidance through the chain-of-command regarding insurgent or other hostile groups providing assistance. Share guidance with civilian assistance providers and liaisons in the area of responsibility.

Throughout deployment:

- ❑ Conduct mission analysis and develop COAs to ensure the restoration of essential services and critical infrastructure, including:
  - Emergency medical care;
  - Food and water;
  - Emergency shelter;
  - Basic sanitation;
  - Power;
  - Vital transportation infrastructure;
  - Supply distribution infrastructure.

- ❑ Do this in part through discussions and liaison with civilian assistance providers, host-nation representatives, local leaders, and the local population, as well as your own assessments.
- ❑ Conduct mission analysis and develop COAs to ensure the security of key transportation and supply distribution infrastructure and relief personnel.
- ❑ Conduct mission analysis and develop COAs to support the resettlement of displaced civilians, if appropriate, and to conduct other humanitarian and security tasks to protect at-risk populations.
- ❑ Work with NGOs, local authorities, and host-nation institutions to identify the key needs of the population. Civil-military affairs capabilities are an integral part of the overall mission planning construct.
- ❑ Inform the needs assessment process with discussions with informal local leaders and the general population. Make regular trips throughout the area of responsibility to assess requirements and vet requests.
- ❑ Coordinate with foreign and host-nation agencies the provision of humanitarian relief to avoid duplication and improve the complementarity of effort. Use the civil-military affairs sections, CMOC, or other resources as appropriate.
- ❑ Identify ways in which the unit can provide logistical, infrastructure, or other support to ongoing civilian assistance efforts. Use the civil-military affairs sections, CMOC, or other resources as appropriate.
- ❑ Assess the security needs of civilian assistance providers and the unit's capacity to meet those needs. Use the civil-military affairs sections, CMOC, or other resources as appropriate.
- ❑ Continue to reassess needs, tasks, and other actors on a regular basis.
- ❑ Maintain consistent communication with other assistance providers to identify projects, deconflict efforts, and increase mutual support.
- ❑ Provide general engineering support to repair critical transportation, power, and communication, and distribution infrastructure in line with assessments. Do this in support of both the unit's projects and those of other assistance providers as agreed.
- ❑ Conduct route clearance operation along key supply routes.
- ❑ Ensure the security of vital transportation nodes and routes and storage facilities.
- ❑ Ensure the security of relief personnel in line with joint assessments of their needs and requirements.
- ❑ Establish and publicize telephone hotline numbers through which at-risk persons can report threats.
- ❑ Respond to reported threats, recognizing political drivers of some reporting.
- ❑ Train locals in demining techniques and supply management if needed.

Quick Reference

4.53. The following readings and outside sources were mentioned in this chapter:

- The UN document *Civil-Military Guidelines and Reference for Complex Emergencies* is available at http://www.reliefweb.int/rw/lib.nsf/db900sid/ASIN-7CHT7T/$file/Full_Report.pdf?openelement.
- Robert M. Perito (ed.), *Guide for Participating in Peace, Stability, and Relief Operations*, United States Institute of Peace. This guide can be purchased at the USIP website by following the link http://bookstore.usip.org/index.aspx and searching by title or author.
- *Guidelines for Relations Between U.S. Armed Forces and Non-Governmental Humanitarian Organizations in Hostile or Potentially Hostile Environments,* United States Institute of Peace, is available at http://www.usip.org/pubs/guidelines.html.
- Guidance from the Department of Defense Humanitarian Demining Training Center is available at http://www.wood.army.mil/hdtc/.
- FM 3.07, Stability Operations, Appendix E.
- The International Committee of the Red Cross website on international humanitarian law: http://www.icrc.org/web/eng/siteeng0.nsf/iwpList2/Humanitarian_law?OpenDocument.
- The Geneva International Centre for Humanitarian Demining has published two useful resources: *A Guide to Mine Action and Explosive Remnants of War* is available at http://www.reliefweb.int/rw/lib.nsf/db900sid/THOU-7AQ8FG/$file/Full_Report.pdf?openelement, and *The Role of the Military in Mine Action* is available at http://www.reliefweb.int/rw/lib.nsf/db900sid/OCHA-6D7MH7/$file/GICHD_jun_2003.pdf?openelement.

CHAPTER FIVE

Infrastructure and Essential Services

5.1. Infrastructure consists of sewage, water, electricity, schools, landfills, clinics and hospitals, police and fire stations, public buildings, roads, pipelines, ports, airports, and communications networks. These facilities are often referred to as SWEAT-MS (sewer, water, electricity, academics, trash, medical, and safety). Because the services made possible by infrastructure play such an immediate role in most people's lives, when infrastructure is absent, damaged, or fails to work properly, quality of life and the economy suffer. Moreover, local residents will look to whatever authority is or appears to be in charge to resolve the problems, including stabilizing forces. U.S. military forces will often be held accountable by the local population in their area of responsibility for the delivery of essential services. As commanders conduct tactical planning and develop their mission, they need to be aware of the expectations of the local community for improvements in the provision of these services. This is an important component of SA.

5.2. Ultimately, the host-nation government or private companies in the host nation, not the U.S. military, will be responsible for maintaining and operating infrastructure and providing services. However, during some phases of full spectrum operations this will often be infeasible. U.S. Army units should be prepared to directly support the host-nation government's infrastructure and services plan and even become directly involved in operating infrastructure and providing services in their area of responsibility. In the longer run, however, outsiders can provide advice, money, and interim help, but local inhabitants will have to operate, maintain, and eventually invest in these operations.

The Problems

5.3. **Who provides services affects loyalties.** When infrastructure or services are absent, damaged, or fail to work properly, quality of life and the economy suffer. This makes it difficult for the host-nation government to earn the confidence of the local population, increasing susceptibility to subversion by insurgents or other illicit actors. Because basic infrastructure and services are necessary to provide for the survival needs of residents in conflict and post-conflict environments, residents will often support whatever group—whether local government, stability operations forces, or insurgents—is best able to continuously meet these needs. When local citizens believe that their government is responsible for effective provision of services, they are more likely to support that government and oppose insurgent and violent opposition. When they believe that someone else (even U.S. forces), is providing the services, or no one is, they are less likely to trust their government. Citizens also examine delivery of infrastructure services

for signs of favoritism: if one party or group appears to benefit more than another, envy can cause tension and ignite or reignite conflict.

5.4. Conflicts damage infrastructure and disrupt services, exacerbating economic weakness even while demand for services increases. Conflicts frequently result in extensive damage to infrastructure and often disrupt the provision of services. Routine maintenance and equipment service schedules are disrupted, and capital investment often grinds to a halt. Meanwhile, demand for services like potable water, sewage removal, electricity, and other services may actually grow. During the course of the conflict, populations in urban areas are likely to expand because of population growth, an influx of displaced persons seeking greater public security to cities, and the large numbers of host-nation and other security forces that are stationed there to provide security. Once the conflict ends or is contained, demand for infrastructure and services accelerates as economic and social activities resume. The remaining infrastructure is often insufficient to meet needs. For example, the increase in truck traffic after the Taliban was chased from Kabul further degraded what was left of Afghanistan's poorly maintained roads.

5.5. **Too many resources may be allocated to building new infrastructure and too little to maintenance and setting up commercially viable operations.** Following a conflict, donors and host governments sometimes focus on designing, funding, and constructing new infrastructure. These projects often compete for resources to rehabilitate or improve the functioning of existing operations. For example, instead of funding worker training programs, the establishment of routine maintenance systems, and the development of management and business systems that could more efficiently provide services using existing infrastructure, donors may fund the construction of a new power plant or sewage treatment facility. The desire on the part of donors to build new infrastructure rather than fund improvements in existing systems stems from a wish to show something tangible from the expenditure. But systems are as important as the infrastructure itself. If electric power, telephone, or water providers are not operated in a businesslike fashion, the new investment will often go to waste. For example, as part of the assistance provided under the Iraqi Relief and Reconstruction Fund, $300 million was spent refurbishing an Iraqi power plant. Just a few months later, the U.S. contractors returned to the plant to evaluate the project. They found the plant was running no better than before because plant employees had failed to maintain the newly installed equipment. The new equipment was destroyed as a result of poor maintenance.

5.6. **Infrastructure's benefits are often reduced by corruption.** As a country emerges from conflict, members of local governments and businesses often use existing infrastructure to supplement their incomes. For example, even though there may be a limited number of border-crossing points, customs officials may deliberately delay traffic so they can better solicit bribes. Truckers crossing the border into Bosnia were frequently shaken down for bribes if they did not want to wait for hours. The ripple effects from corruption in the use of infrastructure can seriously retard economic growth. Unless utilities, roads, or ports are supervised properly and managed well, investments in new infrastructure will generate far fewer benefits than expected. In addition to the drag on economic growth, infrastructure projects with inadequate oversight can become a source of funds for insurgents and militias. When infrastructure projects are closely controlled by a single political actor rather than the larger state apparatus, access to the benefits of the infrastructure project (clean water, electricity) can be utilized by a group to reinforce loyalties and undermine the sovereignty of the state.

The Cost of "Free" Electricity in Iraq

5.7. One of the most frequently heard complaints in Iraq has been the lack of availability of electricity. But electricity output per person is higher than in many other Middle Eastern countries. The difference in availability is primarily because consumers in Iraq do not pay for power. Because they do not pay, they have no incentive to limit consumption. When the power from the national grid is on in a neighborhood, residents turn their air conditioners on high to make their homes as cool as possible before the inevitable next blackout. As Iraqis buy more and more appliances, demand for electricity grows without check. Despite the billions of dollars spent on electric power projects, increases in power generation have not been able to satisfy demand because households keep buying more electric appliances.

5.8. Many Iraqis willingly pay for electricity from private providers. In most Baghdad neighborhoods, households buy electricity from neighborhood cooperatives or small private companies that use diesel generators when the national grid is down. Electricity is available upon demand, but households use it carefully because of the cost. Only when Iraqis pay for power from the state as well as private providers will blackouts end and demand for power align with the costs of supplying it.

Tasks for the Host Government, Civilian Agencies, and NGOs

5.9. Key tasks for the host government, civilian assistance agencies, and nongovernmental organizations include:

- Reconstitute infrastructure authorities and utility companies.
- Set up systems to regulate utilities.
- Create a planning capability for constructing public works and utilities.
- Support private provision of utilities.
- Award contracts for infrastructure projects.

Reconstitute Infrastructure Authorities and Utility Companies

5.10. Prior to the conflict, ministries in the host government, municipal authorities, or private companies were responsible for maintaining roads and providing electricity, water, and other services. If the authorities or companies have stopped functioning, the host government should be responsible for resurrecting them or making it possible for some other entity to fill those roles. Care must be taken to strike a balance between empowering former authorities while not enabling the return of corrupt bureaucracies. Foreign donors or U.S. Army and other military forces may have to help or even take the lead in restarting these authorities or companies if the host government is unable to do so.

Set Up Systems to Regulate Utilities

5.11. The host government and assistance providers need to work cooperatively to establish or enforce existing rules for managing utilities and infrastructure authorities. Although following a conflict, a host government cannot be expected to establish fully developed regulatory agencies quickly, it needs to develop working guidelines concerning how utilities and authorities are to be managed, who assigns responsibilities, how performance will be monitored, and how managers will be held accountable. Without these measures, utility operations will be slower to recover. For example, unless some rules are in place to govern charges between telecommunications companies, the development of cell phone service will be delayed.

Create a Planning Capability

5.12. Following a conflict, infrastructure needs are often overwhelming. Local authorities need help in planning and completing projects and improving operations. The State Department's post-conflict Essential Task Matrix lists 120 different tasks pertaining to reconstructing infrastructure. Supporting elements can use the matrix to help a host government and assistance providers identify needs and prioritize projects. The most urgent are those that facilitate the provision of water, food, shelter, and other essential services. Projects that promote economic growth or that have longer lead times will usually be assigned lower priority. However, decisions on which utilities should be repaired first and initial strategies to operate those utilities should be made with an eye to setting the right trajectory for future investments. Although donors can help with the planning process, all projects need to be planned and executed with the involvement and approval of the appropriate company or agency in the host government. In the case of states with a history of weak institutional capacity, Army personnel should be prepared for limited support from state planners.

5.13. The host government, municipal authorities, and local leaders have to make many decisions on new investments in infrastructure that will permanently affect how the country develops. Because these decisions are so important and expensive, the national level cabinet or senior government officials may retain approval authority for larger investments. They may also delegate this authority to municipal authorities, if they are confident in the ability of these authorities to make well-thought-out decisions. In light of these responsibilities, decision makers need to create procedures so that they can make informed decisions. They must determine the cutoff values and levels at which to delegate decision-making authority. For example, in Iraq, the Baghdad Sewer Authority and the Baghdad Water Authority approved all local sewage and water projects because they held the master expansion plans and operational network designs. If approval had to be made above that level, the reconstruction process would have ground to a halt.

5.14. The host government needs to recruit competent people to manage infrastructure and services and advise the government, donors, and stabilizing forces on which investment projects are likely to provide the best value for money. Their advice will also be solicited to determine optimal training programs for workers and developing plans for sustaining services and operations. Sometimes foreign advisors can fulfill these roles, but host governments usually prefer to employ nationals and use skilled foreign experts as external advisors. Nationals, even if they return from abroad, are often viewed as more committed to their country than foreigners. They speak the language and understand local customs. Nationals may have greater incentives

to perform well because they generally have extended family in the country and, as educated professionals, will likely be in short supply—resulting in greater prospects for advancement, higher wages, and a better standard of living.

Support Private Provision of Utilities

5.15. Private providers of electricity, water, cell phones and other services have been remarkably successful in some conflict-ridden societies. That is to say, although weak state capacity can be a limiting factor in rebuilding infrastructure, it also creates an opportunity for private companies to fill this void. Somalia has one of the most competitive, low-cost cell phone services in Africa thanks to several private operators who compete fiercely in an open market. Where private providers serve the market well, the host government should focus on creating an environment in which private providers run their own operations and make investment decisions without interference. For example, the government can relax restrictions that prevent private operators from entering the market and competing with the government providers of power, water and other services. To encourage the private provision of mobile communications services the host government may need to establish new regulations to cover interconnection charges or new connections, issues that if not addressed might slow the expansion of the network, but should otherwise avoid interfering in the day-to-day operations of the businesses.

Awarding Contracts

5.16. During and after conflict, the host government is often involved in a broader range of investment decisions than it might otherwise be because it has a higher tolerance for risk than private providers. Because private property rights are often not enforced, and there is often no way to enforce contracts, private providers are unwilling to accept the risk of investing in large infrastructure projects. Moreover, many donors and international financial institutions, like the World Bank or the Asian Development Bank, prefer or are legally bound to lend to the host government rather than private providers. Consequently, private providers of electric power or water are often unable to obtain the grants or borrow on as favorable terms as the host government, even if a government is willing to use the private sector to provide services. The host government is therefore responsible for making decisions on infrastructure investments.

5.17. Governments may be responsible for selecting investment projects, but they do not design or build them; construction companies do. Although donors and international financial institutions work with host governments to run tenders and ensure the winner of the tender fulfills the contract, the host government or its contracted construction management firm should be responsible for issuing the request for proposal, evaluating the bids, and signing and paying for the contract. Donors can help with contracting, but they should not substitute for the government.

Potential Army Tasks

5.18. Though providing infrastructure is primarily the responsibility of the host government and private companies, Army forces may have to become involved. If essential services are not being provided the Army may have to step in and provide services to meet the commander's

moral and legal obligations. In addition, quickly reconstituting infrastructure will spur private sector activity and help win the support of the local population. Thus, if other institutions are not prepared to act quickly, tactical units may want to help reestablish basic services. In a situation where infrastructure assistance needs to be provided, the Army can expect to be involved in the following tasks:

- Plan to protect crucial infrastructure.
- Ensure the protection of critical transportation, telecommunications, energy, and general infrastructure in the area of responsibility.
- Provide intelligence, Civil Affairs, and engineering support to assessments of the host government's infrastructure needs within the area of responsibility.
- Conduct unit-level needs assessments.
- Coordinate project priorities and select projects with the host government and other donors.
- Award contracts and monitor project progress.
- Help remedy damage caused by U.S. operations.

Plan to Protect Crucial Infrastructure

5.19. Before operations begin, unit planners should identify key infrastructure in their area of responsibility that should not be targeted during operations and that should be secured when operations are completed. The targeting analysis process needs to take into account the impact of military actions on the local population. Targeting can be improved if planners understand the interaction of political, military, economic, social, information, infrastructure, physical environment and time factors (PMESII-PT) to improve situational awareness. By carrying out an analysis of the broader implications of potential targets as part of the targeting process, planners can better assess if the near-term gains of targeting are or are not outweighed by possible unintended consequences in the medium and longer term. In order to do this, the unit should, during the IPB process, identify critical infrastructure such as water purification plants, dams, power plants, government offices, telecommunications switches, and repositories for records, to name a few. These assets will be crucial to economic recovery. Targeting them can have negative effects. Protecting them can have positive ones.

5.20. Because U.S. forces will not be able to secure every site, planners should assign priorities to sites based on how important they are in the immediate, mid- and long-term, whether because they provide fundamental services to citizens, set conditions that foster economic growth, or establish faith in the government's ability to protect cultural and historic sites. Commanders will have to assess what areas or facilities may be crucial to stabilization and growth. Civilian assistance providers can help military personnel carry out those assessments. NGOs and IOs often can provide "do-not-target" lists and State Department and USAID personnel can assist in assessing the importance of key facilities.

5.21. Monrovia, the capital of Liberia, has been without electricity for over a decade because insurgents were able to blow up the unprotected dam that supplied the capital with power. Planners should make sure that adequate forces are assigned to protect those sites deemed "key

and essential" from looting. In Iraq, looting caused far more damage to infrastructure than the conflict itself. Coalition planning carefully avoided damaging key infrastructure such as the oil wells and electrical distribution system, but coalition forces had made no plans for dealing with the widespread and thorough looting that occurred.

5.22. Not all important infrastructure is purely functional. Museums or nature preserves may not be vital to the economy, but are often important symbols of the nation, symbols that can be useful for reconciling warring parties or generating goodwill. If looted or destroyed, they cannot be replaced. Early reports from Baghdad indicated that state museums had been pillaged. Fortunately, it later turned out that many of the most precious artifacts had been saved by museum staff, but the damage to the reputation of U.S. forces for not securing artifacts and symbols precious to the population had already been done.

5.23. After arriving in the area of responsibility, units should continue to assess physical security measures at key pieces of infrastructure. Where possible, they need to work with the local government and civilian assistance providers to revise their assessments of what needs to be protected and by what means.

Ensure the Protection of Critical Transportation, Telecommunications, Energy, and General Infrastructure in the Area of Responsibility

5.24. Initially, U.S. Army units are likely to have primary responsibility for securing and protecting infrastructure in their areas of responsibility. However, host-nation security forces, including specialized guards, local police, or constabulary units, should assume responsibility for protecting infrastructure as soon as they are able.

Iraqi Waste Water Expert

5.25. Tracking down and employing local experts is likely to have major payoffs. Coalition forces and private contractors worked hard to return the Rustamiyah North wastewater treatment plant to operation in southeastern Baghdad. Along with its sister plant Rustamiyah South, the plant handled sewage for over 3.5 million people. Early on in the effort, the plant manager was found and returned to work. He had over 32 years of waste water experience, most of which was at that plant. He had kept complete plans for the network of pipes leading into the plant and within the plant, which he shared with the contractors and coalition forces. He was also thoroughly acquainted with the plant equipment, knowledge that was invaluable to the contractors as new equipment was ordered to upgrade the plant and return it to operation.

5.26. Providing security for key local and international personnel engaged in repairing and operating utilities is often as important as protecting physical infrastructure. Civilian contractors will manage most infrastructure projects. If levels of violence are too high in the area, they will be unable to work. Contracts to build, repair, or operate utilities should be written so that security is the responsibility of the contracted element. This ensures that companies will bid on projects in locations where they can safely work, or where their costs to secure themselves in addition to construction costs make them the most cost-effective. When government employ-

ees are operating or repairing utilities, host-nation security forces should be used to provide security if possible.

5.27. If project sites are being targeted, the best option is for the host nation to provide local security while investigating the organization involved in the attacks. If general violence in the area is preventing work from being accomplished and host-nation security forces lack the capability to respond effectively on their own, increased patrolling by U.S. forces may be warranted to increase the feeling of safety and security by local residents. Additionally, local neighborhood leaders should be engaged to help reduce the levels of violence or risk losing the construction or repair project to a more secure neighborhood. U.S. forces should only be used to secure a project if the project is deemed key and essential and no other security option exists. Otherwise, available forces will dwindle and the stabilization mission may suffer. Insurgents may also target key government or international personnel with responsibility for infrastructure. In these cases, U.S. forces or contracted security teams may be required to protect these key individuals.

5.28. Stability operations missions will require that records on customers, operations, the status of the capital stock (value and functionality of all vehicles, equipment, and buildings in the organization from previous shareholders), and other key information be found and preserved. Sometimes former workers or senior managers have put copies of these records in a safe place. These people also have invaluable knowledge about the system and the authorities' operations. A key early task is to quickly identify and bring valuable people back to work.

Provide Intelligence, Civil Affairs, and Engineering Support to Assessments of the Host Nation's Infrastructure Needs Within the Area of Responsibility

5.29. Following a conflict, the host-nation government or other responsible actor, like the World Bank and the UN Development Program (UNDP), are likely to conduct a national assessment of infrastructure needs using World Bank and UNDP methodologies. The assessment helps the country prioritize projects with the highest payoff. U.S. Army units may be asked to provide information on infrastructure in their area of responsibility for this national assessment. They may also be asked to provide security for assessment teams in their area of responsibility.

5.30. The U.S. Army Corps of Engineers (USACE) Forward Engineer Support Teams (FEST) are available to help with more challenging projects. USACE FEST are deployable organizations that can execute the USACE mission in the area of responsibility. The teams are either FEST-A (Augmentation) or FEST-M (Main). The FEST-A mission is to provide additional planning capability to the combatant command and the Army component command engineer staffs. It can also deploy in support of a joint task force (JTF) with a limited execution capability. Its capabilities include engineer planning and design and contracting personnel. The FEST-A may provide an initial technical infrastructure assessment or survey, technical engineer assistance, or contracting support. FEST-M's mission is to provide command and control (C2) for USACE teams in the AO and to provide sustained USACE engineering execution capability. This team generally supports a JTF or the land component of a JTF. The FEST-M provides liaison officers (LNOs) and USACE engineering planning modules to supported units, as required.

5.31. As progress is made, projects are completed, levels of violence drop, and the economy begins to recover, a second round of needs assessments may be necessary to determine what longer-term projects will contribute most to improving standards of living and fostering economic growth. These assessments should be shared with the local and national governments and civilian assistance programs. They should not be adopted as guides for projects without host-nation government and local buy-in.

Conduct Unit-Level Needs Assessments

5.32. In addition to any national level assessment a unit is tasked to support, each unit should conduct a complete needs assessments upon arrival in its area of responsibility to evaluate the state of essential services throughout the sector. Engineer reconnaissance, FEST-A or a Civil Affairs assessment are means to capture these data using military assets. Optimally, the unit will choose multiple complementary methods that offer overlapping inputs to develop a holistic assessment that once collated could withstand the scrutiny of any of the stakeholders. The goal should be a completely thorough, yet transparent process that would ease the concerns of all the stakeholders that their needs were being assessed fairly.

5.33. In addition to requesting assessments from internal military assets, five complementary methods can be used to collect data:

1. Employ local neighborhood leaders. The unit leadership should establish rapport with formal and informal local neighborhood leaders, councils, and committees. They should attend meetings and solicit prioritized lists of all projects that these individuals believe important for improving the services and quality of life of their residents and constituents. The integrity of this process is critical. Unit leaders must work to ensure that project lists are established by committee and NOT by a single power broker hoping to gain favor. When this was instituted in Iraq, one unit received detailed, accurate, prioritized project lists for which local neighborhood leaders could take credit. The neighborhood members provided a valuable service. They were rewarded for their efforts by winning approval from their constituents and the unit.
2. Draw on the expertise of municipal authorities. In addition to local providers of public services, the unit should engage with the ministerial units, company divisions, or authorities to which the local authority reports. The unit should request information like master plans for improving, expanding, replacing, or providing new services to any of the neighborhoods within the unit's area of responsibility. In conjunction with master plans, the unit should solicit the organization's priorities for executing the projects within their master plans. Coordination through these agencies also ensures that complementary systems are discussed to ensure that once a project has been completed, the requisite supporting services will be available. For instance, if a new water treatment plant is selected for construction in the area, the unit needs to ensure that there will be adequate electrical distribution capacity to operate the plant. If it is determined that that will not be the case, supporting projects need to be planned and implemented to ensure that electricity will be available when necessary.
3. Tap into local technical expertise and assistance. During and after conflict, professors and students at local universities are sometimes forced to abandon their profes-

sion or studies to find a way of making more money for their families. In Iraq, U.S. military forces encouraged professors to remain at their university posts by hiring them on retainer to conduct assessments of infrastructure and provide additional support as requested. These contracts permitted professors to teach classes, while providing coalition forces with a highly qualified technical capacity to conduct assessments. These teams were tasked with and completed comprehensive, objective assessments of the services available within every neighborhood in the unit's area of responsibility. They reported detailed results with summaries using a simple stoplight chart system with black, red, amber, and green coding (black means no services available; red means infrastructure for providing services existed, but was not operational; amber means operational but in need of repair or renovation; and green means fully operational with no additional efforts to restore it necessary).

4. Use local engineers. Licensed local engineers either hired directly by the unit or, more frequently, hired by a construction management agency such as USACE can conduct objective neighborhood assessments to provide new information or corroborate existing or questionable information. When this was done in Iraq, it put a local face on directed assessments to collect specific information or validate previously collected information.

5. Task military patrols to examine infrastructure. Military patrols can also be used to collect or corroborate data as they conduct operations. The unit's patrols can use directed reconnaissance plans to assess services in specific neighborhoods and later to confirm progress on projects. These missions can also be used to interact with the population, canvas their views about project needs, and inform them about what is being executed and what is being scheduled for their neighborhoods. Information flow is fragmented during full spectrum operations and stability missions. These informal, multiple methods of delivering information are needed to get the word out.

5.34. Once data is collected, collated, and analyzed, it needs to feed into planning and operations. One way to do this is to create a color-coded spreadsheet that highlights areas lacking services. This spreadsheet can be used in conjunction with the other prioritized lists to establish a master list of prioritized projects. The final input should incorporate the priorities of the next-higher unit in achieving military objectives like local safety and security. The unit reconstruction cell should "weight" some projects to ensure that all neighborhoods receive some level of support and experience some progress. The final prioritized list could also include factors like rewarding favorable behavior, providing incentives to change behavior, or punishing unfavorable behavior. However, during reconstruction and provision of services operations, it is important to establish and maintain momentum within each neighborhood and district. Every member of the neighborhood needs to see, touch, and benefit in some way from progress or the unit will risk losing disenfranchised locals. These actions should result in a complete, master prioritized list that includes detailed data about each proposed project. The Center for Information Management cell at the CMOC can be used as a repository for the information.

Coordinate Project Priorities and Select Projects with the Host Government and Other Donors

5.35. If the security environment is benign, project funding and implementation should usually be left to civilian donors. Unit commanders should share and discuss their list of project priori-

ties with local authorities and leaders, representatives of the national government, USAID, and foreign donors active in the area of responsibility. The unit should attempt to affect selection through discussions.

5.36. Large-scale infrastructure projects like ports and power plants will usually be funded through a combination of civilian donors, international financial institutions, and the host-nation budget. U.S. Army engineers and the U.S. Army Corps of Engineers can assist and support the host-nation government as it contracts out and manages these projects. For example, roads should be built by local construction firms, but U.S. Army engineers can provide guidance on design, make sure that contractors are building to specifications, and supervise completion of contracts. Over the longer term, U.S. Army personnel can, if requested, help the government plan infrastructure improvements and design maintenance programs. This should be done in consultation with and in concert with any civilian international organizations or NGO advisors engaged in related efforts.

5.37. If the security environment is not benign, resources are available, and USG policy supports the activity, the unit may be involved in project selection and implementation. For example, in Afghanistan and Iraq, CERP funds are generally available to Army units to support small-scale infrastructure projects. Projects selected and implemented by the unit should be chosen in close consultation with the groups above, especially local government officials, local leaders, and the communities affected.

5.38. Projects should be selected on the basis of which are likely to have the biggest impact on improving living conditions, reestablishing a safe and secure environment, or fostering economic growth balanced against prospective project cost. The World Bank publishes a number of reports on the use of cost-benefit analysis by sector (health care, water projects, etc.). These can be accessed at www.worldbank.org. Although detailed cost-benefit analyses can demand large quantities of data, even in the absence of detailed data it is worthwhile to complete rough estimates of benefits to better assess the potential value for the project. For example, if a local community proposes to build a new well, the unit can roughly estimate the benefit by multiplying the estimated number of people who will use the new well by the reduction in time or expense made possible by the new well in comparison with the current cost of getting water.

5.39. Some examples of infrastructure projects and issues that need to be assessed in project selection include the following:

Transportation infrastructure

5.40. **Roads.** New roads are expensive to build and deteriorate quickly if not maintained. International financial institutions have found that in most developing countries the payoff from repairing existing roads is much higher than building new ones. U.S. Army personnel should keep this in mind when selecting road projects. This said, in Afghanistan, tactical units have found both new road construction and repair to be highly effective (see box).

5.41. Roads should be designed to fit the purpose. Gravel roads with single-lane bridges are adequate to connect rural villages to major roads where traffic is light. Asphalt or concrete is suitable for major highways. Major arteries should be designed and constructed with future traffic flows in mind. Although current traffic flows might not warrant building a high-standard paved highway, if the proposed road in the area of responsibility connects two major cities, the

project design team should carefully think through likely future traffic flows and design the road accordingly. Traffic flows on a similar existing road between two major cities can provide a good estimate of likely future use.

5.42. **Railroads, ports, and other transport infrastructure.** Tactical commanders may become engaged in projects to repair railroads and ports. These projects are usually expensive and therefore funded through traditional assistance or lending programs. Tactical commanders can perform an important service if they spearhead immediate repairs.

Roads to Success and 150 Icons of Failure

5.43. In Afghanistan, U.S. Army officers note, "Where the road ends, the Taliban begins." Many commanders have therefore been using CERP funds to construct new asphalt roads. These roads have connected tens of thousands of Afghanis to the rest of the world, expanding the array of products they can purchase and giving them access to new markets. Lives have been saved because the sick can be quickly transported to clinics.

5.44. Plans for roads have been closely coordinated with the local community and district and provincial leaders. No road is built without the approval of the local village *shuras* (councils). The *shura* decides on the route around the village, so it, not the U.S. Army, is responsible for expropriating land. Tenders are competitively bid, but bidders have to commit to hiring at least 75 percent of the labor used to build a section of the road from the village through which that section passes.

5.45. The road program has been successful not just economically, but also politically, because local citizens and leaders have been heavily involved in planning and building local roads. The roads have also played an important role in the counterinsurgency effort, as U.S. and Afghani forces are able to move quickly around their areas of responsibility. Attacks on U.S. convoys have fallen as only a few chokepoints remain attractive for launching attacks.

5.46. In contrast, earlier on in Afghanistan, the U.S. Army had constructed 150 schools in villages and towns, unbeknownst to the Ministry of Education. Because the ministry had not planned and budgeted to provide teachers, schoolbooks, or maintenance for these schools, they were not opened. As one U.S. Army colonel put it, the empty schools became "150 icons of failure": the U.S. Army looked foolish for building schools that were not staffed; the government appeared incompetent because it was unable to operate the schools; and the local people were disappointed as their new schools stood empty.

Public and government buildings

5.47. **Schools.** Schools are one of the most popular infrastructure projects undertaken by both civilian donors and the U.S. military. The local community is grateful and the public image is positive. But if a unit decides to build a school, it needs to carefully coordinate with the Ministry of Education as well as the local government to ensure that it can be supplied with books and teachers (see box) and that the choice of location reflects real needs rather than narrow political calculations. The unit also needs to work closely with the Ministry of Education to ensure that the school is designed and built in conformance with ministry standards.

For example, if the school uses U.S. plumbing fixtures but the Ministry of Education has standardized on a single set of European fixtures, it may be difficult to obtain new parts if the plumbing breaks.

5.48. **Clinics and hospitals.** Clinics are more expensive to run than schools; hospitals are even more expensive than clinics. For hospitals, construction costs are a much smaller part of overall costs than are the operating costs over the life of the facility. Before deciding to construct a clinic, U.S. Army commanders need to coordinate carefully with the national public health authority, other donors, the local government, and the local community. The project should not begin until funding for staffing and a permanent source of medical supplies to stock the clinic has been identified and budgeted.

5.49. **Other public facilities and government buildings.** U.S. Army units have constructed cultural centers, soccer fields, parks, and other public facilities in both Afghanistan and Iraq. These facilities have engendered goodwill and fulfilled important needs in the local community. However, before embarking on such projects, U.S. Army personnel not only need to ensure that they are priorities for the local community, they also need to ensure that an appropriate community organization is willing and ready to take over operations and maintenance for the facility. For example, soccer fields need to be kept free of trash, and chalk lines need to be laid to mark out the boundaries of the field. One approach is for the unit to try to work with or set up a youth club that would be responsible for organizing teams and games, coaching, and facility maintenance.

Utilities

5.50. **Electricity.** Tactical units face major challenges in designing and implementing local projects to support electricity generation and distribution. In most countries, electricity is generated at large plants and transmitted at high voltage to distribution networks, which distribute the power to households and businesses over lower-voltage networks. Adding households or businesses to the network may just increase demand on a system that is already overloaded, resulting in more blackouts and increasing popular discontent. Thus, projects to expand the number of households connected to the local distribution network should only be undertaken after close consultation and discussion with the power utility and civilian donors. In most instances, such projects should be contracted out through the local power utility.

5.51. Projects to generate electricity locally have had mixed success. Electricity generated by diesel generators is expensive because of the costs of fuel and of maintaining or replacing the generator. In Iraq, generators donated by the United States have been stolen, sometimes by insurgent groups, and resold. Solar panels are very expensive and can be difficult to maintain in societies with low levels of technology. Micro-hydropower plants have a better track record. In spite of these drawbacks, small-scale electricity generation can provide a temporary solution until larger investments in a national grid become possible, for example, until generators or transmission towers are no longer targeted by insurgents. However, operations should be set up on a commercial basis so that funds will be available to repair and replace the generation units and so that some organization or individual has an economic incentive to keep the unit operating.

5.52. **Water and sewage.** Large-scale water and sewage projects are limited by the capacity of the purification plants and pumps. Power to keep the pumps and plants operating is a frequent

problem throughout the world, including Iraq. Projects designed to connect households to main sewage and water lines need to be carefully coordinated with the utility to ensure that there is adequate capacity. Otherwise, the investment will go for naught.

5.53. Smaller-scale water and sewage projects may have a better success rate than small-scale electric power projects. Digging new wells can provide villages with clean water and improve living conditions by reducing the time spent carrying water from more distant sources or purchasing water from water vendors. Building sanitary latrines can greatly improve local health. These projects need to be undertaken with care, however. If possible, a hydrologist should be consulted before drilling a new well to ensure that it will not go dry quickly or divert water from an existing spring or well. Latrines need to be sited carefully so that the effluent does not contaminate sources of water or food. Moreover, given the sensitivity of water resources, all projects must be undertaken in accordance with the host-nation government's national plan.

Award Contracts and Monitor Project Progress

5.54. Awarding and monitoring construction projects is fraught with problems for units. Projects should be awarded based upon established criteria, not by preferential treatment (or what might be seen as such). Managing projects internally is only recommended for small, simple projects that require little technical expertise and only a final inspection to verify completion (not daily or periodic quality inspections). The preferred avenue for awarding and monitoring larger projects is to coordinate with and hire a construction management agency such as USACE. They will run a bid solicitation and award process that meets all legal stipulations. They will be bonded in case of lawsuits or defaults. They will typically hire a local quality control and quality assurance firm to monitor quality and provide daily inspection sheets (thereby developing the local economy) and they will track the project's progress to completion, making payments as hurdles are met. For more on contracting guidelines and approaches, see Chapter Ten.

Provide Claims Support for Property Damaged by U.S. Operations

5.55. Upon arriving in theater, units should identify any damage caused by U.S. forces during the conflict. Such damage, even if unintentional, should be repaired as quickly as possible. For a BCT, for example, the BCT Staff Judge Advocate and the Brigade Operational Law Team (BOLT), supported by the S-9 (civil-military operations), should provide claims support (often through an established CMOC) to the commander to settle claims for property damage caused by U.S. operations. Where appropriate, units should make arrangements to compensate people for damage or harm inflicted by U.S. forces, although compensation is limited to damage resulting from noncombat operations only. Taking responsibility shapes public perceptions of U.S. forces from the outset of the operation. If U.S. forces willingly repair damage they have caused or provide compensation, the population may be more likely to cooperate, including providing intelligence. For example, in Najaf, Iraq, a U.S. officer provided prompt payment for the death of a pet. Because of the compensation, the bereaved owner later became an important source of intelligence.

Checklist

5.56. U.S. Army and other military commanders and personnel should be prepared to carry out the following tasks:

- ❑ Identify critical transportation, telecommunications, energy, and general infrastructure that needs to be secured by U.S. forces in the area of responsibility during the IPB process.
  - – Work with USG civilians (embassy, USAID), other civilian aid providers, local community leaders and officials, and consult chain of command for guidance as part of this effort.
  - – Determine which infrastructure is most critical, and ensure it has adequate protection.
- ❑ Repeat the above process at regular intervals and as the security situation changes to reassess priorities and security needs.
- ❑ Ensure the protection of critical transportation, telecommunications, energy, and general infrastructure in the area of responsibility in accordance with priorities determined through the process above.
- ❑ Conduct an in-theater SWEAT-MS assessment of the area of responsibility through multiple means.
  - – Ask local community leaders for their priorities for infrastructure and related devepment and create lists accordingly. Request friendly forces' assessments of critical infrastructure and their plans for projects and other efforts.
  - – Ensure that you have all appropriate U.S. embassy, chain of command, and USAID guidance regarding these assessments.
  - – Ensure, via chain of command, embassy, and USAID, that assessments are in line with host-nation priorities and plans.
- ❑ Determine which infrastructure improvement and development projects are most critical by working with USG civilians (embassy, USAID), other civilian aid providers, and local community leaders and government officials.
- ❑ Coordinate project priorities and select projects with the host government and other donors.
  - – Ensure that efforts are complementary with those of other aid providers and that divisions of labor and resources are appropriate.
  - – Ensure that efforts are in line with USG and host-nation priorities and goals (request guidance from U.S. embassy, USAID, chain of command).
- ❑ Write tenders and solicit bids where appropriate and when funds are available (for more on contracting, see Chapter Ten).
- ❑ Evaluate submissions and select local contractors using open, competitive processes (for more on contracting, see Chapter Ten).

- ❑ Partner with local leaders, contractors, and municipal authorities to track progress, minimize project delays, and ensure project completion.
- ❑ Provide claims support for property damaged by U.S. operations by providing payment for (in accordance with U.S. and Army laws and regulations—consult with the chain of command for guidance) or repairing any damage caused by U.S. forces during the conflict or in subsequent operations.

Quick Reference

5.57. The following readings and outside sources were mentioned in this chapter:

- World Bank reports on the use of cost-benefit analysis by sector (health care, water projects, etc.) can be accessed at www.worldbank.org.
- RTI International, Iraq Local Governance Program, *Postconflict Restoration of Essential Public Services: The Al Basrah Experience*, Brief No. 1, May 2005.

CHAPTER SIX

Agriculture

6.1. A large number of people in most areas of operation will make their living from agriculture. Even for those who are not farmers, agriculture will often be the employer of last resort if they do not have other work. If better-paying jobs in trade and construction are not available, an individual seeking work can usually find it in agriculture, either as a hired hand or by working on their own or a relative's plot. Agriculture is one of the first economic activities to rebound following a conflict. Because of its importance, understanding the agricultural situation is crucial to SA, and providing targeted assistance to increase local incomes from agriculture can help stabilize the area of responsibility by reducing poverty that might otherwise feed insurgency and crime.

The Problems

6.2. **Disrupted supply chains.** For agriculture to revive, farmers need to be able to sell at least part of their crops or herds to buy other goods. They also need to be able to purchase inputs like seeds, fertilizers, or agricultural chemicals. Following a conflict, traditional markets and supply chains are often disrupted or fall under the control of profiteers. Roads are often impassable and markets stay closed. Trading may require additional intermediaries or the paying off of protection rackets sometimes because warring ethnic groups will no longer do business with each other. These disruptions may make it impossible to sell some crops, like fruit, which will rot if not moved quickly. Although other crops, like grain, do not spoil quickly, they must be stored in granaries or silos, but these storage facilities have often been damaged or are in disrepair. Irrigation systems, necessary in many parts of the world, have often become clogged.

6.3. **Disappearance of traders and private credit.** In many towns, agricultural products and supplies are bought and sold by specialized brokers or traders, who are often also sources of credit. If traders or money lenders have been intimidated or killed, farmers will have a hard time buying supplies, selling their harvest, or getting enough funds to bridge the financial gap between planting and harvest.

6.4. **Land disputes.** During conflicts, farmers often leave their land. Returning farmers may become embroiled in land disputes with those who stayed behind and took over the abandoned land. Historical land disputes can also feed violence and are frequently exacerbated in the conflict and post-conflict period. Disputes may turn violent and threaten security, and military forces and civilian assistance providers may find themselves caught in the middle as parties request assistance and protection.

6.5. **Land mines and unexploded ordnance.** In Afghanistan, Bosnia, and several other countries, mines and unexploded ordnance have made farming a life-threatening occupation.

Tasks for the Host Government, Civilian Agencies, and NGOs

6.6. Key tasks for the host government, civilian agencies, and NGOs include:

- Helping to increase farm incomes by helping farmers improve farming techniques and informing them about better seeds, fertilizers, and breeding stock.
- Facilitating private sector activities to provide better quality seeds, breeding stock, and other agricultural inputs and to process and market farm output.
- Providing better seeds and breeding stock when the private sector is absent.
- Helping to expand access to markets for farm inputs and produce by ensuring functioning, safe transportation.
- Building, maintaining, and operating irrigation systems, including regulating how water is allocated.
- Settling disputes about land ownership and use.
- Keeping records concerning the size, location, and ownership of plots.

6.7. The need for foreign assistance to jumpstart agricultural production is less than for most other economic activities. Compared with an assembly plant, a mobile telephone network, or most other economic activities, farmers are fairly self-sufficient. In most cases they grow their own seeds and raise livestock from their own breeding stock. In addition, they can often get along without a complicated supply base or large investments in equipment.

6.8. Agricultural assistance to farmers from their own government, donors, and NGOs usually focuses on increasing farm incomes by raising agricultural yields through improvements in farming techniques, seeds, fertilizers, and breeding stock, as well as expanding access to markets. The UN's Food and Agricultural Organization (FAO), foreign assistance programs like those administered by USAID, and host-nation governments often fund **agricultural extension services** (locally based agricultural experts who advise farmers) or NGOs to provide training and information to farmers on better cultivation practices and ways of raising livestock and poultry. International financial institutions like the World Bank, the Asian Development Bank, and foreign assistance programs provide funding for **agricultural credit programs** (programs to lend farmers money so that they can improve their operations and continue to operate between harvests), irrigation systems, and roads. Donors frequently assist farmers in developing production or marketing associations such as agricultural cooperatives that can lower input costs through group buying or marketing to increase farmer pricing power in negotiations with traders and processors. Private providers of agricultural inputs, including large corporations (often foreign) that sell agricultural supplies, can play important roles in disseminating improved seeds and breeding stock, fertilizers, and other inputs.

6.9. Although government agencies and donors may provide farmers with better-quality seeds and breeding stock, the private sector usually does a better job of providing these services. In

all countries, local farmers and entrepreneurs buy and sell seeds, crops, livestock, and other agricultural inputs. U.S. Army units should not assume that without supplies from the government, farmers will not have seeds or fertilizers.

The Seed Potato Scare

6.10. In Iraq, the Multi-National Force–Iraq (MNF-I) was informed by the Ministry of Agriculture just before planting that there was a dearth of seed potatoes. Even though potatoes are not a major crop (wheat is far more important), MNF-I initially tasked the Army with finding and importing seed potatoes. Fortunately, some officers first asked local farmers about the "shortage." They learned that although the heavily subsidized, poor-quality seed potatoes provided by the Ministry of Agriculture were gone, there were plenty of high-quality seed potatoes available from private providers, albeit at a higher price. Instead of MNF-I airlifting them in, Iraqi farmers bought their seed potatoes from the market.

6.11. To increase farm incomes, transport links must work and be safe. The most important links include roads connecting farms to towns and to railways, river routes, and roads connecting growing regions to cities, ports, and terminals for sale to larger markets. Host-nation governments, when they function, play an important role in building, maintaining, and operating irrigation systems, including regulating how water is allocated. Although governments are typically charged with settling disputes about land ownership and use, depending on the particular society, informal mechanisms may be the preferred means of dispute resolution. In some instances, government agencies keep records concerning the size, location, and ownership of plots. Where they exist, these records can go a long way to resolving land disputes quickly and fairly. However, land disputes may also be settled through arbitration by local leaders or other informal mechanisms.

6.12. National governments often interfere in agricultural markets in damaging ways. They may compel farmers to sell their crops to state-controlled marketing boards that pay far less than the world market price. These state-controlled companies resell the crops on export markets and the government or corrupt officials pocket the difference. Some governments prohibit agricultural imports, forcing poor citizens to pay higher-than-necessary prices for food. During conflicts, these pernicious programs often collapse. Farmers are best served when these programs are *not* resuscitated.

Potential Army Tasks

6.13. In a situation where agriculture assistance needs to be provided, the Army can expect to be involved in the following tasks so that farmers can earn higher incomes and enjoy improved livelihoods:

- Conduct thorough assessment of the most important crops, livestock, locations of major markets, transport routes, and storage facilities in the area of responsibility.

- Provide agricultural supplies after coordinating with other actors, if needed.
- Protect markets, stocks, transportation routes, and key infrastructure.
- Initiate local projects only after consultation with civilian providers.
- Work with local leaders to facilitate returning land to production.

Conduct Thorough Assessment of Most Important Crops, Livestock, Locations of Major Markets, Transport Routes, and Storage Facilities in the AO

6.14. During the IPB process, the commander should ensure that the unit conducts an inventory of all the organizations and larger businesses in the area of responsibility that are engaged in promoting improvements in agriculture. Once they have been identified, commanders should consult closely with them about what is needed. The unit may have no major direct role in providing assistance to this sector, if private entrepreneurs or other donors are satisfying these needs.

6.15. Army and other military forces should also talk to local farmers, shopkeepers, government officials, relevant academic and university staff, and members of NGOs working with agriculture to determine the most important crops and livestock in the area of responsibility for income and food. For example, what is the most important staple: rice or bread? What are the chief sources of protein: mutton, milk, or beans? The intelligence and civil affairs section should locate, visit and assess the condition of the most important markets, transport routes, and storage facilities. Assessment tools include the World Bank's online guide to its Damage and Reconstruction Needs Assessment Toolkit, available at http://vle.worldbank.org/gdln/dm/start.htm. This tool can be especially helpful during predeployment mission analysis. Once on the ground, the unit's military or civilian engineers can conduct route reconnaissance and facilities assessments. In coordination with civilian agencies and local leaders, these facilities should be prioritized for repair on the basis of capacity, extent of damage, cost, duration of repair, and the importance ascribed to them by locals. As with all reconstruction activities, Army and other military forces should coordinate with host-nation and civilian agencies to prevent duplication of effort and subsequent waste of resources.

6.16. Throughout the tour of duty, Army and other military forces should continue to monitor crop and livestock conditions, availability of food, and food prices by talking to local farmers and visiting local markets. Units should collect weekly information on food prices and notify superiors and their civilian counterparts (through a local PRT if one is in place or through a USAID advisor or embassy representative) if food prices are spiking. Unit commanders should be kept aware of any incipient shortages or threats to local food supplies such as drought or insects.

Provide Agricultural Supplies After Coordinating with Other Actors, If Needed

6.17. Immediately following conflict, U.S. Army personnel may need to ensure that local farmers in their area of responsibility have access to seeds, breeding stock, and agricultural implements so that they can restart farming. Units may also need to intervene later on if the harvest or herds are threatened by drought, insects, or disease.

6.18. Before providing inputs, U.S. Army personnel should consult with the local government, the PRT (if one exists), USAID representatives, and other civilian agencies engaged in supporting agriculture, especially those located in the area of responsibility. In most instances, civilian providers of humanitarian assistance are best suited to provide food, seeds, and agricultural inputs (and to ensure that these efforts are in line with development goals and humanitarian needs). They are usually better acquainted with local needs and conditions than U.S. Army personnel and have a well-established supply line of these items, including stocks. If civilian providers are having difficulty in getting supplies to farmers in time for planting, the unit may be asked to provide logistical support, either by helping to clear transport bottlenecks by repairing roads and bridges, or improving security on local roads. For example, during the U.S. mission in Haiti in 1994, U.S. military forces improved and secured roads so that farmers, who had been previously cut off from towns, could get food to city markets.

6.19. If the unit finds signs of severe shortages in local supplies of agricultural inputs in its area of responsibility, U.S. Army personnel may go through the chain of command to recommend coordination with USAID representatives to request USAID's Office of Humanitarian Assistance to provide seeds and other agricultural inputs. Or, if CERP or other similar contingency funds are available, they may use them to purchase seeds and other agricultural supplies. Such programs must be guided by civilian technical experts such as those found in PRTs and USAID. Without competent technical guidance, such a program risks not only failure but actually making the situation worse. If possible, supplies should be purchased from local or regional suppliers outside the crisis area. U.S. Army units should *not* provide agricultural inputs to local farmers on an ongoing basis. Agricultural markets for products and inputs are remarkably resilient. Farmers are often best served by sticking to traditional sources of supply. Farmers in Somalia and Ethiopia returning to farm the land from which they had fled preferred local seed varieties to imports because they were best suited to local growing conditions.

6.20. One of the most effective means to distribute seeds to farmers or food to consumers is through vouchers. The donor or NGO prints numbered vouchers and distributes them to all local farmers or families. Recipients use the vouchers to make purchases from local providers. The providers bring the voucher to the NGO, civilian agency, or unit where it is exchanged for cash. Vouchers stimulate the local market for seeds and food, ensuring that local growers and vendors stay in business. For a description of how voucher programs can be used to distribute seeds, see "Seed Vouchers and Seed Fairs: Often Better Than Direct Distribution," in Economic Growth Office, Bureau for Economic Growth, Agriculture and Trade, U.S. Agency for International Development, *A Guide to Economic Growth in Post-Conflict Countries*, USAID, Washington, D.C., 2008, p. 65.

Protect Markets, Stocks, Transportation Routes, and Key Infrastructure

6.21. In most areas of operation, food will be bought and sold in local markets. Because markets can become popular targets for terrorist attacks and criminals, units should make protecting markets a high priority. In areas of increased threat levels, units should step up presence patrols on market days and increase coordination with local security forces to establish checkpoints to search vehicles and, if needed, individuals. However, there is a distinct tradeoff between security and the economic success of a market. If barriers are placed around a market and entrants are searched, safety has clearly been increased, yet the added time cost, invasion

of privacy, and inconvenience may result in fewer people using the market. A natural balance must be established by talking with the locals and adapting the security measures to local circumstances. These security arrangements should routinely be revisited at weekly neighborhood or district advisory council meetings.

6.22. Opening and maintaining farm-to-market roads is essential to spurring agricultural activity. Consequently, it may be necessary to dedicate limited engineering assets to repairing bridges and opening roads. The roads can also be susceptible to thievery or attacks, so units should coordinate with local security forces to secure these main routes.

6.23. Large storage facilities or facilities holding valuable crops like coffee and cacao may need to be secured. Army and other military forces should consult with local community, business, and other leaders to obtain their views about the security of these facilities. Personnel might, for example, visit a few major facilities to evaluate how secure they are. If the storage facilities appear to be vulnerable to theft or destruction, the unit should work with the local community to develop a security plan. For example, locals might form watch committees to guard these facilities at night, or a community leader could be given a dedicated cell phone to call the unit if the facility is in danger of being robbed or destroyed.

Reconciliation: Opening a Market in Eastern Slavonia

6.24. In 1996, the United Nations mission in Eastern Slavonia, part of Croatia, opened an open-air market on a major highway. The UN chose a large site located between the Serb and Croatian communities (the two communities that had been at war), made sure the site was paved and readily accessible, printed and distributed flyers announcing the time and place of the market, and advertised on the local radio. On market days, UN security forces patrolled the market and the roads leading to it. The market was a big success. Serbs and Croats met in the market to buy and sell food and other goods, the first nonviolent interactions between the two groups for a number of years. Similar "peace markets" were successfully set up in southern Sudan to help heal the wounds of several decades of civil war. See United Nations, *The United Nations Transitional Administration in Eastern Slavonia, Baranja and Western Sirmium (UNTAES) January 1996 – January 1998: Lessons Learned,* July 1998, available at http://www.un.org/Depts/dpko/dpko/co_mission/untaes.htm.

Initiate Local Projects Only After Consultation with Civilian Providers

6.25. If civilian assistance providers are not able to assist local farmers because of the security environment, U.S. Army units may wish to initiate their own projects to improve agricultural incomes. Past U.S. Army projects have included:

1. Hiring locals to clean and improve irrigation and drainage ditches.
2. Having U.S. Army veterinarians treat farm animals and train local veterinarians (see box).
3. Giving improved breeding stock, usually goats or sheep, to impoverished families.
4. Constructing or repairing roads and bridges to farm communities.

U.S. Army Veterinarians and Agricultural Assistance

6.26. About 2,000 veterinarian specialists serve in the U.S. Army. In stability operations, they have been assigned to Army Civil Affairs units or, in Iraq and Afghanistan, to PRTs. Some of their more successful projects have involved providing additional training to local professionals. In Afghanistan and Iraq, U.S. Army veterinarians have taught local veterinarian specialists new techniques and introduced new, more effective, and at times less costly medicines and vaccines. In Iraq, they have worked with local veterinary schools to improve their curriculums.

6.27. Veterinarian personnel have had more mixed success when they have provided direct treatment. In a successful example in Iraq, U.S. Army veterinarians improved the health of donkeys that hauled bricks at the Narhwan brick-making complex. The owners had lacked the funds and the knowledge to keep the donkeys healthy. U.S. Army veterinarians provided instruction in nutrition and care and treated injured animals. In part because the donkeys were more effective, output and employment at the complex jumped. (For a more detailed account, see David Dishneau, "Local Veterinarian Helps Iraqi Town," *Washington Times,* April 27, 2008, p. 5.)

6.28. Other projects involving U.S. Army veterinarians have been less successful. U.S. Army veterinarian personnel vaccinated farm animals in Iraq and some countries on the Horn of Africa under the impression that locals were unaware of the importance of vaccination. This assumption was incorrect. Local veterinarians (and herdsmen) were well aware of the value of vaccinations, they just lacked vaccines to cover all their animals. By using U.S. Army veterinarians instead of providing vaccines to local veterinarians, local veterinarians lost a large share of their clientele. The U.S. Army veterinarians would have been more effective had they worked with local veterinarians to improve animal care. False assumptions turned a potentially beneficial project into one that upset local veterinarians and disrupted the local market.

6.29. Before beginning a project, Army personnel should consult with civilian specialists, both local and from international assistance agencies. To contact foreign specialists, U.S. Army personnel can go through USAID advisors (either directly if they are available, or by submitting requests for information). Attempting to tap expertise from the United States without guidance can be counterproductive, as most U.S.-based agricultural experts will not have sufficient knowledge of the area of responsibility to provide advice tailored to local conditions. After discussions with civilian experts (host-nation nationals and foreign), U.S. Army personnel should talk with local government officials and farmers. These discussions should follow those with agricultural experts so as not to raise expectations.

6.30. If after discussions with civilian agencies and local leaders, the commander identifies an area or project in which the U.S. military might be able to play a helpful role, the staff should carefully map out local supply and marketing chains and evaluate the potential effects of the intervention on traditional suppliers. Often a Fires and Effects Coordination Cell, which usually includes officers from the Field Artillery, Civil Affairs, Public Affairs, and Psychological Operations branches, performs this analysis. Key questions include:

1. How is the community currently procuring the service or input?
2. Who will be hurt if the U.S. Army provides the service or input? Who will benefit?
3. How will the community procure the service after the U.S. Army leaves?

Return Land to Production

6.31. Because agricultural production is both critically important to the economy in and of itself and as an important employer, getting fallow land back into production can lead to big increases in local incomes if the production is procured and marketed at attractive prices. In some cases, it can help provide employment for demobilized combatants, although these programs must be carefully designed and are not always effective. (See the discussion of DDR in Chapter Eight for a discussion of reintegration of former combatants.)

6.32. To help return land to production, unit personnel should work with civilian experts and local leaders to identify areas that lie fallow and the reasons the land is not in cultivation: lack of clear ownership, lack of sufficient irrigation, lack of seeds and equipment, presence of land mines, lack of security, lack of processing facilities to which to sell the crop, etc.

6.33. The unit should then work with other donors in the area of responsibility to identify appropriate remedies. In Mozambique, one of the poorest countries in Africa, demobilized rebels were given small cash grants to return to their home villages and resume farming. They rapidly reintegrated into society. However, it is not always easy or appropriate to take this approach—civilian advisors and aid providers should define the programs and approaches that are implemented. If cash grants are to be used, the unit and civilian agencies should estimate the size of an appropriate grant. All agencies should offer the same size grant. In Iraq and Afghanistan, such grants can be provided from CERP funds.

6.34. The unit can also assist in repairing irrigation and water systems and building or repairing feeder roads by using CERP funds, if available, to let contracts to local construction firms or, if necessary, by drawing on U.S. Army engineering capabilities.

Checklist

6.35. U.S. Army and other military commanders and personnel should be prepared to carry out the following tasks:

- ❑ Conduct a thorough assessment of the food and agricultural situation in the area of responsibility during the IPB process, which includes identifying and assessing the following:
  - Key crops and livestock.
  - Planting and harvest times.
  - Periods when farm workers move to harvest locally or elsewhere.
  - Farm markets, including times when they meet.
  - Key roads used by local farms and traders.
  - Storage and processing facilities.

  - Farmer associations and cooperatives.
  - Agricultural service and marketing institutions that provide agricultural finance, inputs, access to market information or new technologies and training.

- ❑ Task appropriate personnel to monitor the local situation on a weekly basis to track the availability of food and agricultural supplies.
- ❑ Inventory and meet with civilian assistance providers in the area of responsibility engaged in agriculture and local leaders to understand current programs and identify needs; the Civil Affairs section or CMOC may be used to do this.
- ❑ Make sure that U.S. Army assistance supports but does not interfere with local markets and providers.
- ❑ Conduct mission analysis and develop COAs during the MDMP to ensure that farm markets, storage facilities, and transportation routes are secure.
- ❑ Ensure that key agricultural markets, irrigation systems, storage facilities, and local roads are repaired or built where local providers and other donors have failed.
- ❑ Work with civilian donors to provide cash grants or improve irrigation systems to return fallow land to production.

Quick Reference

6.36. The following readings and outside sources were mentioned in this chapter:

- The World Bank's online guide to its Damage and Reconstruction Needs Assessment Toolkit is available at http://vle.worldbank.org/gdln/dm/start.htm.
- USAID, "Seed Vouchers and Seed Fairs: Often Better Than Direct Distribution," *A Guide to Economic Growth in Post-Conflict Countries*, Washington, D.C., 2008.
- United Nations, *The United Nations Transitional Administration in Eastern Slavonia, Baranja and Western Sirmium (UNTAES) January 1996 – January 1998: Lessons Learned*, July 1998 available at http://www.un.org/Depts/dpko/dpko/co_mission/untaes.htm.

CHAPTER SEVEN

Currencies, Budgets, Finance, and Foreign Trade

7.1. Exchange rates, inflation, national budgets, finance, and foreign trade are not the first issues to come to mind for tactical commanders. But if inflation is high, the exchange rate is collapsing, or residents are not receiving basic government services, the unit will find stabilizing its area of responsibility more difficult. Local residents, overwhelmed by economic challenges, lose faith in a government that will not or cannot fix these problems. If the government is also unable to meet payroll, government employees, including soldiers, are more likely to quit or not perform their jobs. In Sierra Leone, unpaid soldiers joined the rebels. In areas of responsibility located along a border, widespread smuggling and unauthorized crossings can compound security problems facing units. Although these macroeconomic problems will not be solved at the unit level, U.S. Army forces can play important roles in assisting the host-nation government to address these problems through initiatives in their areas of responsibility. Moreover, understanding how these factors affect the area of responsibility can be an important component of SA.

The Problems

7.2. **Inflation.** In economies emerging from conflict, the currency has usually been debased. Unable to levy taxes, the government may have resorted to printing money to cover its expenses, triggering **inflation**, the average increase in the cost of living over a year. When inflation is high or confidence in the government low, citizens avoid holding the local currency. Those with the means put their savings in hard currencies such as dollars or euros. If economic growth is to resume and be sustained, inflation has to be reduced and faith in local currency restored.

7.3. **Host government financial difficulties and disarray.** Governments of countries emerging from conflict are usually unable to raise enough revenue to pay for their operations, including salaries and suppliers. The government may even have difficulty in determining who is or is not a government employee because employment rolls are incomplete or have been padded. Accounting systems are often not computerized and may be deliberately designed to make it easy for officials to steal government funds. Accurate **audits**, when an outside party such as an inspector general's office looks over records and operations to make sure that government operations and transactions have been handled legally and appropriately, may be impossible with these systems. If record-keeping systems are faulty, it is harder to hold civil servants to account.

7.4. **Rudimentary financial systems.** Banks and other **financial institutions**, formal and informal, transfer payments from buyers to sellers; provide a safe place to hold savings; and exchange local and foreign currencies, facilitating foreign trade. They also engage in **financial intermediation**. Financial intermediation takes place when households and businesses place their savings in financial institutions in exchange for earning interest on their deposits. The financial institutions lend those savings to businesses to invest. Borrowers agree to repay the loan with interest. When undertaken with appropriate safeguards, financial intermediation channels savings toward investments with the highest combination of risk and reward while spreading investment risk for savers, because savings are not tied up in a single investment.

Hawala and Other Informal Financial Institutions

7.5. In some countries, informal systems to transfer money are often the preferred way for migrant workers to send money back home to support their families. In most Muslim countries **hawala**, an informal system of money changers and lenders based on trust, makes it possible to transfer money home from abroad. Hawala works in the following manner: money changers agree to make payments on behalf of each other. To transfer money, a local resident gives one money changer cash and requests that the cash be transferred to a friend or relative in another city or country. After taking a commission, the money changer calls his or her contact in the other city and asks that an equivalent sum of cash be given to the designated individual. Members of the network keep tabs on transactions and then periodically settle up the balance by physically delivering money in suitcases, sending one electronic payment through the formal banking system, by investing the balance in a local bank or venture on behalf of the partner, or by other means. Because these systems are informal, not part of a national financial system, records of transactions are not formally recorded.

7.6. Hawala operates outside the global financial system of electronic payments. Because these systems sometimes finance terrorism or illicit activity, they are often eyed with suspicion. However, like the *fei-ch'ien* system in China and similar informal money transfer systems in Latin America, the hawala system plays an important role in the economic lives of many people living in the Middle East and South Asia.

7.7 For more on Islamic banking specifically, see Dhumale, Rahul and Amela Sapcanin, "An Application of Islamic Banking Principles to Microfinance," UNDP Technical Note, December 1999.

7.8. Financial systems in countries emerging from conflict usually perform these functions poorly. Most if not all of the few remaining banks, the largest of which are often state-owned, will have been bankrupted by the conflict and are in no position to lend money. Banks and other financial institutions have not been safe places to keep savings, so households hold dollars or euros hidden away at home; savings are not used to invest. Money transfers, currency exchanges, and depositing money do not occur safely or transparently.

7.9. **Barriers to foreign trade.** Reviving trade is one of the most effective means of rapidly improving living conditions in post-conflict societies. Most societies emerging from conflict rely on imports for fuels, clothing, consumer goods, and machinery. If entrepreneurs can easily

start trading and can transport goods cheaply and quickly across borders, prices of imports tend to fall, increasing the purchasing power of limited local incomes. Unfortunately, corrupt customs officials and antiquated customs procedures may greatly increase the costs of importing and exporting, pushing up prices and encouraging traders to smuggle so as to avoid these aggravations.

Tasks for the Host Government, Civilian Agencies, and NGOs

7.10. Key tasks for the host government, civilian assistance agencies, and nongovernmental organizations (NGOs) include:

- Stabilize the currency.
- Collect tax revenues, draw up and implement national budget.
- Introduce and enforce financial controls.
- Set up an efficient system for making payments.
- Take a conservative approach to encouraging lending.
- Facilitate the development of financial institutions.
- Reduce barriers to trade.

Stabilize the Currency

7.11. The host government, usually with the assistance of the IMF, U.S. Treasury, and/or foreign donors, needs to quickly set up an effective **central bank**, the government institution that, in concert with the Ministry of Finance, is responsible for printing currency and controlling the supply of money. If inflation is high, the central bank must slow **monetary emissions**, the process by which the central bank injects money into the economy. To quickly bring down inflation, the central bank may choose to stabilize the value of the local currency by **pegging the exchange rate** to a major currency. Under a pegged exchange rate, the central bank promises to exchange foreign currency for local currency at a fixed rate of exchange. Because residents usually hold much of their wealth in dollars or euros, a pegged exchange rate provides some assurance that the value of their cash on hand and savings in the local currency does not erode. Alternatively, the central bank may choose to let the exchange rate **float**, allowing market forces to determine the value of the currency against other currencies. Sometimes, the currency is so debased the government replaces it with a new one. Congo and Sierra Leone issued new currencies following conflicts. In the fall of 2003, the Coalition Provisional Authority replaced the Iraqi currency, dubbed the "Saddam dinar," with a new one.

Collect Tax Revenues, Draw Up and Implement National Budget

7.12. Working with donors and international financial institutions, the host government should draw up and approve a budget as soon as possible. Initially, budgets may be for a few months or the remainder of the budget year. Budgets should be based on rough assessments of needs for public services based on the number of people to be provided the services and the number

of civil servants needed to provide them. For example, education budgets should be based on the number of teachers needed for the number of students. Because the economy is usually depressed, in most instances the government will not be able to collect enough taxes or fees to cover budgeted expenditures. Donors may have to make up the difference.

7.13. Even if donors provide substantial financial support, the government should, if at all possible, continue to collect taxes. Once collection stops, it is hard to restart. In general, the government should not attempt to introduce new taxes until it is more capable and the economy is in better shape. However, the government should eliminate taxes that are expensive to collect, are difficult to enforce, or penalize legitimate businesses.

Introduce and Enforce Financial Controls

7.14. The host government will need to design simple but robust financial controls to limit fraud. One effective way to limit corruption is to separate payments from expenditure decisions. For example, salaries and other payments should be made by employees of the finance ministry rather than by the ministries (e.g., education or health) responsible for providing the service. By separating payment from procurement, corrupt civil servants find it more difficult to skim off money from procurement contracts or expenditures on personnel.

7.15. The government also needs to conduct a census of all government employees to make sure the payroll is accurate. In many conflict and post-conflict societies, government office directors create "**ghost**" **employees**, fictional civil servants whose salaries go to their creator. After conflicts, Liberia and Sierra Leone have struggled to purge "ghost employees" from government payrolls.

7.16. In addition to ensuring that payroll obligations are met, the host government needs to establish procedures to ensure that civil servants perform their jobs. Governments should stipulate that wages will be paid only to people who are on the payroll and who show up for work. Spot checks and performance audits conducted by nascent inspector-generals' offices can be used to verify that people are on the job. However, dismissing incompetent, lazy, or "ghost" employees is often difficult; managers often are at physical risk following dismissal. Checks by inspector-general offices can also be used to ascertain whether clinics, police stations, or schools are open for business and to conduct needs assessments for supplies and repairs. Inspections help hold managers responsible for fixing problems once identified.

Contracting Out to Enforce Accountability

7.17. The sewage treatment plant in Rustamiyah, Iraq, run by the municipal government, had over 100 employees on the payroll. But on any given day not more than 30 to 40 employees were at work. At another plant, a contract was awarded to keep the plant in operation. The contractor was held responsible for the performance of the plant. He enforced attendance by only paying those who came to work and performed their jobs. On any one day, over 90 percent of employees were at work. Financial incentives combined with accountability resulted in much better performance.

7.18. The early introduction of simple financial management information systems, often operated with nothing more than laptop computers, is one step toward establishing budgetary controls. These systems need to be kept simple but should be flexible enough for budgeting and accounting.

Set Up an Efficient System for Making Payments

7.19. As soon as the central bank is up and running, it should immediately set up or resurrect an electronic interbank payments system. The IMF and relevant U.S. government agencies (Treasury, USAID) can assist. Concurrently, the host-nation government should arrange with banks, state-owned and private, to make electronic payments. The first order of business should be to set up electronic deposits of paychecks directly into bank accounts; subsequently, payments for contractors should be made electronically. Even in countries lacking a good fixed-line telecommunications infrastructure, electronic payment systems have become easier to set up. Simple systems using cell phones are in use in countries with very primitive financial systems like the Congo.

7.20. Electronic payments are a highly effective means of limiting corruption. They make it much more difficult for superiors to take a cut of their employees' paychecks or contractor payments than when payments are made in cash. Electronic systems also make it more difficult to create "ghost" employees.

Take a Conservative Approach to Encouraging Lending

7.21. The central bank must make sure that **commercial banks**—banks that make loans, take deposits, and handle checks and other financial transactions—handle depositors' money wisely and do not engage in risky lending. It should ensure that all banks have enough capital and are run according to sound banking practices. The central bank may take the lead in **recapitalizing** (injecting new capital into a bank and writing off uncollectible loans so that the bank regains a comfortable cushion on which to operate) or **liquidating** (dissolving) banks, including state-owned banks, that are insolvent, i.e., the amount of good loans outstanding are worth less than their deposits. Although addressing the problem of insolvent banks is not an immediate priority, unless insolvent banks are recapitalized or liquidated, the financial system will not function well.

7.22. Because of difficulties in assessing creditworthiness, banks should be very careful about extending loans following conflict. The host government should let banking activities grow in accordance with the market. Encouraging lending through subsidies or other policies is likely to do much more harm than good. Because the economy is in such flux and credit histories are so short, financial institutions lack the information and safeguards necessary to lend sensibly and safely. Moreover, early in the recovery, lack of financing does not appear to curb economic growth. Remittances from family members abroad, household savings, and retained earnings tend to suffice to fund the small businesses that form the backbone of the recovery.

Facilitate the Development of the Financial System

7.23. The host government and assistance providers should encourage the development of the financial industry by contracting for payment services with a range of financial institutions, not just state-run banks. It should also encourage the entry of foreign banks.

7.24. Some of the most important financial institutions in societies emerging from conflict are local money lenders and changers. Outside of the larger cities, they are often the only financial institutions to which people have access. They make it possible for relatives abroad to transfer funds and for farmers and small businessmen to borrow when they need to fund their businesses. The government should legalize these informal financial institutions, if they agree to register and provide data on transfers and activities. The government should also permit these institutions to transfer paychecks and payments to local government employees and businesses.

Reduce Barriers to Trade

7.25. Customs duties are usually one of the most important sources of tax revenues for countries emerging from conflict; only taxes on natural resources are sometimes more important. The host government needs to balance needs for tax revenues against spurring economic growth through import liberalization and minimizing opportunities for corruption in the customs service. When export and import duties are high, smuggling becomes more profitable. In Bosnia, smuggling was the primary source of income for insurgents and organized crime. When tariffs vary sharply from product to product, agents can demand bribes to move an import from a high tariff category to a low one. The host government can discourage smuggling and bribery by levying relatively low uniform tariffs, providing customs agents with an attractive wage, and adopting a zero-tolerance policy for agents caught demanding bribes. Traders can be encouraged to report dishonest customs agents by publicizing the address and cell phone number of the inspector general for customs. Low, uniform customs tariffs also reduce the cost of imports, increasing purchasing power and improving standards of living. To stimulate more trade, the government should extend the hours during which border crossings are open.

Potential Army Tasks

7.26. U.S. Army personnel may play important supporting roles in assisting the host government to implement measures to control inflation, manage the local currency, collect taxes, foster growth in the financial system, or regulate trade. Key potential tasks for U.S. Army units in the face of these challenges include:

- Identify key financial institutions and infrastructure within the area of responsibility during the IPB process.
- Secure looted or diverted stockpiles of currency or state-owned precious metals.
- Ensure security for critical financial institutions, infrastructure, and personnel.
- Support government financial transactions.
- Help ensure the timely and secure distribution of a new currency, if one is introduced.

- Use local currency to make payments.
- Support electronic payment systems.
- Support the lending programs of the host nation and civilian donors.
- Ensure that border crossings and other ports of entry are run safely and efficiently.

Identify Key Financial Institutions and Infrastructure Within the Area of Responsibility During the IBP Process

7.27. During the IPB process the unit should

- Identify and determine the locations of branches of the central bank, the finance ministry, the tax authority, other government financial institutions, commercial bank branches, and centers at which money changers and money lenders congregate in the area of responsibility.
- Identify and determine the locations of key components of the telecommunications infrastructure in the area of responsibility, including key switches, cell phone centers and towers.
- Identify key government and private sector financial personnel in the area of responsibility.
- Assess key security threats that endanger offices of the central bank, the finance ministry, the tax authority, and other government offices, commercial banks, informal financial institutions, communication infrastructure, and key personnel.
- Locate all border crossing points in the area of responsibility, learn their hours of operations, how they operate, and make local assessments of the prevalence and types of corruption practiced by customs and immigration officials at these crossings, if any.

7.28. U.S. Army personnel tasked with these assignments should first consult with the unit they are replacing (if any), economic and commercial officers at the U.S. embassy, local officials and government leaders, and local business leaders. After identifying government offices and commercial banks in the area of responsibility, they should visit the most important to become acquainted with the managers and to discuss major threats to security, including times when large amounts of cash are likely to be on hand or transferred. In addition to visiting banks, U.S. Army personnel should visit money-changing centers in bazaars of the major towns in the area of responsibility and become acquainted with the money changers and lenders. Local political leaders will know where these centers are located. As noted above, informal financial institutions such as the hawala brokers in the Middle East (see box at paragraph 7.5) can become valuable sources of intelligence and information. They have to be well informed and highly attuned to the state of affairs in their neighborhoods because they are so vulnerable to robbers. U.S. Army personnel should also identify and visit key telecommunications infrastructure and speak with local engineers or managers responsible for the operation of these systems to identify key vulnerabilities.

Secure Looted or Diverted Stockpiles of Currency or State-Owned Precious Metals

7.29. During operations in the area of responsibility, U.S. soldiers may come across large hoards of currency or precious metals stolen from banks, businesses, or government offices. These hoards should be confiscated, secured, and then tallied and inventoried after returning to the forward operating base (FOB). Information concerning the contraband should be passed up the chain of command. It should be secured until guidance is received regarding to whom and under what conditions it should be transferred.

Securing Iraqi Funds for Iraqis

7.30. After the fall of Baghdad, U.S. forces frequently found stashes of U.S. dollars, gold, and Iraqi dinars in houses or underground hiding places frequented by insurgents. This contraband was often carefully hidden and was found only after careful examination of the safe house by the patrol. Sometimes the contraband was accompanied with financial accounts recording receipts and expenditures. These accounts provided detailed insights into the operations of the insurgents, including sources of funds, the size of the operation, and recent financial stresses. The seizure of these funds deprived the insurgency of critical sources of finance.

Ensure Security for Critical Financial Institutions, Infrastructure, and Personnel

7.31. **Government financial offices and commercial banks.** The unit may be called upon to ensure security for key government institutions, like offices of the central bank, the finance ministry, or the tax authority in their area of responsibility. If the national mint or currency printing office is in the area of responsibility, the unit will need to ensure security for those offices as well. These institutions should be given high priority. It is especially important to protect them at the beginning of the operation because they are prime targets for looters, especially the central bank and commercial banks. Money lenders often provide their own security, but sometimes help is needed from a stronger, more capable force. Financial records also need to be protected; they are often as or more important than the physical structure.

7.32. **Telecommunications systems.** U.S. Army units need to protect information and telecommunications systems, especially those related to the financial system. For example, servers and telephone switches may be located outside of government buildings like the Ministry of Finance or central bank. U.S. Army personnel need to find out where this equipment is located and ensure that it is protected because otherwise the financial system will grind to a halt.

7.33. **Key personnel.** Government operations in societies in conflict are especially vulnerable to graft and fraud. Government officials sometimes develop deeply entrenched schemes to steal government funds. When inspectors or auditors begin to examine their operations, corrupt officials and their livelihoods are threatened. Some corrupt officials respond by threatening the inspectors. Because host-nation security forces may be involved in the fraud, inspectors and auditors may need a reliable outside force to protect them. If need be, U.S. Army units may be called upon to protect these individuals during the course of an investigation.

Looting the Central Bank of Iraq

7.34. After the fall of Baghdad, looters broke into the Central Bank of Iraq, where the national currency was printed. They stole the printing presses, paper, and the engraved plates. With potential counterfeit bills of that quality, the Coalition Provisional Authority (CPA) faced the immediate problem of replacing the national currency with a new one, adding to the challenges it already confronted. At great personal risk, dedicated staff of the central bank took financial records home to protect them from being destroyed. If these records had been lost, restarting operations and stabilizing the national currency would have been much more difficult. If the building had been secured before looters had a chance to break in, restarting central bank operations would have proceeded more quickly and smoothly.

Support Government Financial Transactions

7.35. In some instances, units may need to ensure security for host government financial transactions or even, if so directed, make payments on behalf of the host government. The ability to make payments is not only important for the economy but is also vital to U.S. military operations. Securing financial transactions is not only crucial for maintaining government services, but cutting down on stolen funds denies insurgencies the funds they need to survive. Stealing government payrolls can provide a ready source of funds. If thefts can be prevented, violence will decline as insurgents seek other means of making a living.

Help Ensure the Timely and Secure Distribution of a New Currency, If One Is Introduced

7.36. If the host nation decides to introduce a new national currency, U.S. Army units may be called upon to provide security when old and new bills are being transported in their area of responsibility. Units may also be called upon to guard banks and other sites in their area of responsibility where old bills are being exchanged for new. New bills need to be guarded while being printed and stored before transit. Old bills need to be guarded after being collected and when transported to a site where they are to be destroyed. The destruction site also needs to be guarded. Because of the very large sums of cash involved and the speed at which the operation needs to take place (usually just a few weeks), ordinary security services and guards are not adequate for these types of operations. Army units may be needed to provide the breadth of security needed, the capabilities to coordinate a large, complex operation, and the high degree of integrity demanded.

Making Payroll in Kirkuk

7.37. During the summer of 2003, the CPA needed to make provisions to pay pensioners, the indigent, and demobilized Iraqi soldiers. Paying Iraqi soldiers was to be a short-term measure until vocational training and other programs could be set up to reintegrate them into the civilian economy. In Kirkuk, U.S. Army Civil Affairs officers commandeered a vacant hall belonging to a state-owned enterprise. Demobilized soldiers were informed through radio, print media, posters, and word of mouth that they would receive their pay once a month on specified days at the hall. Former soldiers were then asked to verify their identities, which were cross-checked against Iraqi army records. On payday, former soldiers lined up in front of long tables, grouped alphabetically. Similar measures were adopted to pay pensions and provide social benefits. In most instances, pushing and shoving was kept under control. However, in Baghdad, Civil Affairs officers stopped dispensing stipends to widows until they formed orderly lines.

Use Local Currency to Make Payments

7.38. U.S. Army personnel usually find it easier to make payments in dollars than local currency. Whenever possible, however, they should use local currency, exchanging dollars for local currency at local banks or legitimate money changers. Paying in local currency will increase confidence in the currency; converting dollars will stimulate the development of local financial institutions. Units may also keep small deposits in local currency in well-run local banks.

Distributing the New Iraqi Dinar

7.39. The U.S. Army played a key role in replacing Iraq's old debased currency with a new one when the CPA decided to issue a new currency to solve the problem of the stolen engraving plates and to remove Saddam Hussein's face from daily commerce. Changing currencies was a major logistical and security challenge that the U.S. Army helped surmount. The new bills were printed in Switzerland using pre-Saddam era plates and air freighted to Jordan from where they were transported by air and truck to the Central Bank of Iraq in Baghdad. Local bank branches exchanged old bills for the new. A Belarusian air freight company employing old Soviet aircraft and pilots from Moldova was hired to fly the new bills around Iraq and collect old bills, which had been dipped in dye to prevent them from being stolen and exchanged for new bills more than once.

7.40. U.S. Army personnel helped CPA plan the logistical task of distributing the new bills and collecting the old. Air controllers coordinated the flights of the Belarusian company's planes. U.S. Army units protected trucks transporting the bills to and from the airports. On the day when the new currency was to be introduced, U.S. military units throughout Iraq provided security to local bank branches and on the streets where banks were located. Because of the support of the U.S. military, the exchange took place with hardly a hitch.

Support Electronic Systems to Make Payments

7.41. The complex, long-term national task of setting up a national electronic payment system is best undertaken by the central bank with support from civilian donors and agencies such as the IMF, U.S. Treasury, USAID, and others. The U.S. Army may support the establishment of this system by providing security to work sites or mobility support. Once a system is set up, U.S. Army units should be among the first to use it. The Army's use of the system will encourage local suppliers, contractors, and employees to also use the system. Soldiers can help explain the system to these people and in some cases help with setup and training. Electronic fund transfers will strengthen local banks and cover the costs of expanding the system through income from fees.

Paying the Afghan Army Electronically

7.42. Paying Afghan soldiers is a major challenge. Roads are poor or sometimes nonexistent. The banking system is rudimentary. Soldiers are dispersed all over the country. Afghan National Army (ANA) commanders and government officials have reportedly siphoned money from Army payrolls into their own pockets. Not surprisingly, ANA soldiers have frequently received their pay late, only in part, or sometimes not at all. Because salaries are paid in cash directly to the soldier, after payday many soldiers leave their units to bring the money to their families, sometimes without receiving prior permission from their commanders.

7.43. The Combined Security Transition Command–Afghanistan has tried to fix these problems by collaborating with other donors to set up an electronic payroll deposit system. As of June 2008, payrolls for police and the ANA were being made electronically in 33 out of 34 provinces. U.S. Army units have made major contributions toward implementing this program in their areas of responsibility. They have helped train payroll personnel in both the ANA and the police to operate the new system. PRT commanders have strongly encouraged (and in some cases strong-armed) local ANA commanders to adopt the system. U.S. Army personnel have also worked with local banks to install the system and open accounts for Afghan police and ANA soldiers. The system has already resulted in a drop in corruption because soldiers and police are now being paid in full. (Some have been surprised at the size of their real paychecks.) Direct deposit should reduce the numbers of troops going AWOL, improve the living conditions of soldiers' families, and improve morale in the Afghan military.

Support the Lending Programs of the Host Nation and Civilian Donors

7.44. In most conflict and post-conflict societies, lending is initially very limited. Economic conditions are too unsettled for lenders to advance money; credit histories are too short to determine which borrowers are likely to repay loans. As the economy recovers, donors may choose to provide funds to lend through banks or other financial institutions. Two common programs are loans from donors to local banks to be relent to small and medium-sized businesses and **microfinance** (see box below).

7.45. U.S. Army units best serve in a supporting role to the more appropriate civilian agencies and NGOs who lend to local banks or execute microfinancing. In particular, the unit should track the activities of microfinance operations in its area of responsibility by communicating with the NGOs who run microfinance operations. It should also assess the effectiveness of these operations by speaking to both NGO employees and loan recipients. If U.S. Army personnel see a need for injections of cash to jumpstart local economic activity, they can set up modest "directed" grant programs after consultations with local NGOs and other donors. However, the purpose and need for these cash grants must be carefully assessed. Cash grants to start particular businesses may result in saturating the market, destroying existing businesses while making it impossible for new businesses to thrive.

Microfinance

7.46. Microfinance delivers loans, savings instruments, and other financial services to poor households by setting up local financial institutions, usually cooperative banks. These institutions make very small loans to households and entrepreneurs. They often target women or other groups on the margins of the economy. Because the people who deposit funds in these banks are so poor, repayment conditions are stringent to ensure that depositors will not lose their money. Bank staff expend a great deal of effort to ensure repayment. Microfinance programs have been effective, but they demand constant engagement, strict payments discipline, and a long-term commitment.

7.47. **U.S. Army units should not attempt to establish their own microfinance programs or other lending programs in their area of responsibility.** U.S. Army units are singularly ill-suited to lend money. Lending involves long-term commitments and mutual trust. Lenders need to carefully assess the likelihood that the borrower is likely to have the means and desire to repay the loan. U.S. Army units will not be in the area of responsibility long enough to establish long-term financial relationships. They have little ability to gauge creditworthiness. If they lend at less than market rates, they will erode the business of local banks, slowing growth in the domestic financial system. If they do not enforce systematic repayment of loans, they set a very bad precedent. If borrowers feel they can get away without repaying loans, local banks will not be able to lend profitably. A collapse of payments discipline by borrowers may bring down the entire financial system, as banks take loan losses and savers lose confidence.

7.48. Banking services, and lending in particular, can be influenced by the dominant culture. For example, in most societies subject to *sharia* (Islamic law), borrowers do not pay interest. Commanders and planners should be aware of and sensitive to cultural influences related to banking and financial services in their area of responsibility, whatever their involvement in supporting the provision of financial services.

Ensure That Border Crossings and Other Ports of Entry Are Run Safely and Efficiently

7.49. No other task may be more important for restoring economic growth and stability than ensuring that border crossings operate efficiently. Well-run border operations will increase revenue to the central government, help increase trade and economic activity, and improve secu-

rity. U.S. Army units may be called upon to protect border crossing points, customs agents, and the customs duties they collect. They should also carefully observe customs operations and immediately report suspicions of bribe-taking up their chain of command and to the customs office. U.S. Army and other military personnel should also encourage customs and immigration agents to work expeditiously, so as to avoid long lines at the border. If the border crossing functions efficiently, the task of patrolling the border becomes easier: law-abiding citizens will prefer to cross at the official checkpoints; those who prefer to cross the border illegally are more likely to be up to no good. But if people face long lines and are shaken down for bribes at official checkpoints, more will cross the border illegally.

Reopening Borders in Macedonia

7.50. In 2001, European Union forces intervened in Macedonia to prevent a civil war between Slavic and Albanian Macedonians. Some units were deployed to the northwestern border of the country, near the heart of the conflict. EU commanders reopened the border to trade and traffic. They patrolled the border with Kosovo to stop Albanian gang members from across the border from infiltrating. EU civilian officials worked to incorporate more Albanian Macedonians into the civil service, including the customs agency, to address complaints about discrimination and the freedom to speak in Albanian with government officials. By ensuring that the border was open while preventing combatants from crossing the border, EU commanders helped the Macedonian economy and incomes recover from a short but severe recession while preventing the conflict from reigniting. By being aware of and attentive to the concerns of both ethnic groups, EU military units prevented the border and border crossings from becoming a cause of renewed violence.

7.51. U.S. Army units should carefully consider whether or not to apprehend smugglers or individuals who illegally cross the border. This task is often better left to the local police or border patrol. Too harsh a crackdown on smuggling commercial goods or on individuals who cross the border at the most convenient as opposed to legal crossings may also be ill-advised: it could provoke a popular backlash, particularly if the border divides people from the same tribe or group or divides an area that is a natural economic unit.

Checklist

7.52. U.S. Army and other military commanders and personnel should be prepared to carry out the following tasks:

- ❑ Identify and assess the financial institutions and infrastructure within the area of responsibility during the IPB process.
- ❑ Conduct mission analysis and develop COAs during the MDMP to ensure the security of critical financial institutions and infrastructure and provide customs support, if necessary.

- ❑ Get to know local bankers and money changers; make routine visits to monitor types and levels of activity.
- ❑ Secure looted or diverted stockpiles of currency or state-owned precious metals.
- ❑ Ensure security for critical financial institutions and infrastructure, including:
  - The central bank;
  - The treasury;
  - The national mint;
  - Information and telecommunications systems;
  - Border crossings and other ports of entry.
- ❑ Ensure protective services for inspectors, auditors, and other key host government personnel.
- ❑ Support government financial transactions.
- ❑ Ensure the timely and secure distribution of a new currency if one is introduced.
- ❑ Use local currency rather than dollars to make payments as soon as feasible.
- ❑ Use electronic payment systems when they become available and are shown to be secure; require contractors for the unit to receive payments electronically when technology permits.
- ❑ Leave lending to civilian donors or host-nation banking and lending institutions, but monitor for transparency and signs of corruption.
- ❑ Continuously monitor banking and finance-related interventions for effectiveness.
- ❑ Develop a thorough assessment and lessons learned process as part of the battle handover to follow-on forces.
- ❑ Ensure that border crossings and other ports of entry are run safely and efficiently.

Quick Reference

7.53. The following readings and outside sources were mentioned in this chapter:

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CHAPTER EIGHT

Private Sector Development and Employment Generation

8.1. Unless local residents have some prospect for restoring their livelihoods and improving their living standards, support for the host government and U.S. forces is likely to be low. Activities that accelerate the development of the private sector and thereby generate employment should increase local support and contribute to stabilizing the area of responsibility. The commander should seek to help reestablish livelihoods in the unit's area of responsibility because it will contribute to economic stability. Commanders should focus their support to economic and infrastructure development in ways that encourage the indigenous private sector to create sustainable business enterprises. The host-nation citizens will have a stake in protecting these businesses because they will value the goods and services provided by their friends and peers. Moreover, understanding the private sector development and employment situations in an area of responsibility is an important component of situational awareness.

The Problems

8.2. **Economic activity has been severely disrupted.** During conflicts, the lack of security prevents businesses from operating, and people often abandon their occupations and homes to seek safer environments for themselves and their families. In their absence, their property is often stolen, destroyed, or vandalized. Conditions for those who stay may be even worse, because businesses may be robbed or destroyed in the fighting and individuals may be kidnapped. Once the conflict subsides, many of the displaced return home. Upon return, they and those who remained rebuild or repair their houses and attempt to earn livings either in their former occupations or in whatever jobs they can find. If people find it difficult to restart their lives, disaffection increases and the likelihood of renewed violence rises.

8.3. **Businesses and households cannot rely on the government to uphold the rule of law.** Following a conflict, the legal and justice systems are often in disarray. There is no commonly accepted set of laws and no mechanism to enforce what laws there are, making the legal system arbitrary and unpredictable. In some areas, tribal or customary law may hold sway. In Muslim areas, *sharia* may be used. Civil and criminal codes from the previous government remain on the books, but because of differing and often conflicting legal codes, neither businesses nor households are sure which laws hold sway. In addition to conflicting legal codes, taking a dispute to court, obtaining a fair ruling, and enforcing that ruling are often impossible. Courts may not be open. Judges may be susceptible to bribery or intimidation. Police and bailiffs may

not enforce rulings. The lack of a functioning legal system seriously retards economic recovery, as businesses cannot enforce contracts or protect their property rights.

8.4. **Overmanned, ineffective government.** Growth in the private sector will be slow if too many people work in the public sector doing too little productive work. Government-provided services like security, education, and public health care, as well as publicly provided infrastructure like roads, are vital to a healthy, growing economy. However, the positive effects of public investment are negated when government jobs are dispensed on the basis of patronage rather than merit. The net effect is that government funds are diverted from providing public services to padding payrolls. In countries emerging from conflict, a lack of oversight and low wages for civil servants create an environment in which government employees extort bribes from businesses and consumers rather than fulfilling their mission to serve the public.

8.5. **Donors may try to spend too much money too quickly.** Because economic activity has been so depressed, the economy usually rebounds rapidly immediately following a conflict. Sometimes donors may try to spend large amounts of assistance quickly during this period of rapid reconstruction and recovery. The drive to spend can result in too many projects being pursued all at the same time. In the case of infrastructure projects, a boom in spending may drive up prices of cement, lumber, and other building materials, imposing higher costs on both donors and private individuals rebuilding their homes and businesses. If donors fund too many technical assistance projects to improve the effectiveness of the host government, government operations may be disrupted by the changes as new systems are not yet fully operational while old ones are being phased out. Too many donors and too many projects may take inordinate amounts of time from senior civil servants, distracting them from focusing on delivering government services.

8.6. **Rapid urbanization.** The population shifts that accompany an end to conflict often result in increased urbanization. When levels of violence fall and economic growth resumes, many people flock to cities because economic opportunities tend to be greater there. The population of Kabul has exploded since OEF began. The numbers of people in Phnom Penh, the capital of Cambodia, and Dili, the capital of East Timor, grew several fold after conflicts ended in those countries. This influx of people leads to shortages of housing and higher rents, and it also overtaxes transportation systems and utilities.

8.7. **Former combatants may engage in crime and violence.** In many post-conflict societies, international organizations or the host government set up **disarmament, demobilization, and reintegration** (**DDR**) programs to reduce the threat that former fighters will destabilize society. Rapid private sector growth is necessary to absorb these demobilized combatants. Reintegration is the part of DDR that most often fails to be effectively implemented, sometimes due to lack of funds but more often due to poor execution. Many, if not most, demobilized combatants will have limited experience with peacetime work. They may have lost ties with families and villages and lack access to land. Some may have acquired a taste for crime. Others may attempt to reconstitute their former gangs. Failure to successfully reintegrate former combatants into society has resulted in renewed conflict in Liberia, Kosovo, and the Democratic Republic of Congo.

Tasks for the Host Government, Civilian Agencies, NGOs, and State-Owned Enterprises

8.8. Key tasks for the host government, civilian assistance agencies and nongovernmental organizations (NGOs) include:

- Create environment conducive to private sector growth.
- Plan, stage, and coordinate assistance programs.
- Support growing urbanization.
- Implement effective DDR programs.

Create Environment Conducive to Private Sector Growth

8.9. Following conflict, most host governments are short of trained civil servants, functioning offices, and operational information and accounting systems. To best employ what limited resources are available, the host government should focus on resurrecting and implementing existing procedures and regulatory systems. For example, the government should collect existing taxes and enforce the existing commercial code of law.

8.10. In most instances, immediately following the conflict the host government officials will not have the time or expertise to make major changes in regulatory systems or policies by themselves. They will be too busy with the day-to-day operations of government to instigate changes in regulations and policies. Donors can help by paying for technical assistance from lawyers or other professionals to help draft legislation or policies to simplify current procedures and make them more effective. Changes should be directed at creating simple, more effective legal and regulatory systems to govern commerce and protect consumers, for example, by streamlining business registration procedures, permitting, and other regulations that stymie normal business activities. Setting up effective regulatory systems to govern telecommunications and electric power should be a priority. In some instances, regulations should be eliminated. For example, marketing boards, price controls, licensing, and approvals can significantly hamper and distort economic activity. *Donors should work with the host-nation government to abolish these types of regulations* because they impose heavy costs on businesses, are ineffective, and encourage corruption. New regulations and procedures should be designed in a way so that they can be implemented by governments with limited capacity. The ability of government employees to use inspections and audits to elicit bribes should be curbed to the extent possible.

8.11. Disputes over property rights and how property is distributed frequently contribute to conflict and delay economic reconstruction efforts. During conflicts, land tenure becomes much less secure. New owners take ownership after the original owners have fled, leading to multiple claims on the same property when the conflict ends and original owners return. Resolving land-tenure disputes is made more complicated because during the conflict, deeds and other documents establishing title to property are often destroyed or lost. Where title is in dispute, governments can encourage the use of leases and special accounts to hold rent payments to protect businesses using the property while the dispute over ownership is being worked out. Sometimes governments own large tracts of land to which they have undisputed title. Parcels from this land can be given away, sold, or leased to the landless. Because of the complications of sorting out and transferring ownership, large-scale land reforms do not provide quick solu-

tions to conflicts. In El Salvador, the land reform, a key part of the peace agreement that ended its civil war, took several years to implement. Because land reform took so long, illegal emigration to the United States by landless Salvadorans was probably more important to resolving the conflict than the land reform.

Plan, Stage, and Coordinate Assistance Programs

8.12. Donors and the host government need to set up a high-level committee to plan, stage, and coordinate foreign assistance projects, including those designed to accelerate private sector growth and generate employment. Projects need to be developed as a part of an integrated strategy with realistic time lines for initiation and completion and in concert with other projects. Development projects will be constrained by the ability of the host government to oversee them. The value and size of the projects will be limited by the ability of the host nation to absorb large infusions of cash. Too many projects started too quickly will be counterproductive.

8.13. Donors and host governments sometimes fund large-scale short-term make-work programs to provide returning citizens with an immediate source of income until they reestablish themselves. Typical projects include garbage collection or road repair. The most successful of these programs contract out work to private entrepreneurs who are responsible for hiring and paying local workers and ensuring that the work is completed. Donors often use grants to NGOs, community groups, local governments, or other public sector entities to contract with private entrepreneurs. Using a number of organizations launches these programs more quickly and reduces the risk that a single conduit will fail in an environment in which the ability to manage contracts is often very limited. Local private entrepreneurs can also be used to deliver food, shelter, and clothing during humanitarian assistance operations, thereby strengthening private enterprises and local markets. The more that donors and the host government can contract out the provision of services and projects to local businesses, the quicker the economy will develop.

8.14. Short-term employment programs have also been launched in response to reports of poverty or wide-scale unemployment in the existing population. Sometimes the host government, local leaders, and NGOs intentionally or unintentionally exaggerate the extent of unemployment and economic dissatisfaction to push for funding for make-work programs. In Bosnia, Iraq, and Kosovo, host governments have claimed unemployment rates of 40 percent or more. Carefully conducted, objective surveys have found actual unemployment rates in these countries to be half to a third of those rates. Spending money on employment schemes is enticing but often diverts scarce resources from more important areas, particularly because short-term employment programs do little to address endemic poverty, structural economic problems, or deeply embedded grievances. Moreover, since employment programs can easily become a source of patronage for political actors, care must be taken to ensure a fair and transparent distribution of benefits from these programs.

Support Growing Urbanization

8.15. The host government should not impose restrictions or mandates to stop the influx of people from the countryside into cities. Functioning free market economies require a mobile labor force that flows to where it is most needed. The government should acknowledge and support the migration of the population by expediting the sale and development of urban

land for housing and other buildings. It should also facilitate the provision of potable water, sewage removal, trash collection, schools, and health care services to newly developed areas. The host government and donors should also develop a master plan and begin implementing it to expand utilities like electricity, piped water, and municipal sewage systems to newly developed areas.

Implement Effective DDR Programs

8.16. DDR programs are generally carried out by or with the assistance of international organizations like the United Nations. The host-nation government can take the lead if it is capable and in control, but international oversight is recommended. Successful DDR programs hinge on the consent, support, and participation of local political and military leaders. They only work after conflict has ended. Otherwise groups that delay disarming have an opportunity to turn on their disarmed opponents; everyone has an incentive not to disarm fully.

8.17. Under disarmament programs, combatants may be required to hand over weapons to designated local authorities or to foreign forces. The designee is responsible for the collection, safe storage, disposal, or destruction of weapons. Demobilization often involves registering, counting, and monitoring combatants, and then preparing them for discharge. Sometimes militias or other armed groups commit to disarmament en masse. Individual combatants may move through temporary centers or former fighters may be collected in designated "camps." Time in such camps should be kept as short as possible because keeping large numbers of idle former combatants in one place can quickly lead to riots and renewed violence.

Mozambique: A Successful Case of DDR

8.18. In October 1992, the president of Mozambique and the leader of the resistance movement, the Resistencia Nacional Mozambicana (RENAMO), signed a peace agreement ending a civil war that had begun seventeen years earlier. The agreement included a ceasefire and a program to demobilize and disarm RENAMO. Demobilization was largely successful, though it took longer than expected because setting up cantonment areas for government and RENAMO troops took much longer than planned. Disarmament was less successful because the weapons collected were stored, not destroyed. Many leaked back into the society from poorly guarded stockpiles. An Information and Referral Service and a Reintegration Support Scheme were set up to inform ex-combatants about available support and employment opportunities, and to provide them with financial assistance for 18 months. Soldiers received kits with agricultural tools, seeds, and food rations at the assembly areas. They also received a one-time payment to travel home.

8.19. Mozambique's DDR program was highly successful: former insurgents did not reband even after they lost the ensuring elections. The program succeeded because ex-combatants were encouraged to leave cantonments and return home quickly. Assistance was provided up front. Ex-combatants were not encouraged to wait in camps for a second or third payout.

8.20. Reintegration can include training, job placement, and payments of stipends or assistance. It can involve support with transport to a new location, or help in pursuing a new occupation. Some former combatants may be integrated into the host nation's peacetime military, police, and security forces. But this will be the solution for only a few. Sometimes it is possible to use existing training or alternative employment programs, main-lining former fighters with others seeking jobs and training. However, sending former child soldiers to regular schools has been unsuccessful. Tailoring reintegration programs to specific subgroups of the combatant population, for example, according to age and sex, has brought more success. Staff should be deployed and programs should be up and running at the time that reintegration begins, so that former combatants are not forced to wait. If this is impossible, alternative activities need to be found for former combatants until the programs are operating. Programs involving payments should be clearly explained: recipients should know if they are to receive one single payment to assist in starting a new life, a stipend while undergoing reintegration, or an ongoing retirement benefit. They should also know and understand how large the payment will be and for how long it will continue.

8.21. The United Nations DDR Resource Centre, at http://www.unddr.org/, provides extensive information about DDR, including lessons learned and guidelines.

Potential Army Tasks

8.22. Sustained economic growth and job creation requires broad-based growth in the private sector. While the government and other institutions can not create private sector growth, they have the responsibility to create an environment that encourages investment and the creation of new enterprise. In situations where Army forces are involved in supporting private sector development, their focus should be on improving the investment climate and enabling private entrepreneurs. Possible tasks for tactical units include:

- Conduct thorough assessments of private sector activities in the area of responsibility.
- Support projects that improve the business environment.
- Support targeted programs to increase private sector economic activity.
- Support publics works programs.
- Schedule public works programs for maximum effect.
- Help implement DDR programs.

Conduct Thorough Assessments of the Private Sector Activities in the Area of Responsibility

8.23. During the IPB process the unit should:

- Identify primary sources of employment and economic activity in the area of responsibility.

- Locate major centers of economic activities, including state-owned enterprises, large manufacturing facilities, workshops making handicrafts like carpets, motor vehicle repair shops, retail markets, and centers for entertainment.
- Identify existing business associations such as chambers of commerce or trade associations.
- Identify and assess marketing linkages, including goods imported from distant national, regional, or international suppliers and local products intended for export to other markets.
- Assess key security threats to economic centers.
- Identify key obstacles to increases in economic activity in the area of responsibility such as poor quality of transport infrastructure, lack of security, shortages of electric power or water, or burdensome or corrupt government practices.

8.24. U.S. Army personnel tasked with this assignment should first consult with the unit they are replacing (if any), economic and commercial officers at the U.S. embassy, local officials, and representatives of local NGOs to identify important sources of employment and the locations of centers of major economic activities. In addition, they must be familiar with national and regional development plans that affect their area of responsibility. After identifying key economic centers, they should periodically visit them to meet local entrepreneurs and discuss major impediments to the operation of their businesses. U.S. Army personnel should share this information with the U.S. embassy and USAID employees. They should also give the comments and complaints of local businessmen a reality check by double-checking with local host government officials, civilian donors, and local NGOs.

8.25. Information on economic activities in the host nation and possibly the area of responsibility should be available from the Central Intelligence Agency's *World Factbook*. The *Factbook* is available on the internet at https://www.cia.gov/library/publications/the-world-factbook/. The World Bank's *Doing Business* provides information on the burden of regulation on local businesses in 175 countries. It often contains information on regions within those countries. The most current edition is *Doing Business 2007: How To Reform*, World Bank, Washington, D.C., 2007. It is updated annually and can be purchased directly from the World Bank through the internet site at http://publications.worldbank.org/ecommerce/catalog/product?item_id=5363808.

Support Changes in Government Personnel and Programs That Improve the Business Environment

8.26. International financial institutions, bilateral development agencies (e.g. USAID, DfID), the donor community, or NGOs usually take the lead in trying to improve government operations. International financial institutions and donors often identity key government regulations or procedures that impose high costs on businesses, retarding economic growth, and suggest ways to surmount them (see box). Bilateral development agencies and other donors often hold direct discussions with host government officials over burdensome regulations and corrupt practices. NGOs often attempt to publicly shame local and national officials by publicizing requests for bribes and other corrupt activities.

Informal Solutions to Public Sector Failures: Electricity in Iraq

8.27. Iraq's state-owned power company has a legal monopoly on providing electricity. Because it does not collect payments for electricity, demand has been growing rapidly. The state-owned company has lacked the generating capacity and fuel supplies to provide continuous service. Iraqi entrepreneurs have stepped in, forming neighborhood cooperatives or small generating companies to sell power from small private generators to neighborhoods and businesses. The Iraqi government has turned a blind eye to these activities, although they are illegal under Iraqi law. Such a pragmatic approach permits Iraqi households and small businesses to continue to obtain power even during the daily blackouts imposed by the national power company because of excess demand. Making these informal operations legal would help improve electricity supply.

8.28. U.S. Army units can support these activities by relaying information and observations about dysfunctional government regulations or corrupt officials up the chain of command and to civilian agencies in charge of development activities. Commanders should also bring up these problems in meetings with local officials, if they think their remonstrations will have an effect. In Afghanistan, U.S. Army commanders have helped oust corrupt, incompetent local officials in their areas of operation by documenting the officials' performance and presenting this information to more senior Afghan government officials. Although the corrupt officials may not have been fired, some have been transferred to less critical postings, opening up a slot for a more competent, honest official.

Support Targeted Programs to Increase Private Sector Economic Activity

8.29. Assistance agencies that sponsor projects to foster private sector development focus on:

- Reducing impediments to business such as onerous, punitive government regulations.
- Improving the flow of information to businesses by sponsoring business associations or fairs, or by helping to set up internet sites.
- Relieving transportation or other bottlenecks.
- Improving the provision of public utilities and other public services.
- Facilitating the flow of capital to businesses by improving the operations of the financial sector.
- Providing capital to local banks to be lent to local businesses or providing small grants or loans to local businesses directly.

8.31. When security concerns prevent civilian aid providers from operating in an area, U.S. Army units may attempt to reduce barriers to local businesses. To do so, they should ask the local business community, bilateral assistance providers and other donors, and local NGOs about the major impediments to the expansion of economic activity in the locality and what could be done to alleviate them. They should then develop a list of the most important impediments and strategies that would alleviate these problems based on these conversations. Local

business leaders, local government officials, donors, and local NGOs should be shown these lists and asked which of these impediments pose the most severe problems and which solutions are likely to be most effective. Army personnel should then match resources against potential projects. A prioritized set of potential projects should then be recirculated with these groups to develop a final list.

8.32. Sometimes persuasion can be more important than financial expenditures for improving business conditions. Units have worked with local businesses to identify government regulations that heavily burden businesses. U.S. Army personnel have brought these complaints to the attention of local host government leaders and pushed them to address these problems. For example, U.S. Army personnel have pushed Iraqi government officials to speed up business registrations.

8.33. To improve the flow of information to local businesses and provide them with links to modern business practices. U.S. military personnel have helped set up and support business associations (see box). They have also provided training in modern business practices like using the internet to submit bids and collect information on their industry.

Setting Up the al-Anbar Business Association

8.34. Because of high levels of violence, USAID did not station a representative in al-Anbar, Iraq. Without much in the way of funding, Marine Corps officers helped set up the al-Anbar Business Association (ABA), a group of small business owners, to stimulate local business activity. They linked the ABA with other business groups in the region, most notably the Jordanian-American Business Association. The Marines set up training seminars in marketing and business operations. They also tutored the members in the principles of open competition; members were used to operating under Saddam Hussein's rules whereby contracts always went to those with political connections. The Marines established a website for the ABA and helped teach the owners about the internet. They did not tell the Iraqis how to run their businesses, but focused on facilitating their operations by sharing information. For example, the Marines helped them write bids and work within FAR guidelines to win U.S. contracts. They also sought and obtained funding for them to attend regional business fairs and conferences in Amman, Jordan, and Dubai. Thanks to these efforts, the al-Anbar business community has become much more closely linked to the international and regional business community, expanding its operations and activities.

8.35. Removing transportation bottlenecks can provide a substantial boost to private sector activity. In Afghanistan, U.S. military units have constructed bridges to link villages and improved roads. These types of projects are discussed in greater detail in Chapter Five.

8.36. Tactical-level leaders may find it more difficult to improve the provision of public services and utilities. CERP funds have also been used to finance projects to connect households to electric power and water systems. These investments have sometimes been less successful than other projects because the systems to which the households were linked were unable to service the additional demand.

8.37. U.S. Army personnel can help improve the operations of the financial sector by channeling payments through local financial institutions and using local currency for payments. These issues are discussed in more detail in Chapter Seven.

8.38. U.S. Army personnel may use CERP funds to make small grants for agriculture and businesses. Success depends upon carefully targeting grants to meet the specific local requirements. More information on assessing which types of projects are best suited to benefit from CERP funds can be found in "An Overview of the Commander's Emergency Response Program (CERP)," Acquisition, Logistics and Technology Integration Office. However, since most Army units lack the necessary expertise, economic development initiatives should be designed in close consultation with knowledgeable civilian experts. Small grants are preferable to loans because U.S. Army units are poorly situated to assess creditworthiness and enforce repayments. In addition, units rotate out, making it difficult to set up procedures for repayment. Grants are most effective when implemented immediately after the end of conflict when the economy is most depressed and reconstruction is just beginning. In Afghanistan, grants of agricultural implements and seeds or cash grants helped jumpstart farming. Once the immediate period after the end of a conflict has passed, small-scale grants should be used sparingly. U.S. Army personnel should consult with civilian experts with knowledge of the area of responsibility to identify areas in which grants might be used effectively. Grant programs should be advertised and provided to all qualified applicants. Locals should not be left with the impression that the U.S. Army is picking economic favorites. Grant programs should also be one-off. Once a recipient receives a grant, she or he should not be left with the impression that more grants will be forthcoming.

Grants of Agricultural Inputs in the Philippines

8.39. USAID funded a project in Mindanao to fulfill promises in a September 1996 peace agreement between the government of the Philippines and a local insurgent group. The project, which lasted from 1997 to 2000, targeted ex-combatants. It introduced better seeds and cultivation methods to boost yields from corn. It also helped increase yields from harvesting seaweed, an export crop. The project stopped subsidizing seeds after two harvests, but local farmers continued to use the new seeds and cultivation methods. As agricultural output and farm incomes rose, crime plummeted in two major cities in the province.

8.40. Grants should be used sparingly, as they may disrupt local economies without triggering more rapid growth (see box below). Indiscriminate use of grants can lead to the rapid expansion of businesses in a sector, bankrupting existing businesses and failing to provide livelihoods for new entrants. Moreover, not everyone is likely to be able to operate a business. Apart from farming, the civilian donor community has had poor results from providing grants to help ex-combatants and rural workers to start their own businesses. Most ex-combatants and unskilled civilian laborers do not have the business skills needed to become successful micro-entrepreneurs. The high failure rates typical of business startups are likely to be even higher for this group.

Too Many Taxis in Liberia

8.41. In Liberia, demobilized soldiers received cash grants of a few hundred dollars. Many of them used the grants to import very old used cars to be used as taxis. The influx of vehicles quickly saturated the market, pushing down fares. Many of the ex-combatants seriously underestimated the costs of operating and repairing the vehicles, making the taxi business unprofitable. The cash grants failed to help many of the recipients establish a new means of making a living.

Support Public Works Programs

8.42. In some instances, Army units may wish to assist donors or the host government to launch public works programs. These programs are designed to hire large numbers of people for short periods of time shortly after the end of the conflict to put some money into their pockets until more traditional sources of income recover. Programs may pay locals for a variety of low-skilled tasks such as

- Picking up trash;
- Cleaning out irrigation ditches.
- Repairing local roads.
- Rehabilitating public buildings and schools.
- Digging wells or latrines.

8.43. Projects should be chosen in close consultation with local officials and community leaders to identify those of most local interest and to promote local ownership. These should not simply be make-work projects. They should be carried out because the work needs to be done as well as to create jobs.

8.44. Donors, including U.S. Army units, will usually find it more effective to contract out tasks to a local firm with payment contingent on satisfactorily completing the tasks, rather than attempting to hire and supervise large numbers of workers themselves. Contracts can include provisions designating minimum daily wages and directing that local workers be hired. With all such projects, commanders and personnel need to make sure they get value for money, both to set standards for public works contracts and to ensure that U.S. government funds provide as much benefit as possible. Contracting should be in line with U.S. and local laws and regulations and bidding should be open and transparent. See Chapter Ten for more on contracting.

Who Should Pick Up the Garbage?

8.45. A key U.S. policy goal in Iraq is to encourage local Iraqi governments to take responsibility for providing government services. A U.S. commander in northern Iraq was using CERP funds to hire locals to pick up trash. After a few months, he was instructed to stop the program because the local government was to step in. But the local government never stepped up to the challenge. Garbage piled up, IED attacks increased as the garbage along the roads provided more hiding places, and local inhabitants were angry that garbage collection had stopped.

8.46. Better coordination and discussions between the local government, the commander's superiors, and the unit could have led to a different outcome: the successful CERP-funded operation could have been slowly transferred to local control, neighborhood by neighborhood. The U.S. Army unit could have retained an oversight and advisory role. As it was, the decision led to deterioration in the situation, not an improvement.

8.47. Despite the attractions of quickly pumping money into local hands, public works projects should be approached with caution. By definition, employment-generation projects are not sustainable because funding is short-term and the value of the work is sometimes less than what is paid. Programs also run the risk of diverting laborers from work that adds more value. To prevent detrimental consequences, programs should offer cash-for-work at wages that will not entice public or private employees to leave their current occupations. If wages are no more attractive than those for alternative jobs, the public works project will not interfere in seasonal farm work or local construction projects. Wages should be paid in cash and not, for example, in food, although food can be served on site. Daily meals can encourage workers to show up for work. The programs should focus on expanding employment by offering short-term jobs or training to those that may otherwise not be in the labor force. Depending on the work involved, programs should target key populations, such as able-bodied workers who cannot find employment and vulnerable populations, such as widows or people who have been maimed in the conflict.

8.48. Public works programs may improve security by keeping former combatants and other potentially violent actors busy. However, they are not a panacea. Employment-generation schemes have helped fund insurgencies by providing combatants with a source of income during the day, giving them the financial freedom to cause mayhem at night. Commanders and their staffs need to monitor these types of programs carefully to see who is benefiting from them.

Schedule Public Works Programs for Maximum Effect

8.49. Farm work is seasonal. Large numbers of people are often needed during harvest or planting. Not all of these people are local. Some migrate from neighboring regions or even countries for the harvest. Army and other military personnel need to be careful not to disrupt these movements, but also need to ensure that insurgents do not use these periods to move into an area undetected.

Harvesting Opium in Afghanistan

8.50. Opium is produced from the sap of poppies. Extracting the sap is tedious and labor-intensive. As poppy cultivation has expanded in southern Afghanistan, growers have had to recruit more and more people. Because economic growth (and opium production) has pushed up wages for Afghans, growers now recruit Pashtuns from Pakistan at harvest time. Targeted use of public works programs coupled with efforts to discourage Pakistanis from crossing the border could disrupt the opium harvest.

8.51. U.S. Army personnel need to ensure that employment-generation programs do not compete for labor during the harvest or planting seasons: the harvest could rot in the fields as traditional labor is engaged elsewhere or a missed planting could lead to sharply reduced harvests later in the year. Personnel could, on the other hand, schedule public works programs during periods when illicit crops like opium and coca are likely to be planted or harvested. By diverting labor to public works programs, the production of illicit drugs could be disrupted.

Help Implement Effective DDR Programs

8.52. DDR programs will generally be designed and agreed upon as part of an overall peace settlement and peacekeeping program. As participants in such efforts, U.S. Army and other military personnel may play a role in supporting and implementing DDR but are unlikely to be asked to design these programs themselves from scratch. For example, U.S. personnel may take part in disarmament efforts by helping to secure locations where weapons are turned in and perhaps the weapons themselves. They may even help implement the programs by assisting in public information campaigns and helping to man sites. U.S. Army and other military personnel can help with demobilization by providing intelligence support and security. In some instances, they might assist in destroying weapons and unexploded ordnance.

Waiting Around for the Next Handout

8.53. In Liberia, payments for former police went on for an extended period of time, and their duration was not made fully clear. Former police took to loitering around their former station houses and government office buildings, waiting for additional payments. Eventually, some marched on government offices demanding more money, threatening to riot. Those that congregated at police stations disrupted police patrols. They also encouraged new recruits to stop traffic to demand bribes from motorists. By stretching out payments and not having a reintegration program up and running when former police were demobilized, the effectiveness of the program to build a new, less corrupt force was seriously undermined. The large numbers of idle police contributed to more crime and tension. The hopes for additional handouts postponed the search for more gainful employment on the part of former police officers.

8.54. U.S. Army personnel can assist with reintegration. In the Balkans, U.S. and NATO forces employed ex-combatants in painting, repairing sidewalks, repairing roads, and picking up garbage. Efforts of this sort employ people waiting for a more comprehensive reintegration program to go into effect. U.S. Army units can help with vetting, training, and oversight for new security forces, if so tasked. Some former combatants are usually recruited for these forces as part of reintegration.

8.55. Whatever roles U.S. Army personnel are asked to take on in the DDR process, they will find it useful to learn from the experience of others. The United Nations DDR Resource Centre, mentioned above, is a valuable source of information.

Checklist

8.56. U.S. Army and other military commanders and personnel should be prepared to carry out the following tasks:

- ❑ Conduct thorough assessments of private sector activities in the area of responsibility during the IPB process:
  - – Identify primary sources of employment and economic activity.
  - – Locate major centers of economic activities, including workshops making handicrafts like carpets, motor vehicle repair shops, and retail and entertainment centers.
  - – Assess key security threats to economic centers.
  - – Identify key obstacles to increases in economic activity in the area of responsibility such as poor quality of transport infrastructure, lack of security, shortages of electric power or water, or burdensome or corrupt government practices.
- ❑ Identify and assess the DDR situation within the area of responsibility during the IPB process:
  - – Is a process under way?
  - – How does it affect the area of responsibility?
  - – Who is playing what roles, and what are the responsibilities of this unit?
- ❑ Conduct mission analysis and develop COAs to provide public works and facilities support and to provide economic and commerce support during the MDMP, to include:
  - – Reducing impediments to business such as onerous, punitive government regulations.
  - – Improving the flow of information to businesses by sponsoring business associations or fairs, or setting up internet sites.
  - – Relieving transportation or other bottlenecks.
  - – Improving the provision of public utilities and other public services.
  - – Providing small grants to local businesses directly.

- ❑ Schedule and structure public works programs for maximum effect:
  - Set pay scales and time projects to avoid diverting workers from other work and when local labor is needed to plant or harvest.
  - If possible, schedule to disrupt activities that destabilize the area of responsibility like harvesting opium or coca.
- ❑ Conduct mission analysis and develop COAs to ensure the effective implementation of DDR activities within the area of responsibility, as appropriate given the unit's mission in support of DDR.
- ❑ Assist in the destruction of weapons and explosives turned in during the DDR process, if needed.

Quick Reference

8.57. The following readings and outside sources were mentioned in this chapter:

- The United Nations provides extensive information about DDR, including lessons learned and guidelines, from its DDR Resource Centre, at http://www.unddr.org/.
- World Bank, *Doing Business 2007: How To Reform*, Washington, D.C., 2007. The publication can be purchased directly from the World Bank through the internet site at http://publications.worldbank.org/ecommerce/catalog/product?item_id=5363808.
- CIA's *World Factbook*, available at https://www.cia.gov/library/publications/the-world-factbook/.
- Kenneth W. Beasley, *Job Creation in Post-Conflict Societies*, PPC Issue Paper No. 9, PN-ADE-194, USAID, 2006.
- *An Overview of the Commander's Emergency Response Program (CERP),* Acquisition, Logistics and Technology Integration Office (ALT-IO)/Training Directorate, Combined Arms Support Command, Fort Lee, Virginia, 24JAN2008. Military personnel should be able to find this by logging on to the CASCOM Battle Command Knowledge System, https://forums.bcks.army.mil/, and clicking through to "battlefield contracting." This is a password-protected resource.

CHAPTER NINE

Natural Resource Management

9.1. Exports of gems, ores, oil, natural gas, and timber from these operations are often the primary source of government revenue for the host nation. Mines, oil wells, or logging operations will be located in the areas of responsibility of some units. Because of their importance for the government budget, securing these operations and the revenues they generate are key to stabilizing the country and the area of responsibility. Understanding the security and economic concerns and developments regarding natural resources is critical to SA. The U.S. military, particularly in the early phases of a stability operation, can also assist the host nation by helping to secure natural resources and by securing or in some cases repairing the means of transporting these resources to their legitimate markets, such as roads, pipelines, storage facilities, terminals, or ports.

The Problems

9.2. If the host government and natural resources companies are unable to extract, ship, and sell natural resources because of lack of security, economic recovery will falter. The government will be short of revenues from sales and taxes on natural resources; natural resource companies will be unable to operate because of lack of funds.

9.3. Natural resource revenues may finance insurgents. During a conflict, insurgents may seek control over natural resource revenues to buy arms and pay fighters. They also use revenues to buy popular support. Insurgents often target gem mining operations, because gems are valuable and easy to transport and sell. In Liberia and Sierra Leone, rebels found small-scale diamond mining operations lucrative sources of cash. In Angola, insurgents seized control of the diamond region and financed their operations from diamond sales for decades. In Iraq, sales of gasoline and diesel fuel stolen from the Baiji refinery were a primary source of funds for the Sunni insurgency. The theft of crude oil from pipelines running through Basra has financed Shi'a militias and gangs.

9.4. Sales of gems and oil are not the only way in which natural resources finance insurgencies. Insurgents and gangs often extort protection money from the companies that extract the natural resources by kidnapping key staff or threatening to damage installations.

9.5. Insurgent control of natural resources weakens the government. Funds flowing into insurgent coffers are not available for the government to pay its security forces, provide government services, and invest in public infrastructure. Insurgent attacks on mines, wells, pipelines, rail-

roads, and ports destabilize the area of responsibility by demonstrating the ineffectiveness of local security forces. In Iraq, frequent attacks on the northern oil pipeline shut down exports for long periods of time. The attacks demonstrated the lack of government control in the region while depriving the Iraqi government of substantial export revenues. If an area becomes too dangerous, foreign firms may shut down operations and leave, depriving the country of revenues and local jobs. Shell Oil Company has periodically shut down operations in Nigeria because of threats to its employees.

9.6. Control over natural resource sites may provide insurgents with a base of operations. Mines, oil wells, and forests are often located in remote parts of the country. In Cambodia, the remnants of the Khmer Rouge used forests on the border with Thailand as a base of operations. They financed their activities by granting franchises to Thai logging companies.

9.7. Theft of natural resource revenues by government officials reduces popular support. Government officials sometimes expend more effort on siphoning revenues from natural resources into their own pockets than on providing government services or security. Disgust with government officials who steal revenues from natural resources prolonged the civil war in Angola. Perceptions that Iraqi government officials have been siphoning off oil revenues have undermined support for the government.

9.8. Quarrels over proceeds from the sale of natural resources may exacerbate conflicts. Civil wars in Congo have been primarily due to conflicts between locals and the national government over revenues from mines in Katanga province. In Iraq, one of the key concerns motivating the Sunni insurgency in Anbar province has been whether oil-poor regions will receive an equitable share of oil revenues.

Tasks for the Host Government, Civilian Agencies, and NGOs

9.9. Key tasks for the host government, civilian agencies, and NGOs include:

- Ensuring host government control over extraction sites, processing facilities, transportation routes, ports, terminals and storage facilities.
- Reviewing and, if necessary, modifying laws governing the extraction of resources to minimize corruption.
- Setting up and enforcing transparent, equitable systems for collecting and spending money from natural resources.

Ensure Host Government Control over Extraction Sites, Processing Facilities, Transportation Routes, Ports, Terminals, and Storage Facilities

9.10. Because the sale of natural resources is such an important source of revenue for both the host government and its enemies, the host government needs to ensure or quickly gain control over mines, oil fields, timberlands, and key processing and extraction facilities. Sometimes, governments set up specialized forces for this mission, like park rangers to protect forests. However, if the government does not pay its security forces adequately or regularly, these forces may tap natural resources for resale for their own benefit or collude with insurgents. Local

communities, with or without the encouragement of the government, may set up their own forces to protect sites. Local groups can be effective but may exacerbate existing conflicts, especially if they form along religious or ethnic lines. The host government also needs to secure key transportation routes, ports, terminals, and other storage facilities to ensure that the product can be secured from the point of extraction to the point of sale or export.

Review and, If Necessary, Modify Laws Governing the Extraction of Resources to Minimize Corruption

9.11. The host government in conjunction with donors, international financial institutions and NGOs should review and when necessary modify, clarify, and enforce the laws associated with mining, cutting, or otherwise extracting natural resources. The host government may need to review and, where appropriate, modify or cancel existing contracts, if they were awarded in a corrupt way. The host government should develop transparent procedures for granting concessions (contracts with natural resource companies) to drill, mine, or log. Once concessions are granted, the government must be able to protect both the resources and the concession holders or permit the concession holders to provide their own security. To help prevent smuggling or theft from concessions, the international community and the host government should utilize **certification programs**, programs that certify the physical origin of the product and that it was extracted and sold in accordance with the laws of the country of origin. Certification programs are used to track diamonds from Sierra Leone and Liberia and timber sales from Southeast Asia.

Set Up and Enforce Transparent, Equitable Systems for Collecting and Spending Money from Natural Resources

9.12. Host governments in conjunction with donors, international financial institutions, and NGOs should create transparent, effective means of collecting revenues, including collecting royalties or export taxes when products are shipped out of the country. One way of curbing corruption and improving financial management of these revenues is to deposit them in **natural resource funds**, dedicated accounts that are not commingled with other revenues (see box). The key terms of sales contracts, including contracted prices, should be made publicly available for review; the internet is often a good place to post this information. Making this information public puts one more safeguard in place, making it more difficult for government officials to skim money. Monitoring how much is exported and auditing accounts also helps reduce corruption.

9.13. Not only do host governments need to collect revenues from natural resources in a transparent fashion, they also need to develop transparent, equitable procedures for allocating these revenues. Chad, Nigeria, and Sudan have set up oil revenue-sharing agreements with local communities to help resolve domestic conflicts.

Natural Resource Funds

9.14. A number of resource-rich countries emerging from conflict, including Azerbaijan, Chad, Timor-Leste, and Papua New Guinea, have set up natural resource funds with the help of the World Bank or donors. Iraq has channeled all oil export revenues into a single fund, the Development Fund for Iraq, located in the Federal Reserve Bank of New York. All or a specified share of revenues from sales of natural resources are deposited in these accounts. These funds are managed and audited separately from other revenues. Audits and in some instances the terms and conditions of the purchase contracts for the sale of the natural resource may be made publicly available. Withdrawals from the funds may sometimes only be expended for dedicated purposes and should be closely audited.

Potential Army Tasks

9.15. Key potential tasks for U.S. Army units that relate to natural resources development efforts include:

- Conduct thorough assessments of the natural resource-related aspects of the area of responsibility to include locations and their related facilities (roads, pipelines, ports, etc.) and their security and potential threats to them.
- Ensure the security of mines, forests, oil fields, processing plants, transportation networks, and other natural resource infrastructure in the area of responsibility.
- If needed, repair key facilities in the area of responsibility that are critical to the extraction or transport of natural resources, e.g., roads or bridges to facilitate logging operations and pipelines to transport oil or gas.
- Enforce bans on illicit trade in natural resources in the area of responsibility.

Conduct Thorough Assessments of the Natural Resource-Related Operational and Mission Variables in the Area of Responsibility

9.16. Improving awareness of the commander's physical environment is an integral part of PMESII-PT (political, military, economic, social, infrastructure, information, *physical environment*, time), and during the IPB process the unit should:

- Identify key natural resources produced in the area of responsibility, including current quantities and underutilized capacities.
- Identify and determine the location of major mines, oil and gas fields, and lumbering operations in the area of responsibility.
- Determine the location and operational characteristics of storage and processing facilities and transportation networks like roads, railroads, pipelines, terminals, and ports used to transport natural resources or provide supplies.

- Assess key security threats that endanger the extraction of important natural resources.
- Identify and evaluate forces—government, insurgent, and private—that are protecting or attempting to control the resource.
- Assess the current provision of security for both production and transport facilities: FM 3-19.30, *Physical Security* (January 2001), provides guidance on assessing the security of critical areas, but the current operating environment and its available resources will also influence the provision of security and must be taken into account when developing a security plan.

9.17. U.S. Army personnel tasked with this assignment should first consult with the unit they are replacing (if any), economic and commercial officers at the U.S. embassy, local officials, and representatives of local NGOs. After identifying major operations, they should visit the most important mines, plantations, or logging operations in the area of responsibility to become acquainted with the managers and to discuss major threats to security. They should also examine major transport points and speak with local engineers or managers responsible for roads, pipeline operations, and other transport.

Ensure the Security of Mines, Forests, Oil Fields, Processing Plants, Transportation Networks, and Other Natural Resource Infrastructure in the Area of Responsibility

Securing the Northern Pipeline in Iraq

9.18. For much of 2006 and 2007, Iraq's northern pipeline, which connects the oil fields near Kirkuk to the export terminal in Ceyhan, Turkey, was inoperable because insurgents repeatedly blew holes in it. In 2007, attacks occurred at the rate of one a day. Iraqi exports and government revenues suffered.

9.19. By May 2008, the number of attacks had dropped to one a week. Local men associated with the Awakening Movement were hired to guard the pipeline. In addition, engineering units attached to MNF-I worked with Iraqi contractors to speed repairs in their areas of responsibility. Because of the two policies, the pipeline is approaching capacity, bringing a large influx of cash to Iraqi government coffers. MNF-I commanders and the Ministry of Oil have also worked to hold locals more accountable for preventing attacks. In the past, tribes would periodically blow up the pipeline they were supposed to protect to pressure the Ministry of Oil to increase payments. Now payments are more closely tied to the absence of rather than increases in attacks.

9.20. The commander should be prepared to ensure the security of key natural resources production and distribution facilities in the area of responsibility. Facilities include mines, forests, oil fields, processing plants, pipelines, railroads, roads, ports, and storage facilities.

9.21. In general, local security forces, not U.S. forces, are best situated to provide security. *However, because natural resource sales are so important for host government finances, some form of security force, private or government, is required to guard sites where natural resources are mined, cut, pumped, and transported.* For facilities like mines where perimeter security and controlled

access are needed, private security forces can often best conduct this mission. Private security forces are less well suited to guard pipelines, roads, or railroads, because when securing these routes, they may become embroiled in disputes with local citizens going about their normal business. Government security forces are better suited for activities that may infringe on public access. *Private security forces should never take over law enforcement responsibilities in the area of responsibility.* Where local security forces prove incapable of providing security, U.S. forces may need to step in until local forces are able to take over.

9.22. Security may also be needed for individuals working in natural resource industries. Managers, engineers, and other highly trained personnel are often targeted by kidnappers. Private security providers are frequently used to provide security to these people, but in some instances the unit may need to provide temporary protection, especially if key personnel are being threatened or have been attacked.

Reclaiming a Rubber Plantation in Liberia

9.23. The Guthrie rubber plantation in Liberia has supplied Goodyear with rubber for over a century. During the Liberian civil war, combatants took over the plantation and used it as an operating base. Following the peace agreement, former rebels continued to hold onto the plantation. In 2006, the new government under President Ellen Johnson Sirleaf and the Special Representative of the Secretary General who heads the United Nations Mission in Liberia (UNMIL) decided to repossess the plantation. The government successfully negotiated the withdrawal and dispersal of the former rebels after sending Liberian National Police patrols onto the plantations. UNMIL military forces and United Nations Police played a critical role in the operation by providing guidance and backup to ensure that combatants left the plantation. The former rebels have not returned.

9.24. To the extent security classifications make it possible, the unit should share intelligence with local security forces.

9.25. The unit should focus on providing assistance in specific areas where host-nation forces are deficient.

- The host nation will probably lack the capacity to undertake surveillance of natural resource transport routes from the air. The unit commander may request U.S. Army manned or unmanned aircraft or request the U.S. Air Force to fill this gap. On the ground, there may be a need to conduct joint patrols and set up checkpoints with local forces to protect roads, forests, or pipelines. Air surveillance and patrols are likely to be an ongoing mission, if pipelines or transport routes are frequently attacked.
- If host-nation security forces are not up to the task, U.S. forces may need to identify and neutralize land mines along transport routes.
- The U.S. State Department has the lead in training local police forces, except in Iraq and Afghanistan where the Defense Department has been specifically tasked to take a lead role. If called upon, the unit commander may be tasked to play a role in training or

supervising local security forces tasked with protecting transport routes and facilities for extracting natural resources.

If Needed, Repair Key Facilities

9.26. At times, because of the security environment or lack of capabilities, neither the host nation nor donors will be able to repair critical facilities in the area of responsibility needed to extract or transport national resources such as pipelines or roads. In these instances, U.S. Army or other military forces may need to make repairs. Commanders should first consult with their chains of command and civilian assistance providers to determine if civilian organizations can make the necessary repairs. If it is determined that U.S. Army or other military capabilities are needed, a needs assessment of critical natural resources infrastructure should be first completed using methodologies such as the World Bank's Damage and Reconstruction Needs Assessment Toolkit available at http://vle.worldbank.org/gdln/dm/start.htm. Once a priority list of repairs has been established, the commanders should determine the capabilities needed to make the repairs. If the capabilities are not available within the unit, it should request assistance from higher echelons.

9.27. USACE Forward Engineer Support Teams (FEST) teams, described in more detail in Chapter Five, could help with the assessment of more complex projects. These teams could play a role in the assessment of what would be necessary to restore key segments of the natural resource chain of extraction and movement to market. They could also provide technical advice on how to go about repairing more complicated parts of the system such as pipelines and pumping stations or assist with developing or vetting contracts to have such work done.

9.28. Units assigned to repair a facility can also request assistance from the Engineering Infrastructure and Intelligence Reachback Center (EI2RC), a USACE asset located in Mobile, Alabama. The Reachback Center can provide technical advice on infrastructure assessment and analysis of transportation routes that could be particularly useful in determining what sort of repairs might be needed and how to go about them.

Restore Iraqi Oil

9.29. In addition to activities by the Iraqi Ministry of Oil and USAID, under Project Restore Iraqi Oil (RIO) the Secretary of Defense assigned USACE the task of repairing damaged oil infrastructure and assuring continuity of operations of the Iraqi oil industry. The initial efforts were focused on fighting oil fires and emergency repairs of oil field collection points, pipelines, and loading facilities. In addition to USACE activities, U.S. Army engineering units have worked with the Iraqi Ministry of Oil to set up rapid reaction teams to quickly repair pipeline ruptures in their areas of responsibility after attacks by insurgents.

Enforce Bans on Illicit Trade in Natural Resources

9.30. U.S. Army and other military units may be asked to help local security forces enforce bans on illicit trade in gems, metals, or timber. Units may assist local forces to establish and man checkpoints to stop and search cars and trucks for illicit commodities. Units may also

be engaged in supporting local security forces to stop illegal logging or mining operations. These tasks are best performed by local forces, because they speak the language and have arrest authority. But the unit may need to provide backup if smugglers are armed and not afraid to confront local security forces.

Checklist

9.31. U.S. Army and other military commanders and personnel should be prepared to carry out the following tasks:

- ❑ Conduct a thorough assessment of the natural resources and related infrastructure in the area of responsibility during the IPB process:
  - Identify and determine the location of major mines, oil and gas fields, and lumbering operations in the area of responsibility.
  - Determine the location and operational characteristics of storage and processing facilities as well as transportation networks like roads, railroads, pipelines, terminals, and ports engaged in shipping natural resources or providing key supplies.
  - Identify and assess key security threats that endanger the extraction and transport of important natural resources.
  - Identify and evaluate forces—government, insurgent, and private—that are protecting or attempting to control the resource.
  - Assess the current provision of security for both production and transport facilities.
- ❑ Conduct mission analysis and develop COAs to ensure the security of extraction facilities and the transportation routes and facilities related to the export of natural resources during the MDMP.
- ❑ Ensure that extraction facilities, transport, shipping routes, and shipping facilities are secure.
  - Security is best provided by local security forces, but where they prove inadequate, the unit may need to patrol, provide perimeter security, or set up checkpoints until local forces are able to take over.
  - If necessary, arrange for air surveillance.
  - If host-nation security forces are not up to the task, identify and neutralize mines along transport routes.
  - If so tasked, train local security forces to protect transport routes and facilities for extracting natural resources.
- ❑ Ensure protective services for threatened key personnel involved in the extraction of natural resources.

- ❑ If needed, repair key facilities:
  - – Conduct needs assessment of critical natural resources infrastructure using methodologies such as the World Bank's Damage and Reconstruction Needs Assessment Toolkit.
  - – Utilize existing capabilities or, if they do not exist, request capabilities to perform repair, including USACE FEST and Engineering Infrastructure and Intelligence Reachback Center capabilities.
- ❑ Enforce bans on illicit trade in natural resources:
  - – If so tasked, assist local forces to establish and man checkpoints to stop and search cars and trucks for illicit commodities.
  - – If so tasked, support local security forces to stop illegal logging or mining operations.

Quick Reference

9.32. The following readings and outside sources were mentioned in this chapter.

- The World Bank's Damage and Reconstruction Needs Assessment Toolkit is available at http://vle.worldbank.org/gdln/dm/start.htm.
- The World Bank, *Experiences with Oil Funds: Institutional and Financial Aspects*, Report 321/06, Energy Sector Management Assistance Program, the World Bank, Washington, D.C., June 2006, available at http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2007/01/22/000020439_20070122164239/Rendered/PDF/ESM3210Experiences1Oil1Fund01PUBLIC1.pdf.
- FM 3-19.30, *Physical Security.*

CHAPTER TEN

The Effects of the U.S. Military on Local Economies

10.1. This chapter examines the effects of U.S. military presence on the local economy. It lays out options for commanders for handling local procurement, hiring locals, leasing land for a forward operating base (FOB), and contracting for local services. It stresses that units should first "Do No Harm," highlighting how the influx of resources from the U.S. military can create opportunities to reconcile warring parties and restore stability or further divide the communities in which U.S. military forces operate.

The Problems

10.2. **An influx of money can exacerbate existing tensions.** U.S military engagement abroad can bring an influx of money and create economic opportunities in what are usually impoverished communities beset by long-standing political, tribal or ethnic conflicts, and this can inadvertently create problems if funds are not spent thoughtfully. If local supplies are tight, orders from the U.S. military can dramatically increase prices, pricing locals out of the market. Winning a large contract can entrench a local powerbroker, as profits are channeled to local gangs or militias that support them. Illegal actions by military personnel or contractors—such as involvement in drug trade, the black market, or human trafficking—finances thugs, fosters crime, and erodes stability.

10.3. **A U.S. Army or other military force entering an area of operations usually has a significant impact on the local economy.** Supplies have to be procured, translators and other locals hired, bases constructed, and, in more benign environments, off-duty personnel may visit local bars, markets, and restaurants. These economic interactions are usually positive for the local economy. Purchases of goods and services put much-needed money into the hands of the local population and spur the creation of new businesses and jobs, building goodwill toward the U.S. military. Business and social contacts can lead to friendships, collaboration, and, overall, a greater understanding, which in turn could lead to a reduction of the overall threat level. Military personnel also gain a better understanding of the local culture by learning about local trade practices, foods, and the rhythm of life. These activities also serve as indices of normalization that will be helpful in measuring the effectiveness of interventions.

Procuring Supplies

10.4. In most instances, commanders should seek to buy whatever possible from the local economy. Commanders will have some leeway to do so and may also be able to encourage local procurement by others. However, the commander's freedom to purchase is limited by U.S. laws and regulations dictating what products must be purchased from the United States. Security concerns may also constrain local purchases, because supply personnel may not be able to travel off base freely. Concerns about whether or not locally procured food and water are safe to eat and drink may also limit local procurement.

10.5. When units or U.S. contractors procure locally, they should be wary of triggering a "gold rush." A sudden, large increase in demand for products, especially in small local markets, will push up prices, sometimes by large amounts. For example, local contractors who constructed a barracks in Afghanistan bought up all the local wood. Consequently, construction for locals came to a halt as the cost of wood soared. In response to the large demand levied by U.S. forces, shortages in supply and large increases in prices generate resentment, undermining efforts to build support. Departure creates its own problems. Local businesses may expand their operations to serve U.S. forces only to see sales collapse when troops leave.

10.6. To guard against adverse economic impacts, commanders should put together baseline information about prices and the availability of goods on local markets before making decisions about local procurement. Ideally, this would occur before the unit deployed. If it is relieving a unit in place, the current organization will be an excellent source of information about local conditions, and it may have developed standard operating procedures or other resources such as formal or informal lessons learned. If no unit is operating in the specific area, it may be possible to send a small advance party, probably under the leadership of the executive officer and including representatives from key staff sections (S2, S3, S4, S5, for example), to gather key information about local conditions to include what can be procured there. If the unit begins to procure food or other goods on a regular basis or makes a large purchase of materials like cement, wood, or other construction or barrier material, the commander should monitor prices of those products week to week. If the prices do not increase significantly, most of the response to increased demand from the U.S. military unit is being satisfied by increased local supply and procurement should continue. If prices jump sharply, the unit is probably crowding out local buyers, in which case commanders should scale back local purchases and investigate alternative sources of supply for at least some portion of purchases. Unit commanders can monitor price fluctuations by the simple expedient of having patrols note the prices of commodities. A better solution would be to contract for a monthly price survey. If services are being provided to the unit under a LOGCAP arrangement, the local manager will be able to monitor prices for whatever services she or he provides (dining facilities, laundry, etc.). The commander can have them provide information for periodic briefings so as to monitor price trends.

10.7. Sometimes prices rise sharply because of a single choke point: for example, one wholesaler may control most of the supply or one trucking firm is responsible for most of the transport. Procurement personnel should trace out the supply chain, identifying the original source of the product and key logistics trails. The unit may then wish to expand competition by splitting contracts with more than one company, breaking the lock of the key supplier. Introducing more competition will benefit the local community by reducing prices.

10.8. Off-duty soldiers can be a boon to the local economy. Sales of souvenirs, restaurant meals, and alcohol (where allowed) boost local businesses. In Bosnia, Italian, French, and British forces mingled freely with locals and provided a substantial economic injection in those towns in which they were stationed. However, the economic benefits have to be balanced against behavior that antagonizes locals. Commanders must also be watchful of any illegal actions by military personnel, to include DoD civilians and contractors. Illegal activities such as selling drugs or prostitution (which may also involve human trafficking) antagonize and damage the local community. If the Military Police are present in the area, close coordination with them will help inform the commander of any increase in criminal activity or involvement of U.S personnel. As a matter of course, the S2 and the S5, or other designated personnel, should establish contacts with all law enforcement agencies in the area of responsibility. The unit can establish courtesy patrols as a way of monitoring the situation and in some cases helping to defuse potential conflicts between military personnel and the local populace. If U.S. personnel are seen as contributing to these problems, they will destroy goodwill.

10.9. The security situation will dictate the freedom with which soldiers travel off-base to purchase goods and services. If soldiers cannot leave the base, local entrepreneurs can be invited on base to sell souvenirs, food, and other items; on-base markets can be scheduled regularly. This practice was commonplace on nearly every FOB in Iraq. Local entrepreneurs were encouraged to establish small shops on FOBs offering everything from in-room internet and cable service to haircuts, souvenirs, and household goods.

Hiring Local Employees

10.10. Hiring locals boosts incomes in the community and provides critical intelligence and information, because local hires can help explain customs, political alignments, and even provide information on the activities of violent groups. As with purchases of products, if not handled with care, hiring locals can have a disruptive effect on local labor markets, especially pay scales. Commanders need to pay local hires enough to attract high-quality personnel, but not so much that they create a large disparity between what can be earned on the local economy or working for the host government and what one can earn by working for the U.S. military.

10.11. Commanders usually need to pay somewhat more than local wage rates to hire better-quality personnel and to compensate locals for the added risk associated with working for the U.S. military; local hires have often been targeted by insurgents in Afghanistan, Iraq, and elsewhere. But commanders and other foreign employers, to include contractors providing U.S. organizations such services as dining facilities, need to take great care not to offer salaries that are so far above the market rate that they entice skilled workers or professionals to leave more important jobs in the community for less important, but better-paying jobs working for the U.S. military or international community. For example, in Bosnia, doctors sought jobs as drivers for U.S. personnel because the jobs paid better than practicing medicine. It is a good idea to occasionally take inventory of the professional experience of local employees to see if some personnel might be better used in other positions or back in either the public or private sector in their communities. Commanders should coordinate with the staffs of other U.S. government,

foreign government, and international agencies or organizations in the area to set comparable wages for similar jobs.

10.12. Jobs in the host-nation security forces are particularly sensitive. Local security personnel working for U.S. forces should not make more money than locals working for the police, army, or intelligence agencies. Large disparities in wage rates between local security forces and those paid to guards protecting U.S. facilities sends the unintended message that U.S. lives are more valuable than those of the host nation's population. If commanders need to provide better compensation to attract security personnel, they may wish to turn to nonmonetary incentive programs such as free English lessons or training in vocational skills, like motor vehicle repair. These benefits serve to make a job working for the U.S. military more attractive while not setting salaries that are overtly much higher than those paid by the national security services.

Shooting Yourself in the Foot

10.13. Prior to 2006, U.S. PRTs in Afghanistan paid between $200 to $600 per month to local guards for base protection and mission convoys. The local police were paid $50 per month and the Afghan National Army soldiers were paid $70 per month to perform their regular duties. In 2006, LTG Karl Eikenberry issued a fragmentary order (FRAGO) stating that all Afghan security forces working for the U.S. military should be paid no more than $70 per month, in line with wages in the Afghan National Army. Initially, many guards quit or went to work for nongovernment organizations. Others accepted the smaller salary. The effect within Afghanistan was great: the lives of Afghans and Americans were now worth the same in the locals' eyes.

10.14. The situation is a bit different when setting wages for highly specialized professional jobs, such as interpreters, cultural advisors, or media consultants. The host government may employ interpreters, but not in large numbers. Moreover, host government interpreters often do not work as long or as hard as interpreters employed by the U.S. military, nor are their jobs as dangerous. Interpreters for the U.S. military are often asked to ride in convoys with soldiers. They know privileged information that could be valuable to an enemy. Interpreting for the U.S. military may demand specialized training or vocabulary. Interpreters may have lived or been educated in the West, and therefore expect a Western salary. This said, commanders should attempt to ascertain what the host government pays its interpreters, and more importantly, seek to coordinate with the U.S. embassy and, through the embassy, with other foreign and multilateral agencies to agree on a range of pay scales.

Setting Wages for Interpreters in Jalalabad

10.15. In the Jalalabad PRT, a sliding scale was developed for local interpreters based on their job, the risk involved, and their seniority. The most senior interpreters who worked with one of the command groups (USAID, State, USDA, or the PRT military commander) earned $1,200 to $1,600 per month. Interpreters who worked with different sections of the military such as Civil Affairs or police trainers, which often required overnight missions, received $1,000 to $1,400 per month. Interpreters stationed at the gate to the base who did not go on missions earned $400 to $1,000 per month. This wage scale was developed by the PRT commander to better reflect differences in job demands and risk faced by the interpreters.

Leasing Land

10.16. Commanders may need to set up or expand a base. When available, it is much easier to take over and renovate an existing facility than to build one from scratch. The largest U.S. base in Afghanistan is Bagram, a former Soviet base with a large airfield. Although the U.S. military has rebuilt and renovated the entire base, U.S. forces did not have to acquire land and raze existing dwellings to construct a new base. Using the existing base generated substantial savings in terms of cost, time, and local goodwill, as locals were not disrupted by the U.S. presence. Care should be taken, of course, to ensure that land and facilities are returned in as good as or better condition as when they were acquired. Photographs and other documentation can be useful to establish that this is the case.

10.17. Real estate transactions can be complicated. If a commander has a real estate issue, she or he can ask for help from the U.S. Army Corps of Engineers, which has Contingency Real Estate Support Teams (CREST) that can assist with such issues. Capable of deploying with tactical units, CREST can provide advice on and assistance with a range of real property activities, including leasing space and facilities, providing guidance on real property matters, and coordinating real estate issues between the command and the host nation's real estate organizations.

10.18. Sometimes the U.S. military will need to construct FOBs. If possible, FOBs should be built on land already owned or controlled by the host government. It is much easier to negotiate and make a single lease payment (or hopefully no payment) to the host government than payments to a large number of private landowners. Alternately, if the land is owned by private individuals, lease payments need to be negotiated and a system of payments set up. These payments can be quite lucrative. The people who receive these payments (not always the true owners) enjoy a steady, often large, stream of income. However, due to preexisting land disputes and other complicating factors, leasing from private individuals can be cumbersome and should be avoided when government-owned lands are available.

10.19. When deciding on a site for a base, in addition to traditional concerns about security, parcel size, location, and access to water, sewage, and power, commanders need to take into account who will receive lease payments. If political, ethnic, or tribal tensions exist in an area, commanders need to know which group will benefit most so as to mitigate perceptions that the U.S. military is supporting one faction over another. Before choosing a location for a FOB, commanders need to find answers to the following questions:

1. Who actually (legally and de facto) owns the land where the base would be located? The S5 of the organization or a higher echelon can help acquire such information.
2. Who will receive rent for the land? (In many countries, foreigners and especially foreign governments are prohibited from purchasing and owning land.) To what political, social, economic, ethnic, and tribal groups do they belong?
3. What are prevailing rates to lease land for commercial (not agricultural) purposes?

10.20. If it is a matter of leasing, the CREST teams referred to above can help. Commanders need to balance the benefit that will go to the landowner's group by trying to ensure that other groups also benefit from the U.S. presence. If the base is to be constructed substantially from scratch, other resources are available to help. The FEST teams described in Chapter Five are one resource. Commanders may choose to allocate some construction contracts to companies owned by or that employ members of other ethnic groups. Care needs to be taken to understand the existing ethnic tensions and rivalries to ensure that well-intentioned contracts do not result in increased violence and animosity toward other factions. Commanders may allot a percentage of base jobs for local members of ethnic groups that do not benefit from lease payments. They may also grant extra consideration to businesses run by other ethnic groups when procuring supplies locally. Spreading U.S. military spending may even serve to bring together members of local groups through shared work.

10.21. When making a decision to construct a FOB, commanders also need to work through the military chain of command and the U.S. embassy to involve the host government, especially the local security forces, under the expectation that the FOB will revert to the host nation when U.S. forces leave. If the host government is to assume current lease payment obligations or facility maintenance, it needs to be involved or at least be informed about these decisions.

10.22. Locals charge foreigners more than they do their neighbors. In many cases where foreign forces are present, separate foreign and local prices and rates emerge. Although commanders should be aware that they will almost certainly pay more than locals, they should still determine local rents before choosing where to locate a FOB. Baseline pricing information will better position commanders to negotiate fair rent payments for the land. Paying above market prices skews the local economy and in the long run may be detrimental to healthy economic growth.

Contracting

10.23. The U.S. military and its suppliers often spend large amounts for construction, transport, and other services provided by local businesses. Many of these services are provided through competitively bid contracts. These contract awards may have large, unintended consequences

for the local economy, local politics, and local security. A tactical unit commander will need ready access to personnel with contracting expertise. Ideally, this expertise would be organic to the unit. Since the military tables of organization do not provide for such expertise in tactical units, it would have to be an augmentation, either military or civilian personnel assigned or attached to the unit for the duration of the deployment. Below, we discuss some ways to obtain access to knowledgeable contracting personnel. The unit can assist in some tasks, for example, by having designated personnel collect bids from vendors for the contracting personnel to review and in the administrative preparation of document, but having someone knowledgeable in contracting procedures readily available is critical.

10.24. Depending on the specific country, prior to an international intervention, most large local contracts may have been issued by the host government. These contracts are often awarded through political connections or according to the size of the bribe that the winning company is willing to pay. Governments often exercise little oversight over whether the winning company adequately fulfills these contracts or bills in accordance with contract provisions. The distribution of awarded contracts and the associated corruption may even have contributed to triggering violence in the past.

10.25. The U.S. Army (and all U.S. government institutions and personnel) should not be perceived as perpetuating any sort of corruption or favoritism in its contracting. To break the cycle of violence and corruption, commanders need to enforce criteria-driven, transparent contracting procedures. Otherwise the unit runs the risk of reigniting or stoking the embers that feed violence. Commanders must also establish procedures that ensure compliance with established U.S. policies and procedures and prevent fraud, waste, and mismanagement of funds.

10.26. Contracting rules will vary according to national laws and specific situations. U.S. personnel must also ensure that their efforts and actions are in compliance with both U.S. and national laws and codes. In addition, the following guidelines can help ensure effectiveness.

10.27. When a unit first arrives in country, contracting personnel need to get up to speed on the local companies that have the capacity to fulfill military contracts. However, it is unlikely that commanders will have adequate contracting expertise on their organic staffs. If possible, the commander should try to get an individual with contracting experience attached to the staff before or concurrent with deployment to the area of responsibility. Division staffs typically have contracting personnel, some military officers with training as contracting officer representatives, assigned. Some are civilians, and they may be able to deploy with the unit depending whether they are designated as emergency essential civilians. The Defense Logistics Agency also has contracting personnel who might be made available to deploy with the unit. If organic support is not feasible, the commander should determine if such support is available on an area support basis. In a divisional area of responsibility, support should be available from the division staff. How contracting is done is an issue that needs to be worked out prior to the unit's deployment. Military personnel would generally be preferred, and it may be possible to get either Army National Guard or Army Reserve personnel attached to the unit for the deployment. This process must be started well in advance of the deployment.

10.28. Commanders should task those providing them contracting support with researching the history, capability, and ownership of companies likely to bid for contracts. This research should involve visits to the companies‘ offices and other facilities. Visits make it difficult for a

single contractor to bid under several names so as to improve chances of winning. Contractors often change their company's name after they have been blacklisted for unethical conduct or failure to perform, so that they can bid again. Visits to offices and previous projects, albeit laborious, will pay off in improved local perceptions of the competence and fairness of the U.S. military in awarding contracts.

10.29. Unit staff can work with contracting personnel to tap local or national business registries for information on bidders. Registries are more common than one may expect, because they are needed to collect business taxes. They contain information on ownership, although this information is not always accurate. Local government officials, local businesspeople, and civilian workers and NGOs will be able to help commanders access these registries. Commanders should also contact agencies that have been operating in the area, like those of the UN (the UN Office for Project Services, the UN Development Program, etc.), USAID, the development agencies of other foreign governments, or NGOs to ask about their experiences with contractors. These agencies often put together their own blacklists of contractors based on bad experiences.

10.30. It is also important to visit the business's facilities and inspect past completed projects to verify that the business has the capacity to complete the project on which they are bidding. Typically, a contracting officer's representative or a contracting officer would be the one to do this. If support is provided on an area basis, the unit might be able to make such a visit armed with guidance on what to look for from the contracting personnel. Some companies may be able to construct a small schoolhouse, but do not have the capacity to construct a large, multistory building. Owners often tend to exaggerate their capabilities and prior experience. *The more complex the project, the smaller the pool of local contractors available to do the work.*

10.31. Commanders need to set clear criteria for the **tender** (a formal, written offer to supply something) and solicit multiple bids. Providing a sample of an acceptable bid proposal format in the request for proposals (RFP), especially in electronic format, can be helpful to local companies. Commanders should work with USAID or other commanders to develop standard contract documents in the local language as well as English. These are very useful for small projects and repeat purchases. Contracts need to define scope of work, construction standards, and delivery dates. Once a decision has been made, contracting staff need to contact all the bidders, publicly announce the winner, and explain why the winner was chosen.

10.32. Tenders need to be written simply and clearly. The unit, assisted by engineer personnel, may need to provide detailed plans for construction projects and specifications concerning quality and time lines for both construction projects and purchases of materials. Payments need to be directly linked to contract fulfillment. Smaller contractors may need advance payment or financial help to purchase materials, as they may lack the funds to start work. The work needs to be monitored. If the commander has been successful in having contract personnel assigned or attached to the unit, they should be the ones to do this. If the contracting support is on an area basis, the contracting personnel might be able to make site visits, but the area of responsibility may be so large that such visits would be infrequent. In that case, the unit can visit the site and take pictures or videos to forward to contract personnel for review. If the work requires specific technical expertise beyond what a contracting official can provide, e.g., whether bridge pilings have been poured properly, the commander should request engineering

support as well. If she or he has involved engineer personnel in the project design, they will be able to make such judgments.

10.33. In some instances, the commander may choose to set bidding criteria based on political or social concerns and should work with the contracting office that is assisting him with the project to ensure that such concerns reflect the request for bids. For example, in Afghanistan, one PRT leader insists that 75 percent of the laborers used on road projects come from the communities through which the road is being built. Commanders should also invest in training local companies on how to bid. This not only widens the pool of prospective bidders, but also teaches a needed skill. In many societies, some ethnic or tribal groups have historically had greater access to education and contracts than others. Commanders should keep track of the tribe or ethnicity of winning contractors, both owners and employees. If contractors invariably come from one group, the commander should explore enhanced training for new bidders or breaking down contracts so that less experienced contractors can bid on smaller tasks.

10.34. A simple guide on how to hold a bidding conference is included as Appendix A. The characteristics described there are those that generally characterize a good bidding conference. These may have to be adapted to local circumstances and cultures.

Checklist

10.35. Commanders and other personnel will need to identify and assess the economic effect of U.S. military operation on the economy within the area of responsibility and identify the types of goods and services that can be procured within the area of responsibility. These checklists can assist with that effort:

- ❑ Develop plans to procure supplies locally. To do this, it will be necessary to determine:
  - What food and other supplies are available locally?
  - What can the unit purchase locally?
  - What needs to be brought in?
  - How rapidly are prices rising after local procurement begins?
- ❑ Develop plans to procure services locally. To do this, it will be necessary to determine:
  - What are the local wages for positions similar to those for which the unit is hiring?
    - Skilled labor: cooks, mechanics, carpenters, plumbers, electricians.
    - Unskilled labor.
    - Police, military, and intelligence personnel.
    - Private security guards (government, NGOs, businesses).
  - What are the local wages for jobs that support foreigners: interpreters, translators, political advisors, cultural advisors, media liaison, public affairs personnel, etc?

- ❑ Offer wages that are competitive with local wage scales, but that are not so high that they distort local labor markets by attracting highly skilled individuals like doctors away from their professions to take a job where they may contribute. The above assessments will provide the information necessary to do this effectively.
- ❑ Develop plans to lease land and facilities locally. To do this, it will be necessary to determine:
  - What are local commercial rents?
  - To which groups does the land belong? Who will get the lease payments from the prospective site?
  - What host government ministry or office should be engaged or informed about site selection? If the base is to be handed over to the host nation's armed forces when the U.S. military leaves, which representatives of the host nation's armed forces should be involved in choosing the site?
- ❑ Develop clear and transparent bidding procedures for the procurement of local goods and services. In doing this, personnel will have to determine:
  - Is the bidding process open and transparent for all local contractors?
  - Does the local community understand the bidding process?
- ❑ Monitor and assess the companies who bid upon and who receive U.S. contracts. In doing this, personnel will have to determine:
  - Who owns the companies that bid?
  - Who owns the companies that have won contracts?
  - How was this ownership verified? Has anyone visited the offices or facilities to ensure that the company is legitimate?
- ❑ Monitor the local economy for changes resulting from U.S. procurement and contracting policies. Monitoring will mean that personnel should:
  - Assess the effect of procurement policies on local process. Is there evidence that local approaches are changing?
  - Assess the effect of hiring local employees on local wages. Are local wages rising rapidly?
  - Identify any distortions in the local economy and labor market resulting from hiring local employees: Are highly qualified individuals leaving positions in government or the private sector to take jobs with the U.S. Army that require fewer qualifications?
  - Assess the effect of U.S. leasing policy on the local economy. Are land and rental prices rising sharply?

- ❑ Monitor the effect of U.S. procurement and leasing policy upon the local political and economic balance of power. The assessment should determine whether groups seen as "favorites" of U.S. forces are rising or dropping in overall influence, locally and nationally.
- ❑ Adjust policies and approaches as necessary based on the results of the above assessments.

APPENDIX A

Holding a Bidder's Conference

1. Work with the community and the appropriate government representative to determine dates for two meetings that will make up the bidding conference. The first meeting is to distribute information about the project to potential contractors, and the second is to compare the bids and assign the winning contract.
2. One week prior to the first meeting, make an announcement via radio, TV, internet, posters, and newspapers inviting all interested parties to meet at the date, time, and place that has been selected in agreement with government and community leaders. It is often best to meet on the site where the structure is to be built. If that is not possible, the next best option is in the offices of the appropriate government agency, for example, the local offices of the Ministry of Education if it is a school, or the Ministry of Health if it is a clinic. If these options are unworkable, the meeting should be held at a central location easily accessible to everyone. The posting should also list prequalifications for bidders. Poor-quality contractors can be excluded by setting prequalifications such as examples of previously constructed buildings of the same complexity and size.
3. The first meeting should consist of representatives from the beneficiary community, appropriate government representatives from the technical offices responsible for the project, and all potential contractors.
    a. Explain the bidding process.
    b. Hand out written explanations of the bidding process in the local language with the design package to all contractors who attend. If the commander wishes to stipulate that a certain percentage of employees are hired locally or from a specific tribal or ethnic group, these conditions should also be listed.
    c. If a contractor registration list exists, it should be checked at this time to ensure that all the companies bidding are registered with the government.
    d. Make a list of all attendees.
    e. Inform all contractors that they must submit bids in person by the specified time and date at the specified location, or their bid will not be accepted. For simple projects, one week may be enough time for bids. For more complex contracts, especially those asking for initial design work, more time may be necessary. Army engineers should be able to advise on the appropriate length of time.
4. Provide a point of contact to whom questions can be addressed. Publicly post all appropriate questions with the answers provided by the unit.

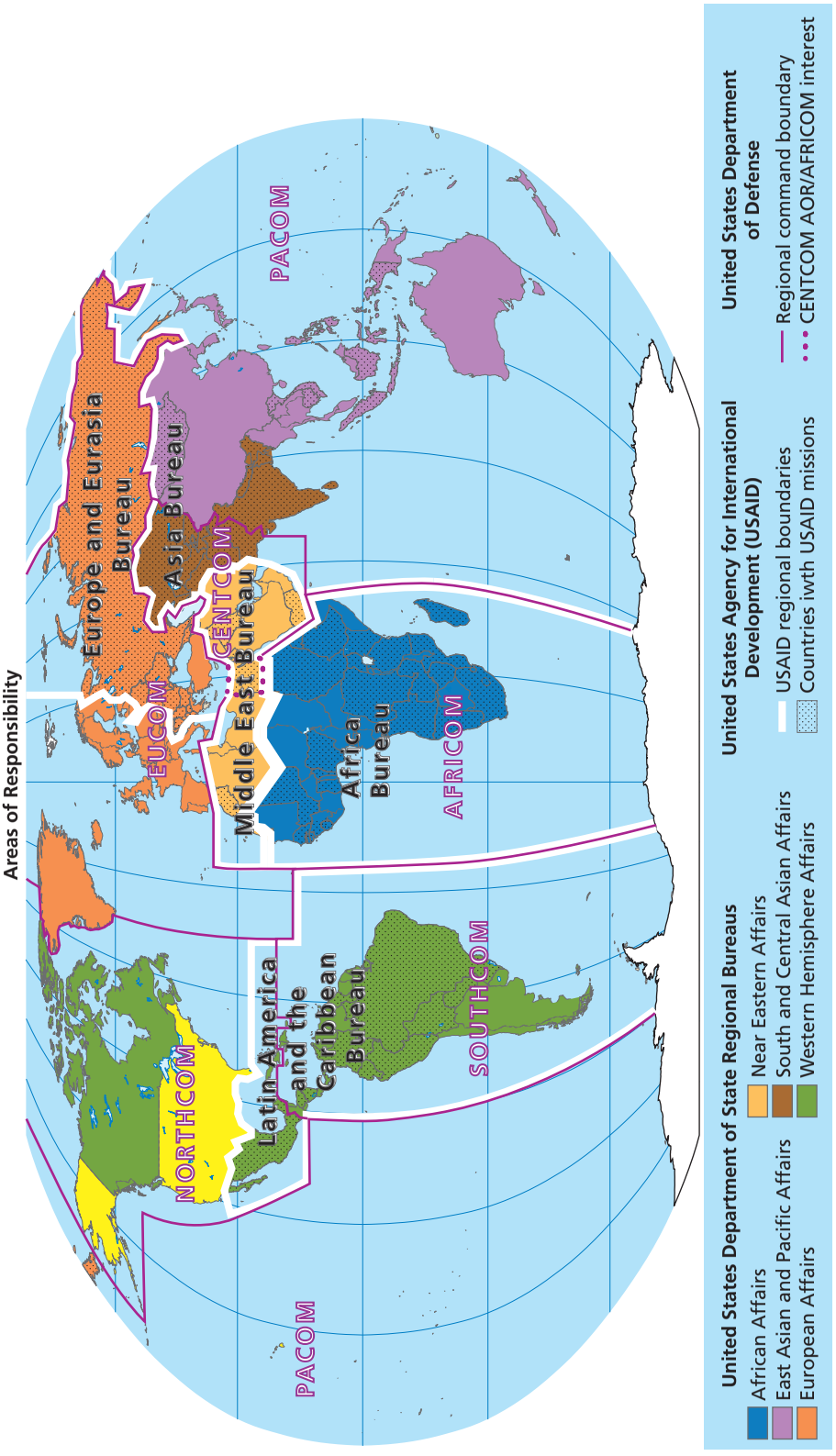
5. The second meeting will commence at the time specified in the first meeting. Again, representatives of the beneficiary community and the government should be in attendance. Once the specified time has passed, no additional bids can be accepted.
    a. Bids are opened and reviewed in front of everyone.
    b. Bids are put into the bid analysis spread sheet.
    c. All contractors verify and sign their bids.
    d. Government and community representatives also sign off.
    e. The bids are evaluated, usually through a point system. Points are calculated and totals are printed out on the spot.
    f. All contractors sign off on the points sheet and the winning bid is selected and announced in front of everyone.
6. Subsequently, a contract is drawn up and signed.

This process is used to ensure transparency for all parties involved. It also creates a bidding process that can be replicated by the national and local host-nation governments. Generally this bidding process is best applied to small projects under $100,000.

Bids for larger projects may involve shortlists where several contractors that have shown the ability to complete similar projects are invited to bid. Alternatively, bidding can be left open, but contractors have to meet tougher prequalifications to receive the bid documents. Capacity is important: projects can fail if the firm that wins the bid proves unable to implement it.

APPENDIX B

Areas of Responsibility for Relevant U.S. Government Agencies



SOURCE: U.S. Department of State, Humanitarian Information Unit.
NOTE: Names and boundary representation are not necessarily authoritative.
RAND TR633-2

Suggested Readings

Books, Reports, Pamphlets, and Articles

- *An Overview of the Commander's Emergency Response Program (CERP),* Acquisition, Logistics and Technology Integration Office (ALT-IO)/Training Directorate, Combined Arms Support Command, Fort Lee, Virginia, 24JAN2008. (Detailed and useful explanation of CERP, including its origins, common uses, regulations, and methods of implementation. Military personnel should be able to find this by logging on to the CASCOM Battle Command Knowledge System at https://forums.bcks.army.mil/ and clicking through to "battlefield contracting." This is a password-protected resource.)
- Beasley, Kenneth W., *Job Creation in Post-Conflict Societies*, PPC Issue Paper No. 9, PN-ADE-194, USAID, 2006. (This paper provides a useful view of sources of employment in post-conflict societies and strategies for fostering employment. It is available at http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1277&context=key_workplace.)
- Center for Army Lessons Learned (CALL), *Playbook: Provincial Reconstruction Teams: Tactics, Techniques, and Procedures*, Combined Arms Center, Fort Leavenworth, Kansas. (This playbook provides detailed information on PRTs and the ways in which they can be employed to foster stability in the area of responsibility. It is available by searching the CALL website at http://call.army.mil.)
- Center for Army Lessons Learned (CALL), *Operation Iraqi Freedom: Initial Impressions Report*, No. 04-13, May 2004. Combined Arms Center, Fort Leavenworth, Kansas. (See in particular Chapter 2: Civil Military Operations–Civil Affairs, Topic B: Transitioning to Civil Administration; and Chapter 3: Engineer, Topic D: CERP Contracts and Construction. These sections contain a number of useful lessons learned from Operation Iraqi Freedom (OIF) as well as lists of supporting observations. It is available by searching the CALL website at http://call.army.mil.)
- Center for Army Lessons Learned (CALL), *Initial Impressions Report*: *Operations in Mosul, Iraq*, 21 December 2004. Combined Arms Center, Fort Leavenworth, Kansas. (See in particular Topic B: Development of Measures of Success, IO Indicators, Topic C: Assignment of Non-Lethal Effects to Targets, IO Indicators, Topic I: Contract Training for SASO, Topic J: Contracting, Topic K: Protecting Critical Host-Nation Facilities, and Topic N: Use of Local Nationals on the Battlefield. These sections contain a number of

useful insights and lessons learned from OIF as well as implications and recommendations. It is available by searching the CALL website at http://call.army.mil.)

- Center for Army Lessons Learned (CALL), *News From the Front: Civil-Military Operations in Support of the BCT*, MAJ Jake Kulzer, Combined Arms Center, Fort Leavenworth, Kansas. (Contains useful information on civil-military operations, including guidance and lessons learned on training, integrating CA with the BCT, building relationships, gathering information, using CMO to deny key terrain, conducting cordon and search operations, and turning towns "green." It is available by searching the CALL website at http://call.army.mil.)
- Center for Army Lessons Learned (CALL), *05-07: Company Level Stability Operations and Support Operations, Volume III—Patrolling, Intelligence, and Information Operations (IO),* Combined Arms Center, Fort Leavenworth, Kansas. (See in particular Chapter 13, Civil Affairs: Respect and Mission Accomplishment by SSG Franklin R. Peterson, for TTPs based on his experience in OEF. It is available by searching the CALL website at http://call.army.mil.)
- Center for Army Lessons Learned (CALL), *1st Brigade, 1st Armored Division CAAT, Initial Impressions Report*, Combined Arms Center, Fort Leavenworth, Kansas. (See in particular Chapter 3, Civil Military Operations, Topic 3.1: Joint and Civil Affairs Support, Topic 3.2: Combat Outpost in CMO, Topic 3.3: Culture Exploitation, Topic 3.4: CMO Operations, Topic 3.5: CMO Integration, Topic 3.6: BCT/PRT Interaction, Topic 3.7: CMO Projects/Programs and Funding, Topic 3.8: Effects Cell Integration with CMO, and Topic 3.9: CMO Support to Human Terrain Mapping. These sections contain a number of useful insights and lessons learned from OIF. It is available by searching the CALL website at http://call.army.mil.)
- Center for Army Lessons Learned (CALL), *Targeting for Victory: Winning the Civil Military Operations, Tactics, Techniques, and Procedures*, CALL Newsletter No. 03-23, September 2003. Combined Arms Center, Fort Leavenworth, Kansas. (This newsletter provides tactics, techniques, and procedures on how to develop a CMO campaign strategy; decide, detect, deliver, and assess targeting methodology; and a sample target synchronization matrix to plan, synchronize, and track the execution of the CMO fight. It is available by searching the CALL website at http://call.army.mil.)
- Center for Army Lessons Learned (CALL), *10th Mountain Division CJTF Initial Impressions Report*, February 2007, Combined Arms Center, Fort Leavenworth, Kansas. (See Chapter 4, Reconstruction, for sections on PRT Manning Shortfalls, PRT Training, Staff Roles in Reconstruction, Role and Functions of the CJ9, and Use of ASCOPE for Civil Considerations, for observations, lessons, and implications from OEF. It is available by searching the CALL website at http://call.army.mil.)
- Chiarelli, Major General Peter W., and Major Patrick R. Michaelis, "Winning the Peace: The Requirement for Full-Spectrum Operations," *Military Review*, July–August 2005. (This article articulates the need to pursue multiple lines of operation concurrently—establishing a security force and targeting enemy operations while establishing a sustainable infrastructure supported by a strong government—in order to achieve success. Nontraditional lines of operation pursued in Sadr City, the exemplar, included essential

services, governance, and economic pluralism. There is also information on MOEs and IO. It is available at http://www.army.mil/professionalwriting/volumes/volume3/october_2005/10_05_2.html.)

- Collier, Paul, *The Bottom Billion: Why the Poorest Countries Are Failing and What Can Be Done About It*, Oxford University Press, 2007. (This book is a study of some of the world's poorest countries, and provides insights for those seeking to carry out economic development. It can be purchased in bookstores and is available in libraries.)
- Consultative Group to Assist the Poor (CGAP) "Building Inclusive Financial Systems: Donor Guidelines on Good Practice in Microfinance," Washington, D.C.: CGAP, 2004. (This pamphlet provides useful guidelines and assessments of best practices in microfinance. It is available at http://www.cgap.org.)
- De Soto, Hernando, *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else,* Basic Books, 2003. (This book presents an argument for a larger private sector role in economic development. It can be purchased in bookstores and is available in libraries.)
- De Soto, Hernando, *The Other Path: The Economic Answer to Terrorism,* Perseus Book Group, 2002. (This book focuses on poverty and economics in Peru and argues that a freer market system, with stronger property rights, was critical in defeating insurgency there. It can be purchased in bookstores and is available in libraries.)
- Easterly, William, *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*, Penguin Press, 2006. (This book presents a critical look at how international financial institutions and other donors have sought to foster development and makes an argument for indigenous solutions. It can be purchased in bookstores and is available in libraries.)
- Geneva International Centre for Humanitarian Demining, *A Guide to Mine Action and Explosive Remnants of War,* third edition. (Provides a useful guide to demining issues and approaches from a humanitarian perspective. This will be useful for military personnel and others interested in understanding how civilian humanitarian organizations approach demining. It is available at http://www.gichd.org/gichd-publications/index-guide-to-mine-action-and-explosive-remnants-of-war-2007/.)
- Geneva International Centre for Humanitarian Demining, *The Role of the Military in Mine Action.* (This document is extremely helpful for understanding how civilian humanitarian assistance providers view the role of the military in demining, and civilian humanitarian interaction with military personnel in demining efforts. It is available at http://www.gichd.org/fileadmin/pdf/publications/Role_Military_MA.pdf or http://www.reliefweb.int/rw/lib.nsf/db900sid/OCHA-6D7MH7/$file/GICHD_jun_2003.pdf?openelement.)
- Goreux, Louis, *Conflict Diamonds,* Africa Region Working Paper Series No. 13, The World Bank, Washington, D.C., March 2001. (This paper describes the role of diamonds in funding civil wars in Africa and policy measures that reduce flows of funds to insurgents and corrupt government officials. It is available at http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2001/09/28/000094946_01091404003820/Rendered/PDF/multi0page.pdf.)

- Ledgerwood, Joanna, *Microfinance Handbook: Sustainable Banking with the Poor,* The World Bank, 1999. (A technical guide that presents key issues, lessons identified, and best practices in microfinance. It is available at http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2000/07/26/000094946_9903040625498/Rendered/PDF/multi_page.pdf.)
- Martins, Lieutenant Colonel Mark, "No Small Change of Soldiering: The Commander's Emergency Response Program in Iraq and Afghanistan," *The Army Lawyer*, DA PAM 27-50-369, February 2004. (This article explains the history and explores legal issues related to CERP. It is available at http://www.loc.gov/rr/frd/Military_Law/pdf/02-2004.pdf.)
- Perito, Robert M., *Guide for Participants in Peace, Stability, and Relief Operations*, United States Institute of Peace Press, 2007. (This guide presents many partner and international agencies and organizations that respond to international crisis. It introduces and profiles these organizations and describes USG agencies that are currently playing an increased role in these types of operations. The guide can be purchased at the USIP website by following the link http://bookstore.usip.org/index.aspx and searching by title or author.)
- Report of the Defense Science Board Task Force, *Institutionalizing Stability Operations Within DoD,* Office of the Under Secretary of Defense for Acquisition, Technology and Logistics, September 2005. (This report assesses the integration of stability operations as a core activity and provides recommendations for improvement. It is available at http://www.acq.osd.mil/dsb/reports/2005-09-Stability_Final.pdf.)
- RTI International, Iraq Local Governance Program, *Postconflict Restoration of Essential Public Services: The Al Basrah Experience,* Brief No. 1, May 2005. (This lessons learned brief describes the Local Governance Program's (LGP) successful restoration of essential public services to prewar levels, improvement of service quality, and extension of services to formerly neglected communities in Basrah following the overthrow of the Iraqi regime in 2003. It is available at http://www.rti.org/brochures/LLB_1-AlBasrahRestoreMay.05.pdf.)
- RTI International, Iraq Local Governance Program, *Local Economic Development: The At Ta'mim Experience,* Brief No. 2, May 2005. (This lessons learned brief describes the LGP's experience in helping to launch a Local Economic and Workforce Development initiative in al-Ta'mim Governorate, Iraq in 2003. It is available at http://www.rti.org/brochures/llb_2-attamimledmay05.pdf.)
- RTI International, Iraq Local Governance Program, *Building Local Financial Management Capability: The Al Basrah Experience*, Brief No. 4, May 2005. (This brief describes the launch of the LGP's public-finance management program in Basrah and presents lessons learned from the experience. It is available at http://www.rti.org/brochures/llb_4-albasrahpubfinancemay05.pdf.)
- RTI International, Iraq Local Governance Program, *Military-Civilian Cooperation in Postwar Iraq: Experience with Local Governance Reconstruction*, Brief No. 7, May 2005. (This brief describes the LGP's interactions with the military in Iraq in 2003 and presents lessons learned from that experience, offering observations based on the staff's field perspectives. It is available at http://www.rti.org/brochures/llb_7-milcivcoopjuly05.pdf.)

- Smith, Phil, and Eric Thurman, *A Billion Bootstraps: Microcredit, Barefoot Banking, and the Business Solution for Ending Poverty*, McGraw-Hill, 2007. (This book discusses how microcredit can be an effective development tool. It can be purchased in bookstores and is available in libraries.)
- Sullivan, John D., et al., *Business Associations, Business Climate, and Economic Growth, Evidence from Transition Economies,* International Society for New Institutional Economics, 2006. (This paper argues that market-enhancing business associations promote a better business climate and help build the foundation for economic growth. It draws on evidence from Eastern and Central Europe in the 1990s. It is available at http://www.isnie.org/ISNIE06/Papers06/08.2/sullivan.pdf.)
- *United Nations Civil-Military Guidelines and Reference for Complex Emergencies.* (Although geared at civilian assistance workers interacting with military personnel and not the reverse, this document provides useful insights into how civilian relief organizations view humanitarian assistance issues. It is available at http://www.reliefweb.int/rw/lib.nsf/db900sid/ASIN-7CHT7T/$file/Full_Report.pdf?openelement.)
- U.S. Agency for International Development, Economic Growth Office, Bureau for Economic Growth, Agriculture and Trade, *A Guide to Economic Growth in Post-Conflict Countries,* USAID, Washington, D.C., 2008. (This very useful guide provides detailed discussions and recommendations for USAID staff and other aid providers on best practices for dispensing aid following a conflict. It is available at: http://pdf.usaid.gov/pdf_docs/PNADL494.pdf.)
- U.S. Department of State, Office of the Coordinator for Reconstruction and Stabilization, *Post-Conflict Reconstruction Essential Tasks*, April 2005. (This matrix was developed as a tool for planners to help identify all of the tasks that may be involved in stability operations. It identifies activities and tasks by issue area and specifies short-term, medium-term, and long-term tasks for each issue area. It is described at http://www.crs.state.gov/index.cfm?fuseaction=public.display&id=10234c2e-a5fc-4333-bd82-037d1d42b725. For a PDF file of the matrix, go to http://www.crs.state.gov/index.cfm?fuseaction=public.display&id=845541F4-EA4A-49BC-BDFC-53D8B8DE4865.)
- U.S. Government Accountability Office, *Military Operations: Actions Needed to Improve DOD's Stability Operations Approach and Enhance Interagency Planning*, July 2, 2007. (This GAO report identifies problems and outlines actions to improve DoD's approach to stability operations and interagency planning for stability operations. It is available at http://www.gao.gov/new.items/d07549.pdf.)
- U.S. Institute of Peace, *Guidelines for Relations Between U.S. Armed Forces and Non-Governmental Humanitarian Organizations in Hostile or Potentially Hostile Environments.* (This document presents the approaches agreed upon between the U.S. Department of Defense and key NGOs for interactions in the field. It is available at http://www.usip.org/pubs/guidelines.html.)
- The World Bank, "Damage and Reconstruction Needs Assessment Toolkit." (This source provides a detailed explanation of how to conduct a needs assessment. It is available at http://vle.worldbank.org/gdln/dm/start.htm.)

- The World Bank, *Experiences with Oil Funds: Institutional and Financial Aspects*, Report 321/06, Energy Sector Management Assistance Program, the World Bank, Washington, D.C., June 2006. (This report provides a detailed assessment of best practices for natural resource funds. It describes their purposes, legal frameworks, and how they operate It is available at http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2007/01/22/000020439_20070122164239/Rendered/PDF/ESM3210Experiences1Oil1Fund01PUBLIC1.pdf.)

Websites of Key Organizations

- International Committee of the Red Cross: http://www.icrc.org.
- U.S Department of Defense, Humanitarian Demining Training Center website. (This is a useful website with information about demining approaches and policies. It is available at http://www.wood.army.mil/hdtc/.)
- United Nations Disarmament, Demobilization, and Reintegration (DDR) Resource Centre website. (This site provides a wealth of information about methods and approaches to DDR and should be consulted in the course of any DDR effort. It is available at http://www.unddr.org/. Available information includes the IDDRS Framework at http://www.unddr.org/iddrs/framework.php.)
- The World Bank: http://www.worldbank.org.
- UN agencies and associated programs and organizations: list and descriptions available at http://www.unsystem.org/.
- U.S. Agency for International Development (USAID): http://www.usaid.gov.

Other Web Resources

- Central Intelligence Agency, "Country Profiles," *The World Factbook*. (This is a source of concise information about all countries. It is available at https://www.cia.gov/library/publications/the-world-factbook/.)
- Humanitarian Law webpage of the International Committee of the Red Cross: http://www.icrc.org/web/eng/siteeng0.nsf/iwpList2/Humanitarian_law?OpenDocument.
- International Monetary Fund, "Country Information." (The IMF publishes annual reviews of economic policies and developments for virtually every country in the world. It also provides detailed economic information on inflation, economic growth, and exchange rates, among other indicators. It is available at http://www.imf.org/external/country/index.htm.)
- *Measuring Progress in Conflict Environments: Metrics Framework for Assessing Conflict Transformation and Stabilization (MPICE Framework).* (MPICE is a collaborative project of the USIP, the U.S. Army Corps of Engineers, and the U.S. Army Peacekeeping and Stability Operations Institute. The framework is a tool developed through this project to assess

at the strategic level progress from conflict to peace. Current versions can be accessed through the USIP website at http://www.usip.org/peaceops/metrics_framework.html.)

- Special Inspector General for Iraq Reconstruction, *Quarterly Report and Annual Report to Congress*. (The regular report on progress in Iraq reconstruction to Congress is also a source of information about efforts, successes, and challenges in Iraq today. The most recent and past versions are available at http://www.sigir.mil/reports/quarterlyreports/default.aspx.)
- U.S. Institute of Peace, Center for Post-Conflict Peace and Stability Operations, *Core Conflict Management Resources.* (Provides links to resources on conflict management and reconciliation approaches and lessons identified. It is available at http://www.usip.org/peaceops/tools_resources/core.html.)
- The World Bank, "Countries and Regions." (Like the International Monetary Fund, the World Bank details social and economic information on virtually every country in the world on its website. World Development Indicators include information on literacy, educational enrollments, infant mortality, life expectancy, major industries, per capita incomes, among other indicators. It is available at http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/0,,pagePK:180619~theSitePK:136917,00.html.)

Indexes and Other Regularly Updated Material (No Web-Based Access)

- "Doing Business 2007: How To Reform," World Bank, Washington, D.C., 2007. (This survey is produced annually. It provides information on the burden of regulation on local businesses in 175 countries based on surveys of international firms working in these countries. It often contains information on specific regions within countries. It is available for purchase from the World Bank website at http://publications.worldbank.org/ecommerce/catalog/product?item_id=5363808.)
- International Monetary Fund, *Balance of Payments Statistics Yearbook*, annual. (This document provides data on the balance of payments. Monthly information is also available on CD-ROM. It is available for purchase from http://www.imf.org/external/pubs/cat/longres.cfm?sk=17593.0.)

Doctrinal and Guidance Documents

- FM 3-19.30, *Physical Security* (January 2001).
- Army FM 3-0, *Operations.*
- Joint JP 3-0, *Joint Operations.*
- FM 3.07, *Stability Operations.*
- FM 3-24, *Counterinsurgency: The Army and Marine Corps Field Manual on Counterinsurgency* (15 December 2006).

- Commander of Combined Joint Task Force 7 (CJTF-7) FRAGO 89, 19JUN03. (FRAGO 89 implements CERP, outlines permissible reconstruction projects, issues implementing tasks, and states limitations on fund expenditures in non-technical terms. It should be available to military personnel through DoD resources.)
- Department of Defense Directive 3000.05, *Military Support for Stability, Security, Transition and Reconstruction (SO/SSTR) Operations*, November 28, 2005. (This directive provides guidance on stability operations; establishes DoD policy and assigns responsibilities within the Department of Defense for planning, training, and preparing to conduct and support stability operations. It is available at http://www.dtic.mil/whs/directives/corres/html/300005.htm.)
- National Security Presidential Directive-44, *Management of Interagency Efforts Concerning Reconstruction and Stabilization*, December 7, 2005. (This directive was issued to improve interagency coordination in reconstruction and stabilization efforts. It designates the State Department the lead agency for planning, preparing, and conducting stabilization and reconstruction activities and authorizes use of the Department's Office of the Coordinator for Reconstruction and Stabilization (S/CRS) to assist the Secretary of State in executing this function. It is available at http://www.fas.org/irp/offdocs/nspd/nspd-44.html.)