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# CIVIL-MILITARY COOPERATION ON ECONOMIC RECOVERY IN IRAQ AND AFGHANISTAN

AN ONLINE SPEAKER'S CORNER HOSTED BY MAYADA EL-ZOGHBI AND FACILITATED BY FRANK R. GUNTER, RICK CARBONE, AND MARC CHANDLER. THE FORUM WAS HOSTED ON [WWW.MICROLINKS.ORG](http://WWW.MICROLINKS.ORG)



**April 1-3 2008**

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## **About this Speaker's Corner**

On April 1-3, 2008, over 70 participants shared their questions and experiences in the microLINKS Speaker's Corner on Civil-Military Cooperation on Economic Recovery in Iraq and Afghanistan. The discussion was hosted by Mayada El-Zoghbi (Research Director AMAP KG Microfinance Amid Conflict, Banyan Global) and facilitated by Frank Gunter (Lehigh University), Rick Carbone (PRT Gardez), and Marc Chandler (Brown Brothers Harriman and NYU). This document compiles the various postings that were shared during the discussion. The original postings and resources shared by the moderators and participants can be accessed on the microLINKS Website at [www.microlinks.org/civil-militarycooperation](http://www.microlinks.org/civil-militarycooperation).

# DAY ONE: PRT EVOLUTION IN IRAQ

## DAY I: PRT EVOLUTION IN IRAQ

**Post By: Mayada El-Zoghbi**

I would like to start off the day by welcoming all of you to this forum. We look forward to your ideas, thoughts and constructive dialogue on the topic of civil-military cooperation in Iraq and Afghanistan.

We will start the three days focusing on Iraq. Frank Gunter, an Associate Professor at Lehigh University and someone who has worked directly with the military in Iraq, will moderate this day. Tomorrow we will turn to an inside view of a PRT in Afghanistan. Rick Carbone, who will be joining us directly from Afghanistan's Gardez PRT, will moderate this day bringing us into the internal workings of a PRT. The third and final day will be a more general discussion building on the direct experience discussed the first two days. Our moderator on the third day is Marc Chandler, who has both taught and advised the military on economic development issues.

This topic is certainly one that will trigger strong reactions. I want to ask all of you to respect others who may not share your view and to focus on the technical discussion around economic recovery in conflict affected countries, rather than a political discussion focused on Iraq and Afghanistan. As you all know, the reality today is that both military and civilian actors are engaged in programs that attempt to support enterprises and access to finance in these countries. Through this forum, we hope to discuss what is working, what is not, and how these two actors can find common ground in reaching their respective goals.

Today I would like to introduce Frank Gunter who will moderate the discussion. Frank is well versed on the role of the military in Iraq's economic recovery process and the various activities of Provincial Reconstruction Teams (PRTs). While the primary focus of the discussion today will be around Iraq, please feel free to include other relevant references that come to mind.

Once again, welcome and we look forward to a vibrant discussion.

Mayada El-Zoghbi  
Research Director  
AMAP KG Microfinance Amid Conflict  
Banyan Global

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## DIFFERENCES IN CIVILIAN AND MILITARY CULTURES

**Post By: Frank Gunter**

Welcome to the discussion! Who am I? Frank R. Gunter. After two decades as an academic economist, I went to Iraq as a Marine Reservist for thirteen months in 2005-2006. During the second half of this assignment, I was the Chief of the

Economics Division, Multi-National Force – Iraq. It was during this period that Provincial Reconstruction Teams (PRT) began to evolve into a nationwide program. After Iraq, I returned to Lehigh University to continue my research on corruption. However, in two months, I will return to Iraq (as a civilian this time!) to provide advice on economic development issues. Please note that any opinions that I may express are my own and do not necessarily represent those of MNF-I.

My primary role in this online discussion is to periodically propose questions in order to focus the discussion.

First question - One of the challenges to civilian-military cooperation is the widespread belief that civilian and military people think and act differently with respect to planning, coordinating and executing economic development programs in a post-conflict (or conflict!) society such as Iraq. One participant summarized the differences as follows:

Organization:

Civilian – horizontal, informal, flexible

Military – vertical, formal, inflexible

Planning capability:

Civilian – unstructured, slow but often creative

Military – structured, capable of rapid planning but often repetitive

Decision making:

Civilian – careful coordination with ALL affected organizations (and Washington) occurs before action, initiative is discouraged, personal responsibility avoided

Military – degree of coordination is pre-determined, initiative is encouraged, and willingness to take personal responsibility is considered career enhancing

Are these differences real? Are they important? If both real and important than how can these differences be reconciled when implementing PRT?

Thanks!

Frank R. Gunter PhD  
Economics Department  
Lehigh University

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## **RE: DIFFERENCES IN CIVILIAN AND MILITARY CULTURES**

**Post By: Lisa Tarantino**

It is likely that like all generalities, the differences you cite below have some truth in them. However, the differences below are very much focused on implementation. I think that an equally important difference is in the planning and design of economic development (as opposed to relief) initiatives. While civilian development professionals may be "slow" there is, or should always be, years and years of research, study, and lessons learned behind the design of economic development initiatives among civilian professionals in the field. People actually study and do this work for a living, not as a side or part-time activity, or a step in a career that is very much focused on other objectives. It is in the

planning and design, as well as the implementation, where I would think very important interaction and sharing should be taking place.

Lisa Tarantino  
Associate, Banyan Global

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## **RE: DIFFERENCES IN CIVILIAN AND MILITARY CULTURES**

**Post By: Mayada El-Zoghbi**

I think Lisa makes an excellent point. It seems that more effort is being put at the very operational and programmatic levels of cooperation. What is happening at higher levels? Perhaps those in Washington working at USAID, the State Department, the Department of Defense and others can shed some light on this.

Mayada El-Zoghbi  
Research Director  
AMAP KG Microfinance Amid Conflict  
Banyan Global

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## **RE: DIFFERENCES IN CIVILIAN AND MILITARY CULTURES**

**Post By: Hank Nichols**

I served as a USAID officer in the Gardez PRT in 2003-04 and I am a retired USAR civil affairs officer. All comments are my own and not those of my current or former organizations.

CAVEAT I - My observations are general and there are exceptions in all cases.

Keep in mind many of the things I saw and heard back in 2003-04 were from people on their 1st deployment with the hope of no second deployment. The officers get a written efficiency report for the deployment. That report is critical for promotion. I think we're making some progress from 2003 when an officer told me he wanted a good report and if Afghanistan went to hell after he left, then so be it.

I think we, civilians and military are all getting better at this as we become more familiar with each other and learn the pluses and minuses of our partners. I recently heard a general level officer say senior leaders must not expect every junior leader to make great strides on a single deployment. They must consider the big picture and be satisfied with incremental progress.

1) Organization - I agree especially the horizontal part for civilians. When I was in the PRT I exchanged email with assistant administrators at USAID. I doubt if the commander was in direct contact with any of the assistant secretaries of defense.

2) Planning - I agree to a certain extent.

- \* The military has the luxury of much larger staffs with much training devoted to planning and the continuity of service.
- \* Many civilians in PRTs are contractors and not serving continuously in the same organization so there is no ingrained planning MO. Most if not all civilian organizations do not provide much in the way of this type of training to contractors or employees.
- \* Planning is ingrained in the military, especially officers, from entry level throughout one's career. It becomes second nature. The military planning process is the same US military and our NATO allies use an almost identical method.
- \* The military personnel do not focus on long term (2 -5 or more years out) planning or how near term planning fits into the long term plan. When I was in a PRT I heard a successful commander say he had 3 plans, short term-90 days, mid-term - out to 6 months and long term - 12 months. Civilians often have a longer term outlook.

3) Decision making: I do not necessarily agree with this one.

- \* Civilians often have limited authority to act. When I was in the PRT the commanders (USAR lieutenant colonels/ approx GS13 level) were told to keep \$100,000 of CERP money on hand. This was in the wild unrestricted beginning of the program. When the tsunami hit Indonesia the US Ambassador only had the unrestricted authority to spend \$50,000 (since raised). Much foreign aid money is ear-marked by congress so the aid agencies have little discretion on spending.
- \* Civilians do like to coordinate more thoroughly because they prefer to work collaboratively and because they are accustomed to very limited resources they must prioritize actions.
- \* Civilians look for local buy-in in order to gain cooperation and build sustained support.
- \* The military trains its people to be decisive. We are working on this one because in more complex environments such as the collaborative/consultative societies like the Middle East and Asia it can be a detriment.
- \* The military abhors a vacuum. I think of it this way: Military way - Do something even if it is wrong. Civilian way - First do no harm.
- \* The military coordinates with the left and right and who is higher and lower. Our doctrine has only recently included the non-military players on the battlefield and that requires multidimensional coordination.

I think us, civilians and military are all getting better at this as we become more familiar with each other and learn the pluses and minuses of our partners. I recently heard a general level officer say senior leaders must not expect every junior leader to make great strides on a single deployment. They must consider the big picture and be satisfied with incremental progress. The officers get a written efficiency report for the deployment. That report is critical for promotion. I think we're making some progress from 2003 when an officer told me he wanted a good report and if Afghanistan went to hell after he left, then so be it.

Hank

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## **RE: DIFFERENCES IN CIVILIAN AND MILITARY CULTURES**

**Post By: Frank Gunter**

Lisa and Hank,

But what can be done to improve civilian-military coordination? I know of several programs that attempt to improve NGO-military cooperation. The United Nations has an annual (bi-annual?) Civil-Military Coordination Course. I was able to attend this course in Jakarta, Indonesia in 2005. There were about thirty attendees evenly divided among high-level representatives of various military organizations, NGOs and international organizations. Each day began with briefings from experts with extensive field experience about the challenges of civil-military coordination. And each briefing was followed by impassioned discussions that continued through dinner and then in the bar. A very useful program – both for learning how the other half thinks and for starting some valuable friendships. Is there a similar program for top representatives of U.S. civilian and military organizations that deal with economic development in post-conflict societies to get together in! a isolated location (to minimize blackberry interference) to frankly discuss the tough issues of civilian-military coordination? If not then would it be useful to create one?

Thanks!

Frank R. Gunter PhD  
Economics Department  
Lehigh University

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## **RE: DIFFERENCES IN CIVILIAN AND MILITARY CULTURES**

**Post By: Lene Hansen**

Hello everyone and greetings, currently from Nepal.

Over many years in conflict areas, and lately especially in Iraq and Afghanistan, we have seen the humanitarian-civilian and military stakeholders developing frameworks and protocols for coordination, if not direct collaboration. There are agreed procedures for information sharing and significant efforts have been vested in joint pre-orientations of forces/staff to be deployed in conflict zones, and strategic leveling of expectations at training sessions in various NATO settings. It appears to me that the 'development-civilian' actors have been a less active party in this process and hence the meeting in the field of military and development-civilian stakeholders becomes more 'uneasy' with neither party truly understanding nor focusing on the differences in approach. This Speaker's Corner is an excellent and timely step forward for us to catch up.

I think there is merit to the differences listed by Frank Gunter in terms of how the military and the civilian structures working in conflict areas think and act, but at the operational level, in the field, the real challenges of cooperation - and the desired synergy - appears to center more around the differing objectives for the actors on the ground and the tools with which they try to achieve their respective goals. Perhaps the dichotomy that we could examine might look more like the following:

Military objectives for economic recovery: short-term (high staff turn-over); quick, large-scale and visible impact; positive political impact both in-country and at home.

vs.

Development-civilian objectives for economic recovery: long-term (patient project approach); sustainable impact (step-by-step approach to initiating self-expanding and lasting impact on economy); focus on experienced-based Good Practices to avoid doing harm in the quest for quick turn-around; positive political impact in country - which necessitates more patience.

Military tools: Effective dissemination of information/directions; high levels of funding; but less specialized staff resources and hence less 'products' (systems, approaches, types of projects) to choose from.

vs.

Development-civilian tools: Highly specialized staff resources; access to historic experience of what works and what doesn't and why and hence an arsenal of different 'products' to deploy in response to a given situation on the ground - but dependency on external funding and therefore a need to marry the political agenda of donors (including the military) with the appropriateness of a given product/service/project type.

This dichotomy is particularly evident in Iraq at present, with military actors (PRTs) having been directed to fund 'microfinance' as a tool for economic recovery without necessarily having the background to evaluate whether it is an appropriate tool to attain the desired objectives. And with the development actors trying to develop microfinance in the country without being afforded the patience that this specific development tool requires in order for it to actually provide the longer-term sustainable economic impact that it can - given time for capacity building and market development.

One could argue that for a short-term, high visibility and large-scale impact objectives in a conflict area, microfinance is perhaps NOT the most appropriate tool. Rather, grant-based community-based infrastructure interventions may better support those objectives - not least because they are generally easier to manage with the limited national resources for implementation.

One of the questions that it would be interesting to explore here is how we can get better at analyzing the objectives and then select the best tools from the toolbox of development approaches and products for the set of objectives for an intervention in a specific area....and do this BEFORE military and development-civilian actors meet in the field and realize that the tools applied are not necessarily achieving what we wanted them to - or at least not fast enough.

The development-civilian side could perhaps start by developing a list of 'appropriate economic recovery instruments' for each of their key objectives. And if the military side could contribute by specifying their objectives, we could develop a joint list of appropriate interventions, giving both parties more choice and hopefully better impact for the benefit of the population we're trying to support.

Lene

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## **RE: DIFFERENCES IN CIVILIAN AND MILITARY CULTURES**

**Post By: Hank Nichols**

Here are a few initiatives that I'm aware of:

Here at the Peacekeeping & Stability Operations Institute (PKSOI) we have senior USAID officer on staff. She is fully involved in our doctrine reviews, assistance to the office The Department of State's Coordinator for Reconstruction & Stabilization (S/RS) efforts on training in planning for civilians, use of table top exercises for training, the system, Interagency Management System (IMS) to utilize USG agency personnel in PRT type missions. We will have a senior Foreign Service officer on staff soon. We have retired Foreign Service officer on contract. We have our fingers crossed about getting other agency representatives. We also have a contract with an NGO and its staff member works here with us. This is all about cross fertilization and hearing different perspectives in order get a fuller picture of the world.

The military has started a program to place wounded injured officers at State and USAID so they can learn while they convalesce. This is very important. The education gained from actually doing a job in another agency far exceeds anything one could learn as a liaison officer assigned to that agency. We have a lot more people than the civilian agencies and we could learn a lot. It is easy for us to incorporate allied officers in to actual positions on US military staffs. The outgoing chief of stability operations and his replacement at the US Army staff in the Pentagon are actually colonels in the British Army. These gentlemen are bringing years of military expertise to the job. Unfortunately very few military, especially regular Army, USMC, etc. with the necessary, training, education, experience and expertise to be able to step into a civilian agency exchange position. We have officer and enlisted troops with this expertise in the reserve but how many do we have? The Marines seem better at utilizing the civilian skills of reservists than the US Army.

Another one of our initiatives was to get the military training centers to contract with NGOs to have their experts work not only as role players but more importantly as scenario writers for exercises. It is now bearing fruit after 2 years of work. I believe USAID has staff at these training centers too.

The civilian agencies have not "personnel float" that they can send away for long term training. Right now the military has troops in harm's way, troops preparing to deploy and troops returning for deployment. We in the military are required to attend courses throughout our careers but very few civilians do and when they do it is likely to be at a military institution like the war colleges. There is no civilian equivalent where military officers can be immersed in an alien US government culture. The cultures are very different. I went from the paternalistic military to the USAID work on a shoe string culture. I had less culture shock than I did when I married my wife who is Japanese.

Hank Nichols

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## **RE: DIFFERENCES IN CIVILIAN AND MILITARY CULTURES**

**Post By: Frank Gunter**

Very interesting.

You mentioned one resource that we do a terrible job of tapping. Many reservists and National Guard personnel have civilian jobs that not only give them valuable non-military knowledge and skills but also give them insight into the civilian ways of thinking about specific problems.

In the preparation for the first Iraqi elections, we discovered by accident that that the director of one U.S. state's office of election management was already in Iraq with his Guard unit. Of course, he was immediately transferred to Baghdad to coordinate with the appropriate Embassy personnel – his insights into the details of election management were invaluable.

But as far as I know, there is no searchable reliable database of civilian skills for reservists or National Guard members. The data is gathered but inaccessible or full of errors. Fixing this problem would seem to be low hanging fruit.

And it may help close the coordination gap between military and civilian organizations. For example, if the military could identify a reservist or National Guard member who in his civilian job is an agricultural extension office manager from Kansas then discussions of agricultural issues with USEMB and the Iraqi Ministry of Agriculture would probably go a lot smoother.

Thanks!

Frank R. Gunter PhD  
Economics Department  
Lehigh University

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## **RE: DIFFERENCES IN CIVILIAN AND MILITARY CULTURES**

**Post By: Dave Futch**

Last week we had a discussion about the use of USAR and NG member's civilian skills. The point one of our members made was that many of these people did not join the USAR and NG to use their civilian skills in a military uniform. They joined to be infantrymen, artillery, etc.

I do agree though that to present we have not been effective in capturing the many skills we do have in the USAR and NG.

Dave Futch  
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## **RE: DIFFERENCES IN CIVILIAN AND MILITARY CULTURES**

**Post By: Frank Gunter**

Lene,

Thanks for your thoughtful comments and I agree with much of what you say but the greater knowledge of the development "toolbox" of the civilian experts is partially offset by the fact that fewer of them are "there".

As has been stated many times, the DoS and many (not all) of the other U.S. civilian agencies have found it difficult to fully staff their billets in the U.S. Embassy in Baghdad, PRT, etc. As a result, some billets were just left vacant, others were filled by DoS or contract personnel who lacked the necessary experience (or skill set) and even the "filled" billets experienced periodic gaps because a DoS person would often leave Iraq a week or two before their replacement arrived.

As a result, the less specialized military personnel often ended up doing jobs that should have been done by a civilian expert simply because the experts weren't available.

With respect to PRT, shortages of DoS and other civilian agency personnel probably delayed the opening of several PRT and gave other PRT more of a "military face" than was desirable.

And when (November 2007?) the DoS announced that FSO would be "directed" to fill billets in Iraq and Afghanistan, some senior FSO were publicly outraged. Apparently, FSO had felt free to refuse assignments that were inconvenient, dangerous or were inconsistent with the FSO's personal beliefs on how US international relations should be handled.

Are directed assignments of DoS personnel sufficient to ensure that civilians participate? Or should something else be done to encourage them to accept assignments to Iraq and Afghanistan?

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## **RE: DIFFERENCES IN CIVILIAN AND MILITARY CULTURES**

**Post By: Lisa Tarantino**

That is a very interesting point. Yet it seems in most cases the priority for the military would be to utilize personnel in the most productive, effective manner to meet the objectives of the mission.

Lisa Tarantino

Banyan Global

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## **PRT AND MICROFINANCE**

### **SHOULD PRT IN IRAQ CONTINUE TO SUPPORT THE ESTABLISHMENT AND EXPANSION OF MICROFINANCE INSTITUTIONS (MFI)?**

**Post By: Frank Gunter**

Best practices in microfinance state that political stability is a minimum requirement. However, there are now seven MFI including three organized by international NGO with the remainder sponsored by indigenous NGO making loans in all eighteen provinces.

PRT have facilitated the funding of some of these MFI. But in view of the differing civilian-military goals discussed earlier, should PRT be involved with MFI?

Is there also a broader question? Is microfinance really an important component of any effective answer to Iraq's economic woes?

Thanks!

Frank R. Gunter PhD  
Economics Department  
Lehigh University

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## **RE: PRT AND MICROFINANCE**

**Post By: Mayada El-Zoghbi**

Microfinance as a post-conflict economic recovery tool has proven successful in many countries. The key to this success has often been the type of donor support provided and the oversight that has come hand in hand with this support.

It is hard for me to imagine that the structure of a PRT and the limitations mentioned earlier this morning would allow PRTs to provide the relevant funding and oversight needed for microfinance institutions. Many of us working in the conflict and microfinance space have focused heavily on working with donors to increase their capacity to support MFIs or to determine that this is not an appropriate intervention for their funding instruments. PRTs appear to be a new "donor" that has joined the array of others traditionally funding this sector, yet it appears that the instruments available and their short-term orientation is perhaps ill suited for the needs of microfinance.

I do believe there is a role for microfinance in post-conflict contexts, however I think only donors that have a long-term perspective and internal capacity to assess, design and support appropriate programming should be involved.

Mayada El-Zoghbi  
Banyan Global

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## RE: PRT AND MICROFINANCE

**Post By: Hank Nichols**

I am not a microfinance expert by any definition. These are the musings of a layman.

Sometimes I find that simple, quick solutions seem readily apparent to me only because I did not possess the expertise to understand the real root problem and what it takes to solve that underlying problem. How do the Iraq PRTs make their pre-implementation assessments, devise their programs and gauge their effectiveness?

I wonder if 1 year is long enough to assess the impacts.

I would like to hear from the experts on this.

Hank Nichols

Professor

PKSOI

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## RE: PRT AND MICROFINANCE

**Post By: Kimberly Tilock**

Hi. I have found the conversation thus far very interesting. I was the director of the first official microfinance activity in Iraq and manager of that effort from 2003 to 2006. During that time I had a number of encounters with the military both good and bad.

I am just joining in and am trying to catch up as such I may have lost the thread of the conversation, my apologies if that is the case. In response to question 2 raised by Mr. Gunter: Is microfinance really an important component of any effective answer to Iraq's economic woes? The short answer is yes. Any healthy financial system provides offers a broad spectrum of financial services to the broadest range of clientele. However microfinance has been viewed by many as THE solution to economic woes and beyond rather than one of many tools or strategies to propel local economic development and recovery. If you'll pardon the anecdote I was once asked by the CPA to expand my program into a specific city because the military was not able to hold it-implying somehow that microfinance could bring peace where the military could not. Microfinance is just one approach but an approach that if done poorly it can wreak havoc in community trust and the development of a sound financial system.

Should PRT and military in Iraq continue to support the establishment and expansion of microfinance institutions (MFI)? No and a qualified yes. Should the military be direct implementers of microfinance activities? No. It should be done by specialists. Just as no one would ask NGO staff to forcibly take a bridge held by armed insurgents. Nor should the military be expected to be experts in an extremely long standing body of knowledge and expertise held by professional development workers. Where the yes comes in is funding. As mentioned by many contributors today the military has

money as well as desire to help people. That money however is probably best channeled through other institutions such as USAID which has prior experience in starting up, supporting, and overseeing microfinance activities and will create an arms length between the military and the NGO/MFI. By attempting to interface directly with NGOs and their field work, in situations like Iraq and Afghanistan the military often, though not always, directly endangers the welfare of the NGO workers, donors, and their development efforts. For MFIs, particularly in environments such as Iraq where trust has been eroded it is critical for them to be viewed as impartial and transparent not fulfilling an agenda other than providing access to sound financial services.

Kimberly Tilock

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## **RE: PRT AND MICROFINANCE**

**Post By: Tony Pryor**

Hi. Let me ask a question on the role of PRTs in managing USG programs. It's my understanding that for the USAID representative in PRTs in both countries, USAID projects in their region aren't technically managed by them, but rather by the "Cognizant Technical Officer" back at USAID. I think the more interesting issue though is the informal relationship between the development advisor at a PRT and these field programs. In both countries, USAID has substantial microenterprise programs supporting grantees doing field activities.

Isn't the question of interest here then about how those USAID reps in a PRT interact with the USAID programs? Since while a PRT can plan its programs jointly, in truth I had thought that a chunk, if not most of USAID funding in that respective region was planned for and implemented through the central Mission in Kabul or Baghdad respectively. Can anyone shed light on this?

Tony Pryor  
International Resources Group

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## **RE: PRT AND MICROFINANCE**

**Post By: Frank Gunter**

Tony,  
I don't know the answer to your question but I've sent an email to someone who should be able to answer it. Whether she will answer in an unclassified means before the end of the discussion, I don't know but if she does then I will pass the information along.

Thanks!  
Frank  
Frank R. Gunter  
Economics Department  
Lehigh University

## **RE: PRT AND MICROFINANCE**

**Post By: Tony Pryor**

Frank:

We do have quite a lot of material on this issue, since among other things we support USAID in the State-led PRT training course for Iraq, and then helped design for USAID their part of the recent PRT course for Afghanistan, taught at Bragg. And we've done a series of interviews of PRT staff in Afghanistan. But it would be great to ask the presenter tomorrow, who I take it is at a PRT. I'm also going to email someone at the Mission to see if they can weigh in.

Tony

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## **RE: PRT AND MICROFINANCE**

**Post By: Catherine Johnston**

Hi all,

Just joining in - thanks to everyone for a very interesting discussion.

I'd like to add one point about the role of PRTs and microfinance. Thirty years of experience in microfinance development have led to fairly clear guidelines about the appropriate role for donors. These are summarized in the document called Good Practice Guidelines for Funders of Microfinance produced by CGAP, the microfinance donors group within the World Bank.

I don't know how much information there is among participants in this discussion about why offering microfinance might be a problem. I would like to highlight just two very simple primary concerns:

1. Donor subsidies will allow some institutions to offer below-market interest rates. Therefore, it will be difficult for regular microfinance providers to compete, since they have to charge interest rates high enough to cover their costs.
2. Donor supported microfinance operations that do not ensure rigorous enforcement of loan reimbursement will ruin the "credit culture" - borrowers will get the idea that "microfinance" is actually more like a grant that they don't have to pay back. In fact, this problem flows from the subsidy given to the microfinance institutions in the first place, if that subsidy does not require accountability and adherence to best practices. This will, again, make it difficult for regular microfinance providers to survive.

The experience of Afghanistan in building a microfinance industry post-conflict is helpful. The World Bank funded the development of an apex microfinance institution - called Microfinance Investment Support Facility for Afghanistan - which provided grants and loans to microfinance institutions. The key was that MISFA required all microfinance institutions that received support to have a plan for becoming self-sustaining within five years, and required them to operate according to commercial microfinance best practices. MISFA provided the technical assistance necessary for the institutions to reach these goals.

Prior to the establishment of MISFA, the nascent microfinance sector had only 17,000 borrowers and total available loan capital of approximately \$1.5 million. By the end of the project's 18-month pilot phase, a committed and talented group of national staff working alongside expatriate counterparts, had helped to build a strong microfinance industry that was rapidly expanding breadth and depth of outreach. From an initial World Bank capitalization of \$5 million, MISFA built a multi-donor capital fund of \$33 million, with \$23 million disbursed in grants and loans to 12 MFIs. These MFIs held an outstanding loan portfolio of \$9.5 million, serving 110,000 clients with a portfolio at risk very close to 1%.

If that sounds like a marketing blurb, it is! :) DAI implemented the World Bank project that established MISFA and supported it through the pilot phase. MISFA continues to support the microfinance industry in a wide variety of ways, and continues to serve as a key facility for donors to ensure that their funding is used to support a sustainable, commercial microfinance sector in Afghanistan.

thanks,

Catherine Johnston  
Senior Development Specialist  
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DAI

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## **RE: PRT AND MICROFINANCE**

**Post By: Tony Pryor**

Thanks very much for bringing us back to microfinance!! And very informative, too. I don't think necessarily there's talk here of circumventing such guidelines, or of circumventing USAID standards; as I had mentioned in the case of Afghanistan, the microfinance programs are those normal programs, including the massive FIELD cooperative agreement program - as a rule, it is my understanding that PRTs are not running their own maverick microfinance efforts.

HOWEVER, let me call your attention to the very interesting discussion in the last Poverty Frontiers Speakers Corner this January. During that discussion, up popped the call for standard behaviors in credit provision, and the decrying of the issuance of cash grants, by embassies, civil affairs staff, some NGOs, etc. And this is decried for many of the reasons you raise here. What was fascinating though was the response from an NGO staffer out in Peshawar, Pakistan, which surprised me: in times of conflict and total unrest, stimulus may be better than order and longer term "regularity".

To get us back into the microenterprise arena, it would be great to hear some reactions:

Masood Ul Mulk

Working in the conflict affected areas of Pakistan in NWFP where the geography is both high mountains, arid plains and fertile valleys and urban centers for almost two decades now, in the livelihood centered programmes where microfinance is an important component our experiences are as following:

Firstly is it really appropriate to use the term micro finance in conflict prone areas? Micro finance, even if restricted to credit, is about making credit accessible on a long term basis to the clients. This means financial institutions delivering micro credit on terms which ensure their financial sustainability. In conflict prone areas; productivity tends to be low and the cost of deliver high. The dispersed nature of population, poor means of transport, low productivity and very high risks all ensure that the cost of delivery of credit is very high in such areas. When we move from the town of Peshawar here in NWFP Pakistan to the borderland like Hangu or the earthquake areas of Mansehra the cost of delivery goes up from two to three times. If you are talking of doing micro finance on a long term basis in such areas how are the costs to be recovered except by transferring the costs to the customer. The interest rates in such cases would be very high and socially and politically unacceptable. In urban centers where the productivity tends to be high such rates are more easily swallowed. This means that credit would be out of question unless some donor comes up with real cheap risk mitigating funds or smart subsidies to overcome the situation. Good micro finance institutions tend to concentrate in areas of dense population and high productivity and low transport costs. They only move to the fringes and peripheries when they see that the costs will be covered. Our experience is that only subsidized programmes would do that. In that case is it really micro finance that we are talking about? Why not give it a different name because we are then talking about highly subsidized activities to rejuvenate livelihoods. Cash for work programmes may be more appropriate.

To access the Speaker's Corner on Protecting Livelihoods in Conflict and Fragile States that was hosted on Poverty Frontiers in January, [click here](#).

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## **RE: PRT AND MICROFINANCE**

**Post By: Del Fitchett**

MFI services could be a useful tool to assist post-conflict recovery. As the Afghan experience shows, the formation of sound and sustainable MFIs can play a role in providing limited financial services to clients. And now the Aga Khan Foundation is supporting the development of a Microfinance Bank there.

Of course the financial sustainability of the MFI institutions in each case may be a concern, as they may often be riddled with subsidies. (But CGAP even has suggestions for which subsidies may be less "harmful" than others, in the formative phases.)

But in the more immediate period of transition to post-conflict recovery -- when the environment may not yet be propitious for setting up NGO staffed MFIs -- I wonder if existing local clan or tribal relationships may provide some room to help support existing demands for financial services. Even in some pretty hairy situations, informal financial arrangements seem to continue to be operating. (I am always amazed at the Gaza and how people maintain some forms of savings which they manage to "liquidate" when cash needs arise.) Some of the MFI approaches may be a little too much "cookie cutter" and not able to exploit some features of the existing informal financial services markets.

Del Fitchett

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## **SUMMARY OF DAY I**

**Post By: Frank Gunter**

### **Question 1: Differences in Civilian and Military Cultures**

Lisa Tarantino emphasized that the coordination of civilian and military efforts in the planning and design of economic development initiatives are as important as implementation. And that the lead in such coordination efforts should go to the civilian professionals who are more likely to have mastered the existing knowledge on the subject.

Hank Nichols stated that some of the significant differences between the ways in which military and civilian personnel plan, coordinate and execute economic development programs is caused by institutional differences in funding and assignment. The military generally not only controls more funding and personnel but also tends to have shorter tours “in country”. As a result, representatives of civilian organizations tend to favor a more extended planning and coordination process in order to maximize the return from their limited assets. He also reviewed several initiatives at the Peacekeeping and Stability Operations Institute that are intended to improve civilian – military coordination. However, he noted that civilian agencies have only a limited capability to send their personnel for long-term training.

Dave Futch noted two problems with making effective use of the economic development related skills of reservist and National Guard members. First, units have not been effective in capturing the civilian skills possessed by these individuals. Second, many members of the Guard and reserve have little interest in applying their civilian skills while mobilized. They would prefer to stay with their unit as infantrymen etc.

However, Lisa Tarantino noted that military’s need to utilize personnel in the most effective manner should usually trump their personnel preferences.

Lene Hansen argued that differences in planning, coordination and execution between civilian and military personnel may not be as important as differences in objective. The military tends to seek short-term high impact results while the civilian preference is for more long-term gradual and more sustainable results. The key question then becomes how we can do a better job of analyzing the objectives of any mission before assigning military and civilian organizations to achieve these objectives.

### **Question 2: PRT and Microfinance**

Mayada El-Zoghbi emphasized that successful microfinance in a post-conflict society requires donors with both a long-term perspective as well as an internal capability to design and assess microfinance programming. She questioned whether the limitations inherent in PRT would allow them to meet these requirements.

Hank Nichols commented that accurate assessment is a by its very nature a long-term process.

Kimberly Tilock stated that while micro-finance is an important component of any effective answer to Iraq’s economic difficulties, it should not be considered a silver bullet. Also, if establishment of a microfinance institution is handled

poorly then it can lead to a sharp deterioration of the regional financial situation. It was proposed that the military continue to financially support the expansion of microfinance but that the actual planning and management of microfinance institutions be assigned to civilian experts. Also, an arm's length relationship between the military and civilian personnel involved in microfinance may reduce the danger to microfinance employees.

Tony Pryor then questioned how my authority PRT actually have concerning projects in their regions as opposed to the senior USAID representative in each country. There can be a difference between formal statements of authority and possibly more effective informal relationships.

Greatly appreciate the input from the participants in this very interesting discussion. Tomorrow's discussion (Day 2) will focus on the operation of PRT in Afghanistan. It will be moderated by Rick Carbone, General Development Officer of the PRT in Gardez, Afghanistan. Your continued participation in this international online discussion would be very valuable.

Thanks!

Frank

Frank R. Gunter PhD  
Economics Department  
Lehigh University

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## **RE: SUMMARY OF DAY I**

**Post By: Tony Pryor**

Very good discussion on Day One!

Let me add a couple of other points, between Days 1 and 2, on an issue which I do find creates considerable confusion between "the three D's", and that relates to the method of operation.

Both USAID and DOD in their own way, on their own issues, are operational in focus, but there are some major differences. I think it's always a shock to others as to how few staff USAID has (it's a shock to USAID, too!). And the good news is that they will be doubling the numbers of Foreign Service Officers over the next three years. This is impressive, but in reality that would only mean a total of somewhat over 3,000 FS staff, and most of these new staff would be relatively inexperienced.

But there is one major difference which counter-balances this seeming mismatch to some degree - since 1979, USAID does its core work through partners, essentially leveraging others (contractors, grantees, host country public sector institutions, civil society, and increasingly with joint private sector-public sector cost sharing). The fundamental difference is that AID leverages others. This is not just because there aren't enough AID staff but because over time that type of leveraging has proven to be more effective at stimulating grassroots developmental change that will last. While

there is no question that more DH staff are needed, I think it's misleading to think that development should be done best by a myriad of USG personnel.

There are some areas where AID may use a slightly different model, especially in disaster relief and conflict-related support, although even then while the action may be more "retail" than "wholesale", many of the actors are contractors or grantees, not USDH. (And by the way, in those types of interventions, such as those managed by the Office of Foreign Disaster Assistance (OFDA) the timeline is not generally long term; Lene's comment is very accurate for normal development assistance programming, and for many micro enterprise efforts, but it's not always the case in a conflict or post-disaster setting).

Why bring this up? Because without mentioning the role of contractors and grantees, the presence of an \$80 million grant designed to support microfinance and other MED activities in Afghanistan might seem disconnected from the USG developmental "footprint" - far from it: it IS that footprint. That's why it matters what the relationship is between the Advisor in a given PRT and the CTOs back in the AID Mission. I suspect that Rick Carbone can provide some interesting viewpoints related to this tension.

It's also one of the reasons why, operationally, it may be useful to have USAID integrate its partners into the interagency process, since it's the larger USAID family which is involved in implementing the programs which intersect with/support/and sometimes conflict with military priorities.

Finally, while I think they have been noted before, if you are new to USAID or to their microenterprise programs, please feel free to browse through the rest of Microlinks, and sign up for ML Connections, a monthly newsletter which flags key issues and ongoing activities.

You also might want to look at the content of one other session in the Speaker's Corner series of relevance to this discussion, as well as one from ML's sister site, Poverty Frontiers, earlier this year:

\* [http://www.microlinks.org/ev.php?ID=6113\\_201&ID2=DO\\_COMMUNITY](http://www.microlinks.org/ev.php?ID=6113_201&ID2=DO_COMMUNITY)

\* [http://www.povertyfrontiers.org/ev\\_en.php?ID=2105\\_201&ID2=DO\\_TOPIC#conv](http://www.povertyfrontiers.org/ev_en.php?ID=2105_201&ID2=DO_TOPIC#conv)

And if you haven't heard the excerpt from the 2006 Learning Conference by senior USAID staff in Iraq and Afghanistan involved with implementing microenterprise programs, there are a number of segments of considerable relevance to this discussion:

\* <http://www.microlinks.org/multimedia/evolvingrole/player.html>

Tony Pryor

Team Leader, Capacity Building Practice Area  
International Resources Group

# DAY TWO: INSIDE THE PRT IN AFGHANISTAN

## DAY 2: INSIDE THE PRT IN AFGHANISTAN

**Post By: Rick Carbone**

Hello Friends,

I welcome you to Day 2 of this online civil-military dialogue, and thanks to Frank and all the other folks who contributed to the dialogue yesterday.

It's Day 2! Rise and shine!

I work at PRT Gardez, on FOB Gardez, in Paktya Province. Paktya Province is in southeastern Afghanistan bordering Pakistan. I come from an NGO background, and I look back with fond memories to my assignments with Catholic Relief Services, CARE International, World Vision International and International Medical Corps. These varied overseas assignments have clearly been helpful in preparing me for this unique working environment in Afghanistan.

I would encourage anyone considering overseas employment to give a PRT assignment here a real chance. I can only hope that you will find it as personally rewarding as I have and am. Have no doubts about it....if you have NGO/PVO professional! experience, you are needed here. And you will find the people are genuine and hard-working.

How do I explain to you, who may know overseas development work but might be unfamiliar with the Provincial Reconstruction Team (PRT) concept in theory or in practice, what I do as the PRT's USAID team member? I thought about this for two seconds...and then it came to me that the easiest way to explain to you is to let you read my latest PRT Gardez Weekly Report - 29 March for yourself and allow you to react.

Oops, one curious note just came to my mind....it is 0700L here now on FOB Gardez. But that is only if you are with the PRT on the FOB. If you are with the Maneuver Element, you are on ZULU time (GMT + 4.5). So, it would only be 0230Z and you can roll over!

Here you go:

PRT Gardez Weekly Report – 29 March

- Internews staffers Mirabdulwahed Hashimi and Sayed Farooq Shah flew on USAID Air from Kabul to Zurmat today for a meeting with the Zurmat Wolesal, Niaz Mohammad Khalil, and community elders from Zurmat in order to take the next steps towards finalization of the land donation for a USAID-financed community AM radio station hopefully to be constructed in Zurmat. The Internews radio station would be an excellent follow-on activity to the popular and effective Radio in a Box (RIAB) currently operated by the 4-73rdCAV Maneuver Element in Zurmat. The

meeting, which was supported logistically by both the ANP and 4-73rdCAV, showed the Internews personnel two distinct sites for possible construction; one close to the District Center and the other nearer to FOB Zurmat.

- The Voter Registration and Logistics Assessment (VROLA) 2-person regional team of Bob Paine and Johnny Walker are now operating out of FOB Shank/PRT Logar and they would like to thank the 508th Maneuver Element for the hospitality of the FOB.
- USAID was able to conduct a series of meetings over the past 24 hours on FOB Shank/PRT Logar. These contacts included a meeting with MAIL Logar's Director of Cooperatives and the DAI/ASMED supported CASAL agricultural association; two meetings with CPT Wes Boyer and his CA team on a variety of project activities; a meeting with the 508th regarding information that USAID will try to provide prior to the 508th key engagement with the Azra District officials; and finally, another chance for USAID and the PRT Logar's civilian leadership to discuss the USAID programming portfolio in detail and how the PRT and USAID might maximize its combined strengths.
- Graham Burgess, the Security Liaison for the LBG road programs in this region, is going to help coordinate a regular security meeting with the various USAID-funded program security staff in order to ensure that all the security firms are sharing information and coordinating efforts where ever possible. It is an excellent initiative and all the security firms in the Gardez area are on board.!
- Denise Lifton and Rohannudin Emamqurbani work for the UNAMA Southeast Regional Office based in Gardez. Denise is the UNAMA Human Right Officer and Rohan is UNAMA's focal point person for all Rule of Law issues. They have both graciously agreed to help USAID's Afghanistan Rule of Law Program (AROLP). Denise and Rohan will use the AROLP Chart of Judges by province and update that key resource document in each of the four provinces that they work in; Paktika, Paktya, Khost and Ghazni. Interestingly, Rohan brings a special insiders skill set to this assistance being a former saranwal. AROLP does not have field staff, per se, and consequently the offer of field support from UNAMA is particularly appreciated.
- The Teacher Training College (TTC)/Gardez has submitted a list of suggested inputs to PRT Gardez for support of their nascent Parent-Teacher Association (PTA) development efforts being established at the eight satellite schools that TTC/Gardez and their partner, GTZ/BEPA, use for the practical training of the in-service and pre-service teachers that attend TTC/Gardez. The PTA development process right now appears to be a PTA Steering Committee at each of the eight satellite schools and we are engaged now in a discussion with TTC/Gardez to see how best PRT Gardez can support this PTA concept.
- While at the RC-East Construction Conference in Salerno, Team Paktya got a very clear and positive signal from Kevin Gash, the acting USAID/ODG Cognizant Technical Officer (CTO) for the International City/County Management Association (ICMA) program, that ICMA is seriously considering expansion of its programming activities into Gardez City. If ICMA does come to Gardez City, it will come with its new program package called the Afghanistan Municipal Strengthening Program (AMSP). The AMSP will begin to address the lack of information, skills and knowledge of a Mayor and his Municipal management team. The need exists for a comprehensive understanding of Afghanistan's legal framework that guides the roles and responsibilities of not just the National Government but the sub-National governorates as well. The legal framework will consist, inter alia, of the Constitution, implementing legislation, pre-constitution legislation, and ad hoc measures embraced as functional necessities – or one might view these measures as customs. To understand the role of a Municipal Mayor, you need to understand where you fit into the overall scheme of governance. This will include an understanding of the executive, legislative, and judicial relationships, that exist now and within any decentralized intergovernmental structure that evolves in Afghanistan. For the AMSP, without this commonly-accepted foundation of information, there is no roadmap to follow for building capacity of a Mayor or any one of his functional managers and their departments. Any program of training or technical assistance that is intended to advance

the skills, knowledge, and information in such functional areas as: strategic planning, urban planning, public financial management, and economic development, demands the respect of the realities of the current legal framework.

- As PRT Commander, Colonel Brett Sharp reviewed an interesting CERP proposal for a Sayed Karam power grid that had been turned over to USAID from the outgoing PRT Cycle 6 Civil Affairs. PRT Gardez Cycle 7 will prepare a full CERP SOW from the good work done already by PRT Gardez Cycle 6. The Provincial Ministry of Water and Energy has been very supportive of this district-level power grid concept. They are fully committed to a focus on sustainable cost recovery techniques including consumer meters and a formal municipal collection/revenue system with those revenues plowed back into maintenance, running costs and grid expansion. The Sayed Karam Power Grid proposal is envisioned to incorporate the bazaar owners, four satellite villages, the clinic, the school, the police and district government offices.
- Brian Sorenson, our PRT Gardez USDA Agricultural Advisor, attended ! a meeting with USAID, the CDA-P2K Agricultural Advisor, Tom Cunningham , and Haji Yasin from the Gardez Apple Growers Association (GAGA). After that initial meeting, Brian has thoughtfully prepared "practical steps forward" in which he and Tom both will be able to interact with Haji Yasin and his GAGA membership to improve orchard yields while using less diesel fuel for the water pump (saving limited cash resources) while also using less water and losing less water to evaporation.
- FOB Gardez wants to officially welcome Ms. Vic Getz to Gardez. Vic's formal title is Program Advisor - Livelihoods, Gender, Youth and Vulnerable Groups, Gender and Development Specialist - Environmental Sociologist, USAID Community Development Agriculture: Paktya, Paktika and Khost Provinces (CDA-P2K). Vic is from Winrock International, which is a VEGA Alliance member of the PVO consortium implementing the CDA-P2K agribusiness regional project.

As you can see, the diversity of our programming portfolio is a daily delight. And, you can see that it is very similar to scope and detail to any other NGO/PVO development experience overseas. You can't be bored. The job equates to long days and very short weeks. I am already three months into my second year at PRT Gardez, and I find myself wishing I had more hours in the day.

I have also been struck by the fact that my usefulness as a PRT team member has increased tremendously since my decision to extend and extend in place. This means that, on one hand, I am slowly becoming the institutional and corporate PRT knowledge reference point for the USAID programming portfolio; but it also means that I have a positive multiplier effect in many of the other areas of PRT operational interest too, if for no other reason than I have stayed through a few personnel cycles (both civilian and military) and have seen how a variety of people have tackled the same challenge(s). That can be extremely useful information to share if folks are willing to listen.

This is not to say we don't have our problems and challenges. We do, but they are very different that the ones you might experience in a more permissive security environment. I can sum it all up in one word....relationships. It takes so long to make those key contacts that begin the development process. And generally, by the time you are beginning to make those relationships and people are getting to know you, it is time to leave....unless you extend.

So, let me know what you are thinking out there. You can see I am a bit of a cheerleader. But that goes with the territory. What are your impressions, either positive or negative, of the PRT experience? What have you heard? I will react as best I can on the basis of my experience here and level with you.

One last note, given the time difference and that fact that today is a travel day for me, I will be gone from the FOB by 1500L/1030Z and won't be back online until maybe 1830L/1400Z. But, please comment, and I will be able to pick up the

thread when I get back to a computer. Interestingly, for those of you who participated yesterday, I can't wait to talk more with Hank Nichols, who was on FOB Gardez in 03-04!! How about that for a small world?

Regards, Rick

Rick Carbone  
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"Establishing Access, Trust, and Presence through Effects"

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Mayada El-Zoghbi**

Hi Rick,

The scope of the work involved in the PRT Gardez is impressive. As you said, the work does seem very relationship-based. I am wondering if extending contracts is the only solution to retaining that institutional memory and building these relationships or if you think more fundamental structural issues would be needed?

One of the discussion threads yesterday related to the relationship between USAID advisors at the PRTs and the CTO's at the USAID missions. Can you explain this a bit more from your perspective. Does this relationship create the continuity and longer term planning and design that is needed for the types of programs administered by the PRTs?

Mayada El-Zoghbi  
Banyan Global

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Rick Carbone**

Hi Mayada,

While I was with REDSO in Nairobi, it was mandatory for everyone to take the two-week CTO training. Not that you were going to become a CTO, but so that you understood some of the boundaries and parameters that go along with the position. So, if you are ever offered the opportunity to take either the first week or second week or both weeks of the CTO training, make the time to do that.

But, CTOs are just as susceptible to rotation in Afghanistan as any FPO is. So, it is not unusual for a CTO to have worked with multiple FPOs and vice versa.

The continuity issue is a tough one and there doesn't appear to be an easy fix or else it would have been discovered and implemented already.

One institutional memory solution is to trust and invest in your national staff. In fact, the PRT Office at USAID/Afghanistan has invested heavily in a hiring emphasis on national staff at the PRT level. This position is called the Program Management Specialist! . This person is ideally from the region of the FOB and will be the FPO's program assistant; not simply a translator or cultural advisor. This person would logically live on the FOB but would also have freedom of movement that the FPO can not enjoy. Given the high expectations of this post, the hiring process, vetting process and security background check process is strict and lengthy. For example, my Program Management Specialist slot is not filled yet. We went through the full announcement/interview/selection process and then contract talks broke down and we are back to square one. But, there are now at least 6 PMS positions filled in some of the other FOBs, and I will keep pushing for mine.

Does this help to answer your question, Mayada?

Regards, Rick

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Hank Nichols**

The institutional memory issue is an ongoing problem. Back in the "old days" when I was in Afghanistan there were neither systematic debriefings of departing USAID FPOs nor a catalogued archive of prior FPO reports. I hope this has changed as the Mission has matured.

All PRT players should remember they are not starting with a blank sheet of paper when they arrive. It was my experience that the new members and especially the commander needed to understand the ongoing efforts.

Hank Nichols

Professor

PKSOI

email: [james.nichols1@us.army.mil](mailto:james.nichols1@us.army.mil)

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Hank Nichols**

Rick,

I am very impressed with the quantity and range of activities at the Gardez PRT.

Hank Nichols  
Professor  
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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Rick Carbone**

Hi Hank!!

I was hoping to hear from you tonight! And now I have contact information for you, so I will be bugging you from time to time if you don't mind.

This is one of those areas that the civilians could learn a thing or two about professional and personal courtesy from the military. The military has a formalized system for handing over institutional memory from the outgoing PRT cycle to the incoming PRT cycle. They enjoy a planned, phased RIP (relieve in place) and a TOA (transfer of authority). So, already, that is a huge plus. USDA and USAID replacements are a function of the recruitment process and there are sometimes huge gaps; particularly with USAID USPSCs. DOS is more fortunate and their transitions are more orderly because the bulk of their personnel are full-time employees.

Anyway, going back to the military example, while the outgoing PRT cycle is preparing for the advance units of their incoming PRT cycle replacements, they are tasked by command to prepare Continuity Books by section. So, medical, supply, ops, IO, CA, CE, Intel, Comms, SI, SECFOR; any section you can think of has its own mini RIP/TOA with the incoming and outgoing personnel.

Boy, I wish this was the case with USDA and USAID. But, given the nature of the recruitment process on the civilian side, it is a luxury if it happens.

So, we assume there will be a gap. And the courteous thing is to put yourself in the shoes of your incoming replacement that you might know because he or she might not yet be identified, and you won't know when they might be coming on board.

From the USAID perspective, this is where having a trained Program Management Specialist already on site and working would go a long way towards ensuring as smooth a transition as possible.

Thanks for your comment, Hank, and I wanted to thank you. You are one of the few PRT Gardez FPOs who left a body of reporting behind in the form of regular reporting. It was a huge help during the very steep learning curve and thank you.

Regards, Rick

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## RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN

**Post By: Tony Pryor**

Hank: I think this is an issue in general with many civilian agencies, in part because being understaffed it's difficult to train as a team and to build in overlap. The PRT course at Bragg this time around was one of the first that got folk from State, USAID and DOD by FOB so they would get to know each other a bit before they arrived, but that doesn't mean the institutional memory of those that are being replaced is being captured and passed on. We are involved with some modest interviewing of PRT members, but only to help the new incoming PRTers learn generically what it's like, not what specific issues await Joe when he replaces Jane in PRT X....

A couple donors have been trying to develop handover notes as a requirement of the position itself, but that's hard to do when there's SO much pressure to get people out there, and when tours are so short. A bigger issue for me however is just what is being transferred. And this is a problem that affects all of us, not just USAID: often what needs to be "transferred" are skills and experience, not facts. Facts are important - what's the name of the Commander, who is the regional head of Mercy Corps and what is her number, etc. but success is more defined by the personal relationships and trust that are built up over time. I think what we sometime miss is that even short term, quick and rapid interventions are most successful when there is mutual trust and understanding developed over a longer term. Instead, we often by default carry out longer term efforts (improving the governance of a local ministry, supporting ag. marketing in a way that will get local growers back on their feet, etc.) through a revolving door of short term advisors, who almost by default have to pick up from scratch in terms of relationships when they arrive.

One very successful PRT had some sort of "charter" that defined objectives, roles and responsibilities and then an operational review of daily impacts. The S/CRS planning methodology is certainly a great tool as part of that, but with two caveats: the planning involved in the AID portfolio (leading tot grants and contracts) takes place in a different space, with different metrics; to be effective, I'd suggest there needs to be a better understanding of the two worlds, rather than jumping to the conclusion that one approach to planning is better than another. And second, from what we've been told, the biggest drag on the morale of PRTers is the slow, two steps forward, 1 ½ steps back nature of the work. Frankly, this is a pace that's pretty normal for any such work, where you are trying to get people to run their own lives, grow their own crops, provide for their own protection, etc., rather than doing it for them. But since the rotations are so short, the planning objectives at times so "stratospheric" (in a year we will have the economy expanding at x% a year, etc etc) having a sense of frustration at what CAN be achieved is pretty understandable. But if you don't let the plans overtake realism! , then the type of actions that Rick has been able to achieve is in fact pretty impressive.

Tony

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Rick Carbone**

Hi Friends,

There is a further complication around the corner.

PRT Gardez is currently an Air Force-led PRT. That means the PRT Commander is from the Air Force. But the current PRT Gardez Cycle 7 SECFOR (Security Force) personnel are made up of units from the Pennsylvania National Guard.

As I understand it now, by law, the national guard is not allowed to be assigned overseas for more than one year at a time. Their TTB Patriot training, three months, is set against that one year stint. That means that PRT Gardez Cycle 7 is here in country for only nine months; while the 1-61CAV Maneuver Element of the 101st is deployed for 15 months in country. The PRT Gardez Cycle 7 personnel have already been on the ground for a month. So, they have eight months left. And you know that there is leave interspersed and then the preparation for their RIP/TOA as we talked about earlier, and the mental preparation for return to the States.

Regards, Rick

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Tony Pryor**

At the risk of putting some on the list to sleep, including myself (!), let me very quickly explain what a "CTO" is. Technically it's simply a function, often called "COTR - Contracting Officer's Technical Rep" in other parts of the USG, which is performed by a technical person who works with the CO in the administration of the contract or grant. It's not necessarily the primary technical person that the contractor or NGO might work with in actually carrying out the work, but it IS the only technical person who can weigh in on decisions related to contract scope, performance and the like. Essentially, if you don't have a letter from the CO making you a CTO, you aren't one, and if you haven't taken the A&A for CTO courses, you can't be one.

The role of the CTO explains why there needs to be a good working relationship between the field teams and the CTO. Let's say, for instance, you are an Advisor out at a PRT and really would like to ask a contractor if they could focus more on getting micro-credit out in the region near the PRT and less on supporting training for local MFIs. While it might be a good thing to do, technically it's not your call to change their contract. The CTO needs to discuss this with the CO, with the latter being the person actually able to approve such a change. Sounds bureaucratic (it is...) but it's the way procurement works anywhere in the Fed Govt. I know that both missions are thinking through ways to get active control at least as activity managers out to the PRT Reps, but at the moment many of them appear to be development advisors rather than co-managers of USAID programs.

We give the Agency's courses for CTOs, as well as the other program design and management courses offered to USAID staff. But we're also developing a shorter course for activity managers, for USAID/Iraq. Personally, I think this could be developed into something that could be given as-needed either an online or a "brick and mortar" event. We're also developing updates which people could take as refreshers. We're also thinking about setting up some sort of community linking together activity managers out at the PRTs so they can share best practices and the like. Anyway, these are just ideas being talked about, that could supplement the more formal CTO courses Rick mentions.

Tony

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Mayada El-Zoghbi**

Hi Tony and others,

While I recognize that training is a very essential and important component of building capacity of CTOs and others, isn't sheer experience a bigger part of the equation?

I wonder if the work that Rick is now doing in Gardez could be possible if he had not had such a long history of development experience in other conflict affected environments.

I still really struggle with envisioning soldiers and the military doing long-term development, even with USAID and other advisors by their sides. I'm not sure if proper hand-over, overlap in service, and a strong relationship with a CTO will really overcome the bigger issues that are at play.

I am wondering if the Gardez PRT, while it is officially led by the Air force, is operationally led by USAID with the air force providing support. Is this how PRTs typically operate or is Gardez somewhat unique?

Mayada El-Zoghbi  
Banyan Global

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Dave Futch**

There is a philosophical argument to be made here about civilian and military roles. In my personal opinion the military should not be involved in long-term development except in specified circumstances such as security cooperation, military exchange programs and others that directly relate. When you get into other areas such as microfinance, the military focus becomes stability and reconstruction related.

There seems to be some argument as to what the roles of the PRTs are. Are they stability and reconstruction focused, are they development focused, or are they trying to resolve and work within all arenas?

Dave Futch

Senior Military Analyst, Joint Operations Integration Branch

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Rick Carbone**

Hello Friends,

I want to thank Mayada for her comment but allow me to clarify. I am the USAID member of Team Paktya. The USAID programming portfolio is an integral part of Team Paktya's repertoire, but it is not the totality of effort by any means. That is the beauty of the Team Paktya concept. You have PRT, Maneuver and interagency staff (DOS, USDA, USAID) working together to plug into the provincial, district and community level service delivery points each and every day in support of the government. The Team Paktya approach is now so flexible that we have a US-registered NGO based temporarily inside the wire and operating a regional USAID-funded program with the full support of FOB Gardez. Interestingly, that wasn't actually the PRT's call, because the mayoral function of the FOB falls to the Maneuver Element. The Maneuver Element Squadron Commander met with the NGO in the dead of winter, understood that the NGO would have to spend valuable programming opportunity time focused on logistical/security requirements in the limited, non-permissive security environment of Gardez City, and offered the NGO the keys to the FOB; access, housing, logistical support, MWR, food, full facilities. The payoff was that the NGO has hit the ground running from a programming perspective much faster than otherwise possible.

Regards, Rick

Rick Carbone

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"Establishing Access, Trust, and Presence through Effects"

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Vince Carlisle**

Rick/Mayada,

I'm wondering if there may be value in exploring a technical/human solution. Would it be possible to establish a country page on a DoS site for COT/COTRs. This site could be designed to fill some of the gaps you have identified.

It could be a repository for policy, contracts, and any other elicited data that is relevant to contracting. It could contain a Subject Matter Expertise locator. It's possible that as COT/COTRs moved on they would still be connected as SMEs. It could contain a FAQs section and a Request for Information section. If you did build in the capability to answer questions you may be able to leverage your training departments to support this and move your two week class into an asynchronous learning environment in which classes would be on-going not confined by geography or time zones.

Just a thought. Vince

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Rick Carbone**

Hello Friends,

Yesterday, we had a visitor from BearingPoint stay on the FOB while he went to the Da Afghanistan Bank's Regional Office in Gardez City to supervise the introduction of a new Core Banking Support (CBS) software package that was mandated by an IMF debt reduction benchmark requirement at the DAB central bank and each of its 6 regional banks by the end of the month.

But there aren't any commercial banks in Gardez City yet. DAB, even though it is Afghanistan's central bank, has small village-based NSP accounts because there is no other financial institution capable of providing that service to the community.

This might address Dave's point in his second paragraph. The visit was facilitated by the PRT's SECFOR, who provided transportation for the BearingPoint banking sector team of advisors and collected them back to the FOB at the end of the day. BearingPoint's mission wouldn't have happened without that tactical support.

Perhaps the role of the FOB's elements (PRT, Maneuver, interagency, etc) is to be the jack-of-all-trades/master of none temporary support mechanism. The PRT Gardez role has certainly changed over the past seven cycles to what it is today.

We might even become, in the not so distant future, one of those provinces that cede responsibility of the traditional Maneuver Element's battle space security function to the ANA's 203rd Corps, which is becoming increasingly adept and competent.

But, just as we see the DAB struggling with its role as central bank and still servicing NSP accounts out of necessity, we have issues of infrastructure development that need immediate attention such as the paved road linking commerce and governance; while at the same time we see camps in Pakistan that are ready to close with their returnees scheduled to return to their homeland.

So, Dave's point is spot on. Perhaps the PRTs are forced by events to have one foot in the development sector while dealing with issues of security and governance simultaneously.

Thank you very much for your comment, Dave. We are learning that Ft. Leavenworth is home to a great many interesting organizations. One of the more interesting is the Human Terrain Team that has its reach back cell there.

Regards, Rick

Rick Carbone  
PRT Gardez - "Team Paktya"

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Rick Carbone**

Hi Vince,

Thank you very much for your suggestion. What do you know about the Defense Contract Management Agency (DCMA)? Could they be contacted to perform a PRT function similar to the USACE or an interagency organization? I see their advertisements on AFN and I wonder if they could take up the slack of the tricky and technical contracting function and free our PRT Civil Engineers/USACE personnel for field work.

Regards, Rick

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Vince Carlisle**

Rick, interesting comment. When I first joined Army Civil Affairs in 1994 we were trained that we could get NGOs to work with us "inside the wire" and out by offering them the security of our site for bed down and gasoline. We threw in food for free if they wanted to eat MRE's. Vince

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**RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Rick Carbone**

Hello Friends!

I am about to turn into a pumpkin. It is 0030L/2000Z and tomorrow is another day. Thank you all for your participation today and I look forward to following your Day 3 discussions with interest. Please let me know if I can help in any way, and I would like to thank Anna and Mayada for their patience and professionalism.

Cheers and good night, Rick

Rick Carbone  
PRT Gardez - "Team Paktya"

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**RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Lisa Tarantino**

Rick,

Regarding your comment below. The NGO you mention below benefited greatly from the security provided by the Gardez. Did the NGO experience any negative effects of the closeness of the association?

Regards,  
Lisa Tarantino  
Associate  
Banyan Global

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**RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Vince Carlisle**

Rick, the DCMA broadcasts on AFN to let soldiers know that they are "there to help." I doubt they are staffed to assist the "whole of government" (Though that ought to be a logical future point for them.) If the PRT COT/COTR was a DoD employee, soldier, sailor, airman, marine or government employee then DCMA would be able to help, likely through a reach back capability.

It is possible that DoD assistance could be requested by the Geographic Combatant Commander to support the PRTs. We within DoD are all working to be more interagency oriented, but to request their assistance one would have to use the DoD request lines. Certainly the country team could turn to the Defense Attaché to make the request as the DAOs all have liaisons in the respective geographic commands.

I recommend laying out the requirement (in less than 5 sentences) and the risk to the PRT mission if the requirement (for contract support) is not met - express this risk in terms of the overall mission - link the economic stuff to the stability operations - and get a military guy or gal involved to use our vernacular.

Hope this helps, Vince

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Hank Nichols**

Sorry, I've been away, busy day.

I don't think the 12 month time period is by law but by policy. I think the policy it is not more than 12 months in country while the active army troops have 15.

The situation in 2003-4 was very similar. Initially the FPOs were only on 6 month contracts.

Hank Nichols  
Professor  
PKSOI  
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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Hank Nichols**

I think Rick's wealth of experience is a great asset for his PRT. PRTs were operating for 3+ years before the civilian members were given any type of PRT specific pre-deployment training. 99.9% of the military members bring no education/experience development assistance to their assignment and because they are "pick-up" teams. After a year's experience they are starting to "get it" but they disband afterwards and do not get to build on their experience.

The pre-deployment training is important in order to understanding how your colleagues operate and their agencies' capabilities and limitations.

Hank Nichols

Professor

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Hank Nichols**

I agree with Dave but in Afghanistan there are very few civilians in a PRT. It has taken a Herculean effort to get expended civilian participation in the Iraq PRTs.

I think a leveling of the playing field for USG employees would help. I believe there has just been a change so that the civilian employees get an income tax exclusion. If a soldier gets wounded he has the military health system and the VA. Civilian employee has the worker comp laws of their normal duty station and their insurance that may have their family doctor as the gate keeper for specialist treatment. Military people have unlimited sick leave. There are many more issues when you talk about contractors.

Hank Nichols

Professor

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**RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN****Post By: Hank Nichols**

This is a good idea but why should the contractors work for free? Perhaps contracts should contain an extra month of employment after redeployment in order to be debriefed and record lessons learned.

Hank Nichols

Professor

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**RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN****Post By: Vince Carlisle**

It is Sec Def policy. We refer to it as "boots on the ground" or BOG. I just came from working at the office of the Chief Army Reserve and for political reasons there is no expectation that this will change at anytime in the future. If anything it will become more restrictive. That said, perhaps we should be looking at team building from a virtual perspective and then include an element of reach back to members who have returned home. I have not been a member of a PRT but I would venture that those who have retain enough emotional interest in the area of practice that they would be prime candidates for virtual teaming.

I know this is not the best solution and in all of our organizations this would need be complemented by an organizational culture change, but I would submit that it is more likely that our organizations will change to accommodate political will than that the Sec Def changes his policy. Vince

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Del Fitchett**

Seems like a very reasonable and straightforward idea to write a contract so that it includes time for both overlapping in the field and post-mission debriefing of contractor staff. Perhaps there are some good examples where this has been done with the USAID-financed activities? (Or maybe some especially bad examples?)

Del Fitchett

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Tony Pryor**

First, the CTO training is just providing skills in how AID works vis a vis contract mgt., nothing in that training covers development approaches. That comes from experience, peers, other training, AND hopefully the links they have with the development team at the USAID mission and its partners in the field. And from what I understand, a lot of folk are like Rick, but there are others that aren't as well-trained.

Second, I don't think anyone believes the PRTs are in fact responsible for long term development; my understanding instead is that at best they are hoping to stabilize, calm and hopefully redirect a very fragile eco-political landscape. .To quote from the Mission's website:

"Provincial Reconstruction Teams (PRTs) are civil-military organizations that are designed to improve security, extend the reach of the Afghan government, and facilitate reconstruction in priority provinces. Their core objective is to implement projects that will improve stability so that more traditional forms of development assistance can resume. USAID's programs work with PRTs to deliver services in less secure or underserved areas of Afghanistan. As USAID's primary representative in the provinces, field program officers monitor all U.S. reconstruction and development efforts in the area of responsibility of the PRT and implement PRT-specific programming. They work to build relationships with local leaders, identify local needs, and report on significant developments."

My understanding is that the military doesn't want to be responsible for these tasks, but they DO see that stabilization and a return to normalcy, improved governance and other socio-economic objectives are important objectives writ large, and that NOT to have these over the long haul undermines any positive actions undertaken by the military in their own area of influence. And I think they would much prefer civilian agencies and civil society to take the lead; it's just that something needs to happen - no action at all is the worst outcome.

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**RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN****Post By: Rick Carbone**

Hi Vince,

I would like to posit the consideration of the current Provincial Reconstruction Team (PRT) model in Afghanistan captured for the moment and applied in 1990 Mogadishu, Somalia; or perhaps a 1994 Kigali, Rwanda as suggested.

What would it have meant then to have a strong, professional, proactive projection of force and security for the development workers in those settings?

Reflecting on my experiences then and now here at the PRT, I can honestly say that I think we would have been much more effective back then if we enjoyed the direct support of our military.

Having said that, I would quickly add that the general consensus within the wire on FOB Gardez is that the PRT and/or Maneuver Elements are a hybrid and have a temporary shelf life with an inherent expiration date stamped on it. And this opinion is from the man in the uniform on the ground here now. They are willing to go the extra mile or two right now each day so that there are fewer PRT cycles and more NGOs on the ground.

Regards,  
Rick

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**RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN****Post By: Rick Carbone**

Hello Lisa,

Your question is an interesting one. I would say yes; they have experienced negative effects from the closeness of the association. But under the theory of unintended consequences, it is not those that we would have anticipated.

This is a small FOB world. With the mayoral function under the Maneuver Element, and the Maneuver Element being the host, I think they anticipated more immediate results on the ground by the NGO. So, again, you have a classic clash of cultures.

The military with their logistics support chain and manpower depth, has a hard time understanding why it takes as long as it does to spin up a development scheme; the dead of winter in Gardez, staffing halfway around the world in a non-permissive environment, USAID contracting issues, etc. There are these types of delays in any project.

Regards,  
Rick

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**RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Rick Carbone**

Hi Hank!!

Maybe we can get Tony back at some point in Day 3 to elaborate on the new investment in TTB Patriot pre-deployment training at Ft. Bragg!!

Cheers,  
Rick

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**RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Rick Carbone**

Hi Hank!!

My goodness, are you kidding? That would be great news! Right now, it is only the interagency PRT personnel that are paying federal income tax as "official" Americans. That would be a huge incentive obviously!

Regards, Rick

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**RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Rick Carbone**

Hi Vince and Hank!

I think you are both right. If you need USPSC's input back in the States, for short term training assignments, you might be able to consider the hiring mechanism that has served OFDA so well for years now, RATS! That is their on-call, react within 48 hours person who is only hired when you get the phone call. RATS stands for Response Advisor for Technical Services and it is a great program. It is very much like a smokejumper's ready roster. If you are called and unable to accept that particular assignment at that particular time, no harm/no foul. But you go back down to the bottom of the phone call roster, and the ODFA RATS staff go to the next name on the roster in that particular skill set. But, like Vince said, anyone that has been at a PRT like Hank, will have enough residual emotional capital invested that they will be happy to help if the request is facilitated.

Regards, Rick

Rick Carbone  
PRT Gardez - "Team Paktya"

## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Rick Carbone**

Hi Del,

I am sorry that I don't have any examples from either camp, but I think you are on to a great idea. From the USAID perspective, I would think it would be ideal if there was the ability to bring the outgoing PRT person together with their incoming counterpart once that person has been identified and contracted. The time lag issue is still there but could be dealt with easily enough. Great idea, Del!!

Regards, Rick

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Tony Pryor**

I'd be somewhat careful, since these are USAID hires. While it might be better in one respect to have them all civilian DOD hires, in other, strategic respects it's probably not very attractive to USAID, or to State, USDA or the other non-DOD agencies, since it sort of defeats the purpose of spreading the responsibility, and softens the links with the home agencies.

I can ask though what rules have changed, but DOD civilians and USAID-funded hires (be they PSCs or through a contract) are not the same. AID contracting need not be slow once in place; we had about 40 people identified, hired and mobilized within a week at the beginning of the Iraq contract. Contractually, it's possible. It's finding more Ricks of the world that's proving difficult. Benefits and salary are one issue, but also frankly the quals are getting harder and harder to meet.

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Vince Carlisle**

Sorry, I misunderstood, I believed the problem to be one of continuity among the government employees, who in or out of Afghanistan are receiving a pay check. I agree that we cannot hold contractors to the standard of continuity nor reach back; however, if that is occurring it should be corrected by the government employees responsible. The civilian work force is the government's mechanism to ensure continuity of effort.

I would say there are many government employees who are not strong in monitoring contractor performance or deliverables - or for that matter in writing the contract. In this case I would recommend that the writers of the contract include a provision for reach back/continuity and the contractor could then be paid to provide that service from a location outside of theater.

Vince

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## **RE: DAY 2: INSIDE THE PRT IN AFGHANISTAN**

**Post By: Vince Carlisle**

Rick, I can tell you that from the military side it is refreshing to hear that the overall feel is that the PRT/Maneuver elements are temporary. DoD professed goal has always been and likely will remain to return responsibility back to the host nation or others as soon as the security environment will allow. We do this so as not to build dependence on a US presence.

One thing to keep in mind about the military is that we never set our own entry or exit dates. We will always maintain a strategy but our entry or exit as a force is Presidentially directed/authorized. So as soldiers, especially with an upcoming election and all the rhetoric being thrown about, we look at changes in administration as changes in military mission. I can tell you however, that that is not always born out. I was in Bosnia when our military Colonel stated for the news cameras that we were going to be there for a long time. He was relieved and retired because the current administration sold our involvement to the public as a one-year solution....as you know we are still there.

Vince

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## **SUMMARY OF DAY 2 DAY 2 DONE**

**Post By: Rick Carbone**

Hello Friends,

I will keep this brief. I think Day 3 is going to be a very interesting session. I have responded to some of the comments from Hank, Vince, Lisa and Del that I hadn't seen last night.

I also wanted to draw your attention to Catherine's email that just came through regarding MISFA! Thanks, Catherine! DAI has a great and growing track record in Afghanistan!

I have to run literally. Rotary wing here waits for no one, but thank you all and Marc is waiting in the wings for an interesting DAY 3! Don't hold back. This is your chance to advertise, lobby, and cajole.

Regards,  
Rick

Rick Carbone  
PRT Gardez - "Team Paktya"

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## DAY 3: CIVIL-MILITARY COOPERATION

### DAY 3: WELCOME DAY 3: CIVIL-MILITARY COOPERATION

**Post By: Marc Chandler**

It seems from yesterday's discussion that increased civilian/USIAD and military coordination would increase the opportunities for success and I think there were a number of concrete examples and proposals that look promising. While the discussion generally focused on processes involved with the PRTs, I propose stepping back today and thinking about more fundamental issues. Let's try to place the PRT experience within the context of broader issues of achieving and sustaining economic growth in post-conflict countries and the role of the military in nation building.

It seems to me that the PRT is a bit like triage and driven by the need to deliver economic growth/stability as a means to promoting social stability. If this is a fair assessment, and please correct me if I am wrong, the developmental tools that rely on a high degree of social trust seem to be at a disadvantage.

I understand that last year, the US Army issued a new manual on counterinsurgency warfare. To the extent I was able to follow the discussion threads of the first two days, it seems that what is required is a new manual on economic development.

With the social orders often fragmented in the conflict, perhaps what was needed are some pre-development measures that will help promote a new social order and sustainable development. I am thinking about things that are discussed in the World Bank/UN annual reports called "Doing Business". It includes measures of things like how long it takes to open a business, register property, close a business, etc.

I do not mean this to sound as a re-hashing of neo-liberalism, but rather thinking aloud the pre-conditions for sustained development promoting entrepreneurship, which is one of the objectives of micro-finance (and seems to require higher degree of social trust than seen in conflict and ! post-conflict situations). I also know that at least in the recent past, the Marines have offered electives on development for officer training in Quantico.

How do others perceive the challenge we face? Are the older models of development practical and feasible? Given that the military has been engaged in nation-building/development, do we have a practice in search of a theory? Or is the "practice" itself sufficiently effective or is that where the larger problem lies? Is it a matter of cross-fertilization and cross-education as was discussed a bit yesterday? Do we need an initiative from an NGO or university to sponsor a joint forum for civilian and military education, scenario building, role playing, etc?

Marc Chandler  
Senior VP  
Brown Brothers Harriman  
Associate Professor  
New York University

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### **RE: DAY 3: WELCOME DAY 3**

**Post By: Mayada El-Zoghbi**

Good Morning Marc,

You raise some very interesting questions. As a practitioner, it does really seem like we are a bit behind and trying to come up with the theories that match the realities we are seeing on the ground.

At the same time, we are trying to develop these theories without really understanding them fully as there is very little evidence (other than anecdotal) that what is happening on the ground is sustainable, helps to increase social trust, economic development and in turn reduce likelihood of further conflict.

Even just writing this long wish list of what we want civil-military cooperation to achieve makes me think twice...are we asking for too much?

There is no question that we need to learn more. We need to question more and we need to figure out a way to continue dialogue and draw lessons that can hopefully improve the practice.

Mayada El-Zoghbi  
Banyan Global

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### **RE: DAY 3: WELCOME DAY 3**

**Post By: Vince Carlisle**

Marc, I am in the process of working with USAID to establish a virtual team environment. The team would be comprised of action officers (worker bee level) members from interested parties within the "Whole of Government." What this gives all involved is the ability to include subject matter experts from throughout the government and non-government agencies in the planning process.

The military has scant few economic advisors. DoS has some and academia has many and beyond that private industry has even more. I don't believe we need a manual so much as a process that can be leverage in the event of a disaster or indications of distress.

My gut feeling is that prior to the establishment of the PRT (which itself was reactionary) so many of us take part in activities as individual organizations, only stepping in when the previous ones have given up or proven unsuccessful. With the ability to create virtual teams, the very active and inclusive process found in the PRTs can be leveraged to any situation with much less cost (as a government rep, I can tell you that is key.)

The great steps forward that all of us have made with the PRT process can not be allowed to languish once we leave Afghanistan and Iraq.

Vince

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## **RE: DAY 3: WELCOME DAY 3**

**Post By: Vince Carlisle**

Mayada, as a military planner, just knowing that what is desired should be "sustainable, help to increase social trust, economic development and reduce likelihood of further conflict" makes it much easier to weave into the planning process.

I have planned many military missions - mostly for our exercises and we grapple with how to address the economic dynamic of national power. I take back what I wrote earlier, perhaps there would be value to creating a manual that could be used in planning.

The military has just released its capstone manual, Operations, and Stability Operations in now on par with combat operations. What this will now cause the military to do is to pay heed to economic indicators and treat economically critical nodes as "protected targets." While this term may mean little to you it is huge in the military operations process. Our problem frankly is in the identification of such items as most of us can look as a building and say "Yes, it's a hospital, mosque or church, etc but few of us can identify the value behind a bank or financial institution. I would predict that we in the military will begin to see roads and bridges - necessary for economic growth in a different light.

Respectfully,  
Vince

Vincent J. Carlisle  
Chief, Knowledge Network Division  
Battle Command Knowledge System  
U.S. Army Combined Arms Center

"Intellectual Center of the Army"  
<http://www.leavenworth.army.mil>

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## **RE: DAY 3: WELCOME DAY 3**

**Post By: Tony Pryor**

Just picking up from the discussion yesterday also, part of the issue is that I think we all tend to expect too much in too short a time period; if you note the write up from the Mission, the PRTs were NEVER meant to get the region sustainable and growing, just be part of the larger picture helping to initially stabilize it.

I think the military rightly gets frustrated by the development group's lack of understanding of the "battle rhythm"; just how long it takes to reach an objective and what steps are entailed (in particular, I think most civilians tend to way simplify what goes into something the military would call "a success".

But I also think the reverse is true; the military generally understands the importance of broader, strategic goals - it's in everyone's interest for Afghanistan to get back to some level of normalcy and to grow, politically and economically. I think their vision is quite subtle, and well-thought through, But in general, let me gently suggest that most of my military friends don't really understand the complexity, and approach of our work on the longer term development side - for reaching that longer term objective of sustainability and growth. For one thing, that longer term objective is very much not under our control, and in many instances not even very influence- able. We can help the country in all sorts of ways, but at the end of the day, it's their country and their decisions, and very often they may make longer term decisions which are counter to what we'd like.

Let me use an example of a post-conflict country, which I think ended up being a great success - Uganda. AID had been a major player there pre-Idi Amin, but with that regime in power, we pulled out, and evacuated everyone but a very small presence and some relief support. Then after that regime, and the next one, essentially decimated the country over the course of a decade, USAID in Nairobi sent a series of teams in the later-80s into Kampala to figure out what the US could do, along with the Bank and other donors, to help the Ugandans to turn their country around,

The first five years or so were simply designed to get the infrastructure back up, to help train a new cadre of Ugandans, to get the University back to where it was before, to try to help the place be in a position to be the relatively robust economic powerhouse it had been pre-Amin, etc etc. And then over the next 10 years, the programs slowly evolved into more economic growth focused efforts, as the country got back on its feet. A long time, and a lot of baby steps, and this is in a neighborhood that's not as scary as Afghanistan's...

I'm hoping that these dialogues will open both of our eyes, as we move forward. One way might be to exchange folk more often, to learn more about the full range of these two different worlds. USAID's move to place a couple of younger foreign service officers out at Leavenworth's College is a good step forward, but there needs to be other steps taken too. Perhaps some sort of sustained dialogue beyond this SC would be useful.

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## **RE: DAY 3: WELCOME DAY 3: ROLE OF PRT AGENT OF DEVELOPMENT?**

**Post By: Marc Chandler**

Vince raises an interesting point. Perhaps I did not appreciate the revolutionary nature of the PRT and the virtual team he envisions. I see the private sector often creating its own PRT like unit. For example when a company takes over another, it often deploys a team with key skills sets, including accountants and lawyers and managers who bring with them marching orders, so to speak, from HQ. I think the difference with the PRT it need not be strictly top down, that locals have to "buy into" it.

In some Vince re-discovers what I think is an important element of the pre-modern military. Under Caesar and other Roman emperors, the mighty Roman army built roads and bridges. In some parts of the developing world, the military is engaged in doing the same thing. What Vince suggests is only new because of the institutional amnesia that was discussed yesterday.

Marc Chandler

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## **RE: DAY 3: WELCOME DAY 3**

**Post By: Kimberly Tilock**

Reflecting on the conversations today: rebuilding after a conflict is complicated and there is no one tool that can address all issues. In Iraq and Afghanistan society amazingly carries on despite the chaos and insecurity. Businesses are still functioning (business finds a way as they say) and they need financing to continue and grow. So I would not get caught up in which approach is appropriate unless the situation and all of its complexities are fully understood.

The challenge of coordination (and whose role is whose) is not only between the NGOs and military but also between and among NGOs and donors. Development is complex and one activity can undermine another.

There are countless cases of the same donor funding a grant program for businesses and a business loan program, both programs targeting the same communities/clientele.

Perhaps asking for civil-military coordination is asking too much but it has to be done lest we undermine efforts, and waste money, time and effort.

Kimberly  
CHF

## **RE: DAY 3: WELCOME DAY 3**

**Post By: Frank Gunter**

According to the new Counterinsurgency Field Manual (FM 3-24), the economic components of counterinsurgency can be divided into restoring essential services and economic development. Essential services include police, fire protection, water, electricity, schools, transportation networks, medical availability, sanitation, food supply, fuels and basic financial services. (Table 8.2) Microfinance efforts would seem to fall under this last category.

Economic development is not directly defined in the Counterinsurgency Manual but, from the context in which it is used, economic development activities are those that will lead to a robust improvement in the population's living standards. Examples of these activities are job creation, local investment, clarifying property ownership and conflict resolution, protecting property rights, market creation and vocational training.

One critical difference between efforts to restore essential services and achieve economic development is sequencing. According to the Counterinsurgency Manual, restoration of essential services must begin immediately regardless of the security situation in the country. In fact, restoration of essential services is stated to be a key component of any successful counterinsurgency operation. On the other hand, economic development must wait until security is essentially restored.

Over the last three days, several participants in this discussion have referenced how this sequencing issue divides the military and civilian planners. The military is willing to take risks to restore "basic financial services" as part of counterinsurgency. On the other hand, the civilian view appears to be exemplified by the statement: "microfinance is not a conflict resolution tool" (Izdihar 2007) and therefore microfinance efforts should be delayed until a post-conflict or permissive environment occurs. This debate is of more than theoretical interest – many in the military believe that microfinance will facilitate more rapid economic development that will save lives. I received a blunt education in the realities of this perceived tradeoff between counterinsurgency effectiveness versus economic efficiency when a General told me in Baghdad: "Don't talk to me about the long-term economic inefficiencies of state owned enterprises when some of my boys were killed today." (I think one could substitute MFI for SOE in this quote without changing the point of the General's remark. )

I think that it is safe to say that the military will use every ethical tool available that they think will help to win the counterinsurgency - including microfinance. Therefore the question isn't whether or not microfinance institutions will be established in conflict areas but rather how to achieve the short-run counterinsurgency goals while reducing any adverse long-run impact on sustainable microfinance.

Thanks!

Frank

Frank R. Gunter PhD  
Economics Department  
Lehigh University

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**RE: DAY 3: WELCOME DAY 3****Post By: Marc Chandler**

It seems that there is nearly universal agreement that enhanced civil-military cooperation and coordination could help, but perhaps owing to the luxury I have of sitting safe and sound, as it were, in New York City, I want to ask help do what ?

As others have pointed out the PRT and activities like micro-financing are generally seen as short-term fixes. Are they? Are the seeds being planted for an economic revival? Is this really a story about a still largely military operation that has incorporated some aspects of the "soft power" of state building, which help puts a better face and some coping mechanism, on what appears to be a brutal and dangerous situation?

If the next US Administration scales back the military efforts, will the USAID and NGO commitment also be scaled back? Can we be engaged in a long-term development project using short-term contingency tools?

Marc Chandler

Brown Brothers Harriman  
New York University

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**RE: DAY 3: WELCOME DAY 3****Post By: Borany Penh**

Hello everybody,

Apologies for joining up to this discussion so late. There's been so much good stuff posted on an issue that is of such immediate and significant interest. However, I want to share what I've been busy working on. Yesterday we held a symposium in Washington called, "Poverty Reduction in Conflict and Fragile States: Institutions and State Legitimacy" (the webcast will be available soon on Microlink's sister site, [www.povertyfrontiers.org](http://www.povertyfrontiers.org)). Not only did we have development experts speak to the topic, but COIN experts as well (including, Conrad Crane, intellectual father of the COIN manual). I had hesitated at first to bring the COIN session given that most USAID staff don't know or work on COIN issues. The decision to add it turned out to be a good one because there began a dialogue about what development & military personnel are struggling to do in these environments. - mirroring much of the discussion going on here. To illustrate, it was interesting to hear after Dr. Crane's excellent present one development expert commenting to him, "this is development 101!" Also interesting to hear was the consensus that what's written in the manual and implemented in theater is still experimental! No one can say that these theories, including economic responses, have actually been scientifically tested and proven to work. However, there was also general acceptance that we can't wait for the theories to be confirmed because the operational need is now and overwhelming. We have to learn as we do, reflect frequently on needed changes, and adjust.

This SC and the symposium remind me that all sorts of different conversations are going on at different levels on the issue of civil-military cooperation. We have found fewer means of taking it to an operational level (yes, I'm of the opinion that we have to work together) in a robust and synchronized way. As expressed in the Note from the Field, I think the PRTs are still the best bet right now in Afghanistan & Iraq. But there is so much more we can do to leverage our capacities, ex: subject matter training. I hope, however, that the many, many conversation needed for real entry points to open up and things to materialize, doesn't fatigue us.

Borany Penh

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### **RE: DAY 3: WELCOME DAY 3**

**Post By: Lisa Tarantino**

To follow up on Mayada's comments, does anyone know if there have been any studies done on the sustainability and development impact of military planned/managed economic development projects? If so, references would be appreciated.

Lisa Tarantino  
Associate  
Banyan Global

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### **RE: DAY 3: WELCOME DAY 3**

**Post By: Del Fitchett**

Of course, it may betray my age, but I recall that back in the 60's in Latin America some of the US military assistance programs stressed the concept of "Civic Action", where national military units undertook in their local areas of influence to drill wells, do road repairs, bridge-building, health clinics for the local residents, etc. And one might even look to possible civic action type activities undertaken by the Marines in Central America even further back. Of course, sustainability and "development impact" may be hard to measure in some contexts. And social scientists may tend to get tangled up in "counterfactuals" and "ceteris paribus"!

Del Fitchett

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### **RE: DAY 3: WELCOME DAY 3**

**Post By: Dave Futch**

The only historical example that I have paperwork in hand is the occupation of Japan. MacArthur formed the basis of military government in Operation Blacklist. Both the Economic Division under MG Marquat and the Finance and Civil Property Division were active in all aspects of Japanese economic recovery. It was not always smooth but I think the argument could be made they were successful.

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**RE: DAY 3: WELCOME DAY 3**

**Post By: Vince Carlisle**

Marc, I would caution using the current situation in Iraq as a template for shaping future operations. Admittedly the military has made mistakes in Iraq. Such as firing all soldiers in the Bath party. This only put armed, unemployed men, on the streets. Additionally, we also perfectly planned our operation through the end of combat operations and then moved to war.

We have clearly learned lessons from Iraq in the military and our changing doctrine is evidence of that learning.

The current situation is also the result of States acceptance of a larger role without the necessary manpower to execute that role. In the current situation, State took on several roles and then turned back to Defense to people it...with soldiers.

Again, these are lessons learned and State has made huge strides at ensuring they have the capability to meets tomorrow's manpower requirements.

As to a scaling back of the current operation pending a change of US administration. It is even more prudent that all of us continue to work together in forums such as this so that whatever the next crisis we have built a degree of trust and a rolodex to use when the situation arises.

Vincent J. Carlisle  
Chief, Knowledge Network Division  
Battle Command Knowledge System  
U.S. Army Combined Arms Center

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## HOW TO MAKE THE INTERAGENCY PROCESS WORK?

**Post By: David Bunn**

Mayada has made some good points and observations. Without digressing too much, the biggest friction that arises between agencies is the lack of concurrent development of a joint plan and objective. USAID is superb in its tactical analysis; their focus is properly on outcome vice output and has a history of success.

Everyone can sit in a room, express a common goal and when the meeting is over, the participants exit, excited and happy. The problem is that once outside the room, the different agencies have a different view on how to 1. achieve that goal; 2. the amount and source of resources needed and 3. the measures for when that goal will be achieved.

The ultimate question then for the PRTs and any COIN environment is how to make the interagency process work? Sounds like the easy solution is to get everyone together and just plan. But the rub comes when you put equal partners together with different agendas. Everyone has their own view! , based on their own experiences and their own career as to the effectiveness of a Napoleonic staff.

Using MFI as an example. MFI itself, regardless of the security situation is not a significant solution for Iraq. However, MFI can be a solution if the question is asked differently.

The PRTs main mission is development of governmental capacity. So the question on MFI probably isn't will it create jobs and bring economic growth. Rather it should be; does a local government that supports MFI as an additional source of low dollar capital appear more responsive to its citizens needs? In other words is MFI, just one of many means to create credibility for the government within the citizenry? If it is, then programs like MFI are successful, regardless of their effect on the overall economy, because now they provide a positive view of the government.

As the government gets stronger and the citizens look to it, then its credibility and strength also grow (and stability increases).

Was this one of the initial goals of MFI?

Going back to the initial observation. How many in the Embassy and military thought this about MFI? How many view MFI as simply a way to start a project on Monday that can be briefed on Friday? How was it integrated into an executable plan? What are the USAID, Embassy, military and Iraqi government goals regarding MFI?

MFI in Iraq would seem to be a good example of a good idea interpreted completely differently by every agency involved with it. MFI provides an excellent lesson learned on the interagency planning process.

Col David Bunn  
CA/CMO/COIN  
Marine Corps Center for Lessons Learned

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## RE: HOW TO MAKE THE INTERAGENCY PROCESS WORK?

**Post By: Tony Pryor**

Very thoughtful.

One key issue is the perception of the populace as to their government's legitimacy. We all have a tendency to want to develop the systemic solution first - in the case of Liberia, for instance, many donors wanted to focus on rebuilding the country's grid. The new President just wanted to get the lights on in Monrovia in time for her inauguration. And she was correct; having the lights on had a major impact. BUT, getting to the full grid still has to be done, and not in a decade or so.

I had a long interview last night with a senior AID staffer who has been in a series of tough countries - Colombia, Bosnia, Afghanistan, and West Bank/Gaza. A lot of the discussion was on this issue of legitimacy, just after conflict; it's not just that people want the lights to work, the garbage picked up, and the health clinics running, but that they want to feel that it's THEIR government that is turning on the lights, and picking up the garbage, and running the clinics. When they see the ACE setting up the generators, cash grants from the US Army or the American Embassy paying people to pick up garbage, and NGOs running the health system, they may be happy in terms of short term needs, but they don't necessarily think that their government is indeed able to help them, and is in fact a real govt.

While we want to make sure that everyone, especially the American taxpayer, knows that we paid for those light to come on, or the NGO donor wants to see the NGO's logo on the clinic, these may be self-defeating during the fragile aftermath of conflict.

Take a look at the Keynote address that Ambassador Khalilzad to the Society for International Development/DC's Annual Conference: he argues that it's so essential that legitimacy and trust in government be felt by the populace soon after the conflict that it trumps most other actions, and yet these are areas in which any of us are very effective. Such key steps as improving the police function, helping to revitalize politics (NOT necessarily starting with elections...) are all steps which, if not done, make it very difficult to move beyond to any of the actions we've been talking about over the last 3 days.

<http://www.sidw.org/AmbassadorKhalilzadKeynoteAddress>

Tony Pryor  
IRG

## **RE: HOW TO MAKE THE INTERAGENCY PROCESS WORK?**

**Post By: Mayada El-Zoghbi**

David,

I wanted to pick up on a few things you raised related to government legitimacy. I think much of what you say is really important in that stability does indeed occur when people have confidence in their government and the economic viability of its policies.

Where things get messy is in linking a private sector led initiative (MF) with the government. While governments have certainly tried to get directly involved in microfinance (through establishing state institutions that lend on their behalf or through a variety of projects to get funds out to rural communities, etc.), the cumulative history of government involvement tends to be on the negative side. That is, many government initiatives have been perceived as corrupt, favoring a few as opposed to the poor, distorting private actors, and the list goes on. Needless to say, with this history in mind, many practitioners in microfinance have focused heavily on clearly separating out what is private from what is public sector work. So the discourse has been that governments should only focus on building an enabling environment as opposed to direct provision.

So...back to the discussion... As a private sector initiative, can government legitimacy really be a collateral goal of microfinance? Or is this really stretching it?

Mayada El-Zoghbi

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## **RE: HOW TO MAKE THE INTERAGENCY PROCESS WORK? DEVELOPMENT AND INTER-AGENCY COORDINATION**

**Post By: Marc Chandler**

Between Professor Gunter and Col Bunn, I understand that part of the strain arises from the sequence of needs and events, like Abraham Maslow's hierarchy of needs--that the restoration of essential services is a military priority, while development issues tend not to be. But there also seems to be some confusion of ends and means. In some areas, maybe like democracy, we'd say is both means and an end in itself. Some NGOs often seem to embrace micro-financing as means and an end. Yet the military folks seem to see it as a largely a means, no?

I am also trying to get my hands around the significance of what Col Bunn called interagency process? Of the various challenges that we face in a conflict and post-conflict environment, is interagency coordination or civilian/military coordination pose among the largest obstacles to our success? It seems that nearly every one who has weighed in agrees that it can be enhanced. What are the other issues?

Marc Chandler SVP  
Brown Brothers Harriman  
Associate Professor  
New York University

## **RE: HOW TO MAKE THE INTERAGENCY PROCESS WORK?**

**Post By: Vince Carlisle**

Mayada, I agree that government legitimacy is not, nor should be, a goal of microfinance; however, it is recognized by the military that microfinance can serve as an enabler. So when we look to the goal of government legitimacy we may include microfinance and then work to enable that effort as well, say through security.

One point on the legitimacy of government. We in the military never try to make a corrupt government seem legitimate. We work first to legitimize the actions of the government and then build better perception within the populace.

Perhaps all the military should do is recognize the value of microfinance and its possible by product and then hope that it happens. It could be that through conversations such as this we move to ensure that military action sets the conditions for success of microfinance, and then just let it happen.

In that case we it would be worthwhile to engage in a dialogue about what conditions would enable success in a post combative environment.

Vince

Vincent J. Carlisle  
Chief, Knowledge Network Division  
Battle Command Knowledge System  
U.S. Army Combined Arms Center

"Intellectual Center of the Army"  
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## **RE: HOW TO MAKE THE INTERAGENCY PROCESS WORK?**

**Post By: Del Fitchett**

Mayada,

The propensity of governmental authorities to pursue policies which are considered to repress financial market development is a theme that our colleagues at Ohio State have pursued for a couple of decades. In the circumstances of such repressive financial environments, perhaps it is not surprising that some NGO-sponsored MFI endeavors have tried to avoid becoming too closely associated with "official" financial sector relationships. It might not be likely that the NGOs would set a high priority to "legitimizing" the government in question in those circumstances of financial market repression. More often, it may be that there were an awkward "coexistence" of the "official" and "unofficial-NGO" financial market services providers. (At the same time, coexisting with the informal financial services markets.)

As governments may move away from the repression of financial services markets, some the raison d'etre of the NGO MFI services providers may erode, as formal bank and non-bank financial intermediaries move in to provide financial services to broader segments of the "MFI market".

Del Fitchett

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## **RE: HOW TO MAKE THE INTERAGENCY PROCESS WORK?**

**Post By: David Bunn**

Mayada;

You make an excellent point about the specifics of the MFI process as it relates to government. But the point isn't about MFI, rather it or any programs use of a PRTs time and resources.

For the discussion on interagency in general, and PRTs in specific; an understanding of their overall mission means that if MFI doesn't advance government legitimacy, then they should have no hand in it. Not saying an NGO can't come into an environment and set up MFI, or an AG Co-op or even just dig a well.

But if these actions could be coordinated towards a common goal of government legitimacy and thus stability, you are following the USAID lead of focusing on outcomes vice outputs.

Col Bunn

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## **RE: HOW TO MAKE THE INTERAGENCY PROCESS WORK?**

**Post By: Tom Kennedy**

This has been a very stimulating discussion. I would posit that while government legitimacy may not in itself be an objective of microfinance activities, that the broader issue of how to strengthen effective linkages between civil society (which would include MF NGOs) and local governments is an important issue particularly when considering Vince's earlier point regarding "...what conditions would enable success in a post combative environment". In the absence of a stable, effective (and in some cases legitimate) local government donors in a number of conflict and post conflict countries have increasingly depended on international NGOs and private firms to provide needed services and there are numerous examples of outstanding services being provided by these partners under extremely adverse conditions. Nonetheless, we donors have been criticized by some recipient governments as undermining their legitimacy by not focusing enough on developing the capacity of local governments to either provide some of these services or to be able to work more effectively themselves with their own local NGO community. This also links to the broader issue of strengthening institutions-both governmental and NGOs-and the enabling environment for those NGOs. I'd be interested to hear more perspectives regarding this issue.

Tom Kennedy  
Senior Microfinance Advisor  
USAID

## **RE: HOW TO MAKE THE INTERAGENCY PROCESS WORK?**

**Post By: Tom Kennedy**

This is "hot off the press" from USAID Iraq's Izdihar project. It was written with this forum in mind. This provides a valuable experience and perspective for this discussion.

Tom Kennedy  
USAID  
Senior Microfinance Advisor

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NOVEL APPROACHES TO ESTABLISHING MICROFINANCE OPERATIONS  
IN VIOLENCE PRONE AREAS AS PART OF A  
CIV-MIL COLLABORATIVE EFFORT:

THE CASE OF IRAQ

April 2008

Izdihar's collaboration with the US and coalition militaries to establish indigenous microfinance institutions (IMFIs) in Iraq began in 2006, with the establishment of the Al Aman IMFI in Kirkuk and the Al Bashair MFI in the Radwaniya district of Baghdad. Cooperation with Multinational Force - Iraq (MNF-I) and Multinational Corps - Iraq (MNC-I) targeted locally owned and operated organizations to implement a novel microfinance model tailored to the unique situation in Iraq. Under this model, Izdihar provided training, technical assistance, and small-scale loan capital (initially \$250,000) to support lending in line with international best-practices. MNF-I and MNC-I provided the organization with a stable location for offices in civil military operations centers (CMOCs) and grants of operational capital to pay salaries, overhead expenses, etc.

The experience of establishing Al Aman and Al Bashair built a good working relationship between Izdihar and coalition civil affairs forces.

It also helped to elucidate the problems and frictions in establishing MFIs in Iraq and operating in the new micro-level financial sector.

Security, the legal registration process, staffing, and logistics have been the principle implementation problems, but the collaboration between Izdihar and the military have allowed for creative solutions to these difficulties.

Security concerns permeate all economic development activities in Iraq.

To alleviate these issues, the military established CMOCs to provide oases of stability in otherwise violent regions. Allowing the IMFIs to operate from CMOCs allows for a relatively safe operational environment, lowering the risk for conducting financial operations that might otherwise be impossible. Building relationships between IMFIs and the military in this was also served to provide the military with an information resource regarding economic activity in the area of IMFI operations, which allows civil affairs officers to provide better services in their other spheres of responsibility.

The legal registration process with the NGO Office was a more difficult process than had been anticipated. This has been exacerbated by unclear or contradictory registration regulations, outdated bureaucratic structures and processes, and the uncertainty incumbent with the several changes of government in a short period of time. Unable to complete a streamlined registration process, IMFIs faced delayed openings and questions regarding their legal status in their first months of operation. Going through this process in 2006 allowed Izdihar to become familiar with the NGO registration process and to improve Izdihar's ability to facilitate registrations in the future.

Izdihar was a USAID funded private sector growth and employment generation project implemented by the Louis Berger Group and its joint venture partners in Iraq to support microfinance, SME lending, trade policy, investment promotion and business development services. The project worked at the federal and provincial levels in collaboration with the central government, provincial governments, provincial reconstruction teams (PRTs), Military and other local NGOs. This multidisciplinary program ended in March 2008. A follow-on USAID program (named Tijara) is now established to carry on the work undertaken by the Izdihar project. The Louis Berger Group, Inc.

Microfinance is a specialized financial product, which requires a very selective skill set for its employees. Izdihar's technical assistance programs and MNF-I/MNC-I's operational grants allowed the IMFIs to identify, train, and retain qualified staff, and provide them with a relatively safe working environment at the CMOCs. Staffing is an especially difficult issue in Iraq, as association with coalition forces or USG programs can be dangerous for local staff. This has been mitigated by using Izdihar's local staff to provide training and TA to IMFIs whenever possible and by maintaining awareness and sensitivity to the special needs of Iraqi employees at USG-funded organizations.

Logistical issues have provided a special difficulty, inasmuch as Izdihar has difficulties traveling outside of Baghdad, and our counterparts have difficulty traveling to the capital. The military has been instrumental in facilitating movements to IMFI locations and providing necessary security arrangements for training to take place. In addition, Izdihar focused a substantial part of its early training programs in Amman and Beirut, in order to allow for as much freedom of movement as possible for trainees. Izdihar's early experiences allowed for a more targeted and effective response when setting up later IMFIs.

After the launch of Al Aman and Al Bashair-and approximately one year of growth and successful operations-Izdihar again partnered with the military to establish IMFIs in Al Anbar province, as part of the Surge strategy. To this end, Izdihar partnered with Multinational Force - West (MNF-W) to establish the Al Takadum IMFI, first in Al Qaim, and later with branches in Fallujah and Ramadi. Opening these IMFIs has allowed Izdihar and the military to broaden and deepen their relationship and to learn from past experience.

Al Takadum Organization in Al Qaim opened in August 2007, after a long planning and preparatory period. Izdihar staff worked with the military to conduct field visits, interview, and training programs in Al Qaim over the course of several months. Izdihar Technical national employees were housed at Camp Gannon for two months to alleviate the logistical difficulties that are common in Iraq, and especially acute in Anbar province. These employee were able to travel into Al Qaim on a regular basis to meet with local political and religious leaders, identify key staff, and provide intensive training. The military was also critical in providing transportation from Baghdad to Al Qaim by helicopter, as the roads between the capital and western Anbar province are impassable. As with previously opened IMFIs, Al Takadum is supported by a joint effort of Izdihar's loan capital grants, and the military's operational grants, provided through the CERP mechanism.

In Fallujah and Ramadi, Izdihar and the local Provincial Reconstruction Teams (PRTs) pursued a similar strategy of medium-term local national embedding, combined with short term, focused expat interventions.

Efforts in Fallujah and Ramadi involved a novel, innovative approach to establishing MFIs by directly involving local Sheikhs and Imams to provide legitimacy to a financial services business. In Al Anbar, IMFIs utilize a process known as Murabaha Islamic lending practices, which does not require interest and is compliant with Sharia law.

Collaboration between Izdihar, the PRTs, and local leaders allowed for a culturally appropriate and internationally recognized financing vehicle to take root in an otherwise economically depressed community.

The most recent additions of IMFI's to the Izdihar network have also been the product of a Military relationship. The Talafar Economic Development Business Center (Talafar) and the Nenawah Economic Development Business Center (Mosul) received technical assistance and training in 2007 and loan funds in December 2007 (NEDC) and January 2008 (TEDC). They The Louis Berger Group, Inc.

depend on the Mosul PRT Economics Department which provides regular follow up and supports Izdihar employees' visits.

In all cases, PRT's collaborate regularly with the IMFI's by verifying performance, seeing if loan officers are active, addressing geographical issues and listening to clients. Their closeness on the ground provides another way to obtain objective information about the challenges the IMFI's may be going through. The PRT's are specially active in writing funding proposals and presenting them to funding agents such as IRAP and QRF. Their leaderships foment the idea of employment generation and they see microfinance as a tool to achieve this. Their follow up and investment is enjoyed by the IMFI's and well managed could bode well for growth of long term financial institutions. The task of Izdihar and now Tijara is to ensure that donated funds are managed well by the IMFI's so that they remain open past the donation period.

Since beginning the partnership between the military and Izdihar to develop the microfinance industry in Iraq, IMFIs have disbursed 8,511 loans worth \$20,566,743 in Baghdad, Kirkuk, Al Qaim, Fallujah, Ramadi, Tikrit, Mosul, and Tal'Afar. Izdihar has provided \$5,350,000 in loan capital grants to these IMFIs and the military has continued to provide operational funding through CERP and QRF. This cooperation has allowed these organizations to grow from fledgling NGOs, to financial institutions making significant progress toward the goal of financial self-sufficiency.

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## **SUMMARY DAY 3 FORUM WRAP UP AND THANK YOU**

**Post By: Mayada El-Zoghbi**

As we are coming to the end of Day 3, I would like to thank all of you for your contributions and very thoughtful remarks. I especially want to thank our moderators Frank Gunter, Rick Carbone and Marc Chandler, who have posed such great questions and helped facilitate this three day dialogue on civil-military cooperation in Iraq and Afghanistan to make it as useful as possible for all of you.

This forum has highlighted some key issues and next steps for us to ponder and hopefully address.

- It seems like we are only beginning to scratch the surface. There are so many operational, ideological and theoretical issues around these themes to continue to discuss.
- I noticed that the two communities -- military and civilian – sometimes speak in different languages. Part of this process for me has been to try to just understand the acronyms, references and frameworks. We may need some translators next time around!!
- There were voices around the issues of sequencing activities that can better lead to state legitimacy and stability, integrating short-term and long-term interventions for both immediate “wins” and long term stability & economic growth, the vast scope of PRT activities and their integration of both military and civilian objectives ....and many others I am leaving out.
- There is clearly a lot to be learned from one another and while we may not have all the answers now, this is an “active theater” where working together is likely to lead to more positive outcomes than trying to go it alone.
- I heard many calls and ideas to keep the ball rolling – - ideas about creating a manual for economic development for the military, strengthening training for military personnel, building an on-line reservoir of specialists who can support activities on the ground, documenting and seeking evidence to help us formulate good practices and lessons for the future, and many others that I am forgetting.

Once again, thank you all. While this is the end of Day 3, we will keep the forum open through tomorrow, so please feel free to continue on if you’re in a different time zone.

For those of you who still want more, please check out the background papers posted for this event including the Note From the Field on Afghanistan.

Mayada El-Zoghbi  
 Research Director  
 AMAP KG Microfinance Amid Conflict  
 Banyan Global

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## **RE: FORUM WRAP UP AND THANK YOU**

**Post By: Dave Futch**

For those interested, JFCOM and CALL are developing a handbook for military support to economics. We are working through Rand and other groups to put something together.

Dave Futch  
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**RE: FORUM WRAP UP AND THANK YOU****Post By: Abbas Saedy**

Dear Dave  
excellent idea.

Thanks,  
Abbas

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**RE: FORUM WRAP UP AND THANK YOU****Post By: Frank Gunter**

Mayada,  
Congratulations on an excellent three-day discussion!  
Frank

Frank R. Gunter PhD

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**RE: FORUM WRAP UP AND THANK YOU****Post By: Tom Kennedy**

On behalf of USAID, We would like to thank the moderators, Frank Gunter, Rick Carbone, and Marc Chandler, and our host, Mayada El-Zoghbi of Banyan Global, for preparing for the discussion and setting it up as the successful, engaging three-day event that it was. We also want to thank Anna Van der Heijden and Lisa Laegreid for their support and "behind the scenes" efforts that were indispensable to making this event happen.

This forum has been useful to bring together ideas and questions from both the military and NGO world. We will be having more Speaker's Corners on related topics-either on this Website, [www.microlinks.org](http://www.microlinks.org), or its sister Website [www.povertyfrontiers.org](http://www.povertyfrontiers.org). Please do contact us if you have any suggestions for a dialogue or perhaps an interest in setting up a more long-term online community, to continue our conversation of the last three-days.

A compilation document that summarizes all the discussion postings will be available on the Website next week (<http://www.microlinks.org/civil-militarycooperation>).

Finally, this event was hosted by microLINKS, a USAID funded project to support knowledge sharing and learning designed to improve the impact of USAID microenterprise programs and activities. If you are interested in receiving updates from microLINKS, including announcements of future Speaker's Corners, please sign up for the microLINKS newsletter Connections, at [www.microlinks.org/connections](http://www.microlinks.org/connections). Please keep an eye out for the new microLINKS section on MED and Conflict that will be going live the end of April.

Tom Kennedy  
Borany Penh

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