

U.S. Central Command Assessment Team



Annex F Development, Economics, and Governance Functional Report

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**ANNEX E: DEVELOPMENT, ECONOMICS, AND GOVERNANCE
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1. EXECUTIVE SUMMARY

(U) The Problem. State fragility is one of the United State's most pressing security threats, brought about by a breakdown in the social contract between a government and its citizens. Consequently, a major challenge in the CENTCOM AOR is increasing instability due to a combination of weak governance, poverty and extremist group activity. Governments with low levels of legitimacy have lost credibility and their citizens consider them to be the problem, not the solution. Rifts between governments and citizens provide extremist groups the *casus bellum* they need to gain popular support to pursue violence and develop safe havens for terrorist activity. Addressing the drivers of instability and helping governments restore their legitimacy are key determinants to reducing state fragility.

~~(SBU)~~ In the CENTCOM AOR there is a continuum of instability, which this report has

(b)(3) 10 USC 130C, (b)(5)

(U) A coordinated approach integrating U.S. Central Command (USCENTCOM) and the civilian development, economic and governance (DEG) agency efforts more tightly is required to address the growing problem of instability in the region. Recognition of respective agency limitations and management of expectations requires an assessment of what we can and cannot realistically do, and adjustments in the way foreign assistance is planned, programmed, and administered to overcome key constraints. A better understanding of local dynamics is needed. Designing interventions that are *adaptable* to the context, with the program and budgetary *flexibility* to follow through are absolutely necessary. If our objective is to improve governance at all levels, the space to allow these systems to mature in order to draw down our own forces must be supported. We must recognize that we may be able to foster the key social contract between people and their governments only indirectly.

(U) Constraints to Action. This report suggests we must not only reallocate existing development resources to improve performance, but also address a set of underlying structural constraints inhibiting the allocation process are also present. Key among them are:

- (U) A broken strategic planning process within the Department of State (DoS), U.S. Agency for International Development (USAID) and other relevant civilian agencies, limits their ability to effectively coordinate with stronger more robust military planning capabilities;
- (U) The misalignment of development plans with the realities on the ground and the failure to use existing assessment tools to resolve these differences;
- (U) Inflexible development appropriations and delivery mechanisms that support interventions that, while important, often have little to do with resolving the drivers of instability;
- (U) Overreliance on U.S. implementers rather than host government agencies undermines government legitimacy and weakens already limited capabilities;
- (U) The limited capacity of U.S. structures and authorities to deal with transnational problems thus ignoring important opportunities to build regional cooperation that involve other bi- and multi-lateral donors in U.S. initiatives; and,
- (U) The lack of a unified focus within USCENTCOM to deal with non-lethal problems thus weakening the interface with the civilian development agencies.

(U) Recommended Actions. The following are the key recommendations regarding U.S. civilian and military efforts. The report also proposes a number of changes in the current U.S. foreign assistance and USCENTCOM structures to improve overall performance. Recommendations address how both objectives and structures need to be adjusted.

(U) Recommendations: Objectives

- 1. (U) A new understanding needs to be forged between civilian and military counterparts.** There is a constant tension between the military and civilian agencies that share the same battle space. Military commanders strive for immediate results that reduce the risk of violence to their personnel. Development specialists focus on repairing the structural faults in recipient country institutions, which have or could produce, a crisis in government legitimacy leading to the need for U.S. military involvement. These approaches are not necessarily compatible, and tension between the two often leads to disjointed programming and substandard results.

(U) Civilian development professionals need to accept that in certain highly unstable situations, such as Iraq and Afghanistan, they will need to deploy interventions that produce quick results in support of military COIN operations. While these interventions may not progress directly toward longer term development objectives, they should at the very least not harm conditions for the attainment of these objectives. On the other hand, military commanders have to accept that all development resources cannot be allocated to achieving short-term results, but investments which seek to repair underlying structural faults are essential if short-term COIN gains are to be sustainable. Those longer term efforts need to begin at the same time as the short-term interventions if they are to be properly synched and sequenced. An understanding between the U.S. Military and the civilian foreign assistance agencies is needed to formalize the commitment on the part of the civilians that development

approaches that complement COIN operations are required and need to be staffed adequately to employ them successfully in short-term and kinetic situations; and military concurrence that more structural interventions with longer term payoff are needed to make COIN gains sustainable. To facilitate this understanding, it is helpful for civilian advisory elements to be assigned to relevant military units.

2. ~~(SBU)~~ **A new approach to working with governments in the AOR needs to be developed and implemented.** Many of the governments with which the U.S. interacts in the AOR are

(b)(3) 10 USC 130C, (b)(5)

(U) To establish this new working relation, three broad recommendations are suggested:

A. (U) Improve government legitimacy. A more pragmatic approach that presents a win-win situation rather than normatively loaded recommendations for change, such as improving democracy, is required. Focusing on increasing the capacity and effectiveness of governments to deliver public services and meet the needs and expectations of their citizens is a more palatable approach. A comprehensive approach involves three distinct stakeholders: government, civil society and the private sector. Efforts in the past that have not integrated the needs and obligations of each have proven ineffective. In order to have actual impact on government legitimacy, however, a change in donor funding structures is needed. A restructuring of foreign assistance funding so that more passes through the government budgeting system is recommended. A strategy worked out with governments to what is desired and expected, and then holding that government accountable for the results may be more effective. There will be a certain level of flaws in government execution and in use of resources that will need to be acceptable to achieve results.

B. (U) Budget Focus and Fiscal Decentralization. A renewed focus on the national budget may be seen as the point of entry. The national budgeting process in each country in the region is more than a resource allocation process. It represents the social and political process that nations use to define and act on priority public problem sets. In all countries

throughout the AOR, budget expenditure rates are far below acceptable levels. This shortcoming provides the U.S. with a window of opportunity to open discussions with governments on means to improve budget performance. This should also be pursued at the sub-national level, following a two-step sequenced approach. The first would focus on greater use of U.S. budget support and multi-donor trust funds targeted at the provision of block grants that sub-national jurisdictions can use to deal with locally defined problems. Involving local citizens in the identification, design, and oversight of block grants would spur debate on the sources and uses of government resources, improve government legitimacy and accountability, set forces in motion to reduce local corruption, and provide important “lessons learned” in progressing to phase two in the process, greater host country budget decentralization. Continued involvement of citizens in this process, either through their elected officials or advisory boards would expand the transparency of the budgeting process, more effectively link available resources to the needs and expectations of the population, and continue steps to improve government legitimacy and control corruption. Credible, publically-disclosed financial data will dramatically improve the ability to secure external financing from other bi-lateral donors and the International Financial Institutions (IFIs).

C. (U) Catalyze private sector investment. This would require a two-step *quid pro quo* process: withdrawal of the government from overbearing rent seeking regulatory structures and the use of an all of U.S. government approach (U.S. backed loan guarantees and insurance) to buy down investor risk. To spur private investment and enterprise growth at the country level, actions to restructure and simplify government approval of business start-up and closures, access to credit, and the equitable enforcement of existing regulatory regimes is required. Complementing these efforts would be actions to improve the capacity of local government staff responsible for implementing new regulatory regimes. These capacity building efforts would need to be balanced against strengthening audit and oversight structures to monitor performance and reduce rent seeking; establish private sector and professional associations to advise regulators on impact and reduced corruption; and strengthen the ability to adjudicate contract disputes and enforce property rights over private and business assets. To reduce investor risk, better coordination between other U.S. agencies, such as the U.S. Export-Import Bank, the Overseas Private Investment Corporation, the Department of Commerce and the U.S. Trade Representative would be required.

(U) Recommendations: Institutional Changes

Implementing the changes suggested above will require adjustments in how civilian and military agencies plan and implement “soft power.” The following specific adjustments in the institutional structure that supports foreign assistance unit of effort and effects are being recommended:

1. Unity of Effort

A. (U) Strong and Effective Strategic Planning Process. The decline in strategic planning capabilities in USAID, the DoS and other relevant civilian agencies such as Treasury needs to be reversed and systemized throughout the foreign assistance delivery structure. Civilian organizations require robust planning capabilities with the professional staff and resources

needed to drive the resource allocation process. Clarifying priorities, methods and instruments is key across the Civil-Military spectrum. Without these capabilities the USG will not be able to participate and effectively interface with USCENTCOM's large and well funded planning apparatus. This should be accompanied by robust training programs for both civilian and military personnel to be familiarized with systems and approaches of each other respective agencies. Substantive training to civil affairs units regarding the development of realistic expectations of what can be achieved and timelines would improve military understanding of development and ensure continuity of efforts and follow up.

B. (U) The lack of a unified focus within USCENTCOM to deal with non-lethal problems. The above recommendations deal primarily with the civilian agencies and the Congressional committees with which they interface in the formulation and implementation of the foreign assistance budgets and programs. A more limited set of adjustments are needed within USCENTCOM itself to more efficiently use interagency development inputs in their own strategic and operational planning processes. The report suggests for USCENTCOM consideration three actions; first, the establishment of a Directorate responsible for non-lethal planning; second, the formation of a senior-level civilian staff group to advise the Commander on DEG related issues, and, third the deployment of USCENTCOM personnel to participate on country-level strategy formulation and oversight teams.

C. (U) Increased coordination with international community. The international community, especially the United States, coalition partners, the United Nations, and neighboring states, has to coordinate and cooperate to ensure that their collective efforts will be maintained and adequately resourced as long as needed. The United States should take the lead, through the U.S. Special Envoys in the region, to coordinate efforts, working with key international and multilateral organizations such as the U.N. and the World Bank. This coordination should lead to: 1) allocation of adequate resources for outreach programs to communicate the importance of the mission to domestic and international constituencies; 2) support development of a contact group of key international players to meet regularly to steer strategic planning of the international engagement; 3) demonstrate real commitment to coordination mechanisms as joint efforts; and 4) encourage mutual accountability and greater effectiveness of donors by using proper tools of auditing and evaluation.

(U) Close coordination is particularly needed to deal with issues that cross boundaries. Examples include water management, generation and distribution of electricity and energy resources, trade, and the support of the private sector in unstable business environments. In the last example, U.S. and other international partners would introduce subsidized guarantee programs that provide inexpensive insurance against political risks and force majeure to encourage local business people to create jobs by investing in their countries, rather than sending their capital overseas. The insurance would cover all aspects of a business, e.g., property rights, moveable assets, and employees. Efforts can also expand coverage by the U.S. Overseas Private Investment Corporation (OPIC) and similar organizations in other countries to encourage U.S. and other foreign companies to joint venture with local businesses.

2. (U) Improving the Effectiveness of Efforts

(U) Realign ongoing development activities with the realities on the ground. Adequate resources should be directed towards main drivers of instability in the AOR. There is currently a mismatch between activities and funding. For example, in **Afghanistan**, much of the USAID funding is geared towards education and health infrastructure while the main drivers of instability are lack of physical security, lack of jobs and overall economic opportunity for youth, and the inability to fulfill basic human needs such as food and water. In addition, the drug trade in Afghanistan should be confronted with increased emphasis, since it is a means to finance the insurgency. In **Yemen**, the bulk of USAID's funding is going towards education and health while the sources of instability, although not yet accurately defined, are believed to be unemployment and lack of basic skills. Additionally, realistic benchmarks need to be measured against realistic expectations, and evaluated at certain points during and after rotations of military and civilian personnel. Metrics need to be designed to capture this and measured against those benchmarks.

(U) Inflexible development appropriations and delivery mechanisms. Currently, development assistance budgets are heavily *earmarked* by Congress to support health and education programs. These programs are more understandable to constituents, but they inhibit the formulation of interventions that directly deal with the drivers of instability within the region. In countries where growing instability mounts direct threats to U.S. foreign policy interests, some supplemental appropriations which eliminate earmarking constraints have been used. While effective, this system remains *reactive* and does not institutionalize a budgeting process that has the flexibility to effectively prevent or ameliorate the drivers of instability before they become major problems. The rigidity of the current earmarking and, particularly the budget formulation process, limits the allocation of sufficient funds in the right mix to deal with growing stability problems in the AOR. Unless difficult adjustments are made in both these processes, development assistance budgets will continue to place scarce resources in the wrong place, at the wrong time, solving the wrong problem.

(U) Provide support to operational units to fully utilize best practices, lessons learned and big ideas that are learned during implementation. This would involve resourcing strategic planning, design and technical capabilities at the implementation unit level. Effective results are influenced by the quality of intervention design, which is determined in part by matching of appropriate technical knowledge to local needs and environment. However, the pressure on the ground is usually to meet mandates from headquarters or country capitals with little time or resources to address quality of design, much less changes that need to occur during implementation. We do not currently offer adequate options to operational staff to address this gap. (This is related, but additional to, points 1 and 7 above). Conscious follow-up is imperative. Information on best practices will only have value if reports and mechanisms institutionalized across agencies are accessible and utilized, rather than ending up on the shelf. Routine follow up on monitoring and evaluation results, and on performance measures, need to be available to assess appropriate benchmarks that inform us whether the intervention is working.

(U) Local conditions matter: enable local level analysis and input to be integrated into the planning/intervention cycle. Tools should be employed that enable: (1) periodic surveying of the attitudes and priorities of local populations, and (2) regular technical analysis of selected aspects of local and regional environments that are linked to drivers of instability (this can be anything from the water table to town markets to power struggles). Results from both of these areas should be incorporated into all phases of interventions: planning, design, implementation, monitoring and evaluation. This is not only essential for COIN environments, but for building sustainable foundations for transition from crisis to development once stability is achieved. The type of data generated in this approach is also essential to build local capacity. This would help to address situations where analysis and learning at the operational level is missed that may enable more effective results to be achieved. Finally, it should go without saying that U.S./international officials in the field will generally have a better feel for the local dynamics than officials in capitals, and in most cases those with the best understanding will be the officials and citizens of the host countries.

2. PURPOSE, SCOPE AND METHODOLOGY

(U) This report was completed by the U.S. Central Command's Assessment Team over a 100-day period from November 2008 to February 2009. Its purpose is to provide a comprehensive assessment of the development, economic, and governance (DEG) situation throughout the USCENTCOM AOR, a review of existing strategies and plans across relevant departments and organizations, and suggested actions for USCENTCOM in the context of an illustrative plan for the integration of all instruments of national power and efforts of coalition partners in time, space, and purpose to achieve policy goals.

(U) The Team consisted of members from across civilian and military agencies/departments of the U.S. Government (Commerce, Treasury, Health and Human Services, State, USAID, Department of Defense (DoD)), as well as Coalition Partners from the United Kingdom. It drew on intelligence analysis, existing U.S. and Coalition plans and policy guidance, relevant reports and studies, plenary and closed sessions, the expertise of its members, the broader USG community, think tanks, NGOs, and academic institutions, and consultations throughout the region, including with country teams, bilateral partners, local actors, and international and nongovernmental organizations.

(U) This report was developed in the format of a draft illustrative plan in order to impose sufficient rigor in analysis and recommendations. By providing a comprehensive, civilian-military context for USCENTCOM, this report is intended to mitigate the risk of over-militarization of efforts and the development of short-term solutions to long-term problems.

Disclaimer: (U) This document does not represent the official position of U.S. Central Command, the Department of Defense, or any other agency of the U.S. Government.

3. THE DEVELOPMENT, ECONOMIC, AND GOVERNANCE PROBLEM

~~(SBU)~~ The USCENTCOM AOR is a complex mosaic of highly divergent countries. While all

(b)(3) 10 USC 130C, (b)(5)

(U) Through using U.S. military forces or in partnership with host nations, USCENTCOM plays a vital role in providing the security necessary to further these components of U.S. national interest. Yet experience has proven that security alone, while necessary, is not enough to maintain the required stability that fosters economic growth, helps meet citizens' needs, and promotes peace with neighbors. Each nation in the AOR requires sustained, non-military interventions. In the wealthy oil rich nations, efforts need to focus on broadening economic opportunities outside the oil sector, expanding citizen participation in governance, and ensuring the equitable treatment of all citizens. In poorer countries, similar efforts need to be complemented with U.S. support to improve government capabilities to effectively deliver public services, including security, to all citizens.

(U) There is a growing body of evidence that indicates a significant opportunity to counter radicalization, as understanding of what drives it improves and the nature of interventions that prevent or reduce it are tested. Although poverty and deprivation are often assumed to be the major underlying causes of violent extremism, new evidence refutes the assertion that *income poverty* alone is a key driver. Rather, it is other dimensions of poverty—individual powerlessness and social exclusion, insecurity or the absence of access to justice, and the lack of basic services such as water and sewer services, electricity or local police—that are more significant.

(U) The countries in the USCENTCOM AOR vary widely in their capabilities to equitably meet citizens' needs; maintain vibrant and open economies that produce new jobs, income, and hope for the bulging youth populations; and encourage dynamic civil society and political structures that embrace and reward citizen participation. An assessment of countries within the AOR has highlighted a series of key structural flaws and constraints that continue to impede stabilization.

(U) Poor Governance. International assessments of government performance across a wide range of countries rank those within the USCENTCOM AOR significantly below acceptable standards. For example, all 20 countries within the AOR fall significantly below the world average for

political and civil rights, with Egypt, Kazakhstan, Saudi Arabia, Syria, Iran, and the other oil-rich Gulf States positioned near the bottom. These regimes, of which Egypt is emblematic, are extremely adept at alternating between cycles of opening and repression. These governments have mastered the technique of co-opting, pressuring, and threatening civil society organizations and opposition political parties in an effort to keep them weak and fragmented. As a result, in many countries, the only viable opposition is radical Islamist organizations.

Government effectiveness as measured across 188 countries by the World Bank is also troubling. According to the Bank's most recent 2008 government effectiveness index, which ranges countries from -2.5 (being the lowest) and +2.5 (being the highest), only six (primarily those with oil wealth) are in the positive range for government effectiveness. Jordan is the only country not on the Arabian Peninsula with a positive score, at +.03. The rest of the countries within the AOR receive negative scores, with Afghanistan (-1.3), Iraq (-1.7), Tajikistan (-1.0), Turkmenistan (-1.4), and Yemen (-1.0) trailing far below the world average of 0.

(U) Particular countries stand out. Citizens' ability to participate in government and government's willingness to inform them about their decisions has declined significantly in Egypt, Iran, and Turkmenistan. The application of the rule of law and the quality of those government agents, the police, and courts that administer it have deteriorated in Lebanon, Iraq, Iran, Kyrgyzstan, and Syria. In addition, corruption is growing in Saudi Arabia, Kuwait, Lebanon, Syria, and Kyrgyzstan.

(U) Government structures and their performance in the AOR, while diverse, tend to fall in two broad polar groupings. On the one hand are entrenched authoritarian regimes, such as Iran and Egypt, which control and use all aspects of national power to serve their interests to stay in power. On the other hand is a set of weak governments, notably Afghanistan, Iraq, Pakistan, and Yemen, which are unable to provide even the minimal basic services to their citizens, project their authority much beyond the capital, or fully control their entire territory.

(U) Stagnant Economies. Poor governance is often a root cause of sluggish economic growth. Throughout the region, economic performance has been weak. Regional real gross domestic product (GDP) per capita growth during the past 17 years has been 2.3% per year, far below that required to employ a rapidly growing youthful work force and raise standards of living to meet rising citizen expectations. In some states, especially Pakistan, Afghanistan, Iraq, and Central Asia, the lack of basic infrastructure underlies this poor performance. In others, such as Iraq, Kazakhstan, Kyrgyzstan, and Uzbekistan, government relies too heavily on the hydrocarbon sector, which makes them vulnerable to volatile shifts in international prices. Economic diversification across the AOR is critical to generating economic stability and balanced growth.

(U) Disproportionate wealth throughout the AOR has generated major shifts in the region's work force. Unemployed skilled and unskilled laborers, unable to find employment in Pakistan, Central Asia, the Levant, and Yemen, have migrated in large numbers to the oil fields in the Arabian Peninsula, Central Asia, and Russia. Remittances sent home by this labor force have become a key source of national income. Projected declines in remittance flows to Pakistan, Yemen, and Tajikistan raise the possibility of increased conflict.

(U) Throughout the AOR, but particularly in Tajikistan, Afghanistan, Iraq, Egypt, and Uzbekistan, complex and intrusive government regulations encourage corruption, stifle private investor entry into markets, constrain the growth of successful businesses and the jobs they create, and keep unprofitable businesses operating. It takes 77 days and costs 1.5 times the average per capita income to secure Iraqi government approval to start a business. In Kazakhstan, it takes 230 days to enforce a contract and costs 22% of the value of the claim. In countries where burdensome regulatory structures exist, entrepreneurs tend to sidestep the regulatory process completely and establish their enterprise in the informal sector, thereby denying government tax revenues.

(U) Environments enabling business across the AOR remain highly dysfunctional. In Lebanon, Iraq, Iran, Kyrgyzstan, and Syria, concerns over the rule of law and its equitable applications across the business community are growing. Tax system reform to complement deregulation is needed to reduce the tax burden on small and medium businesses to stimulate their growth and ability to provide jobs for growing populations. Finally, the ability of government to provide the services that small and medium businesses need to grow and prosper has declined in Qatar, Lebanon, Iran, Yemen, and Kyrgyzstan since 2000.

(U) Long-Term DEG Threats to Stability. Weak governance and poor economic performance generate fragile states unable to meet unexpected challenges. Two such challenges, a rapidly changing population demographic and the increasing scarcity of fresh water and energy, will place significant pressure on governments across the AOR in the decade ahead.

(U) Population demographics are rapidly shifting in countries within the USCENTCOM AOR, especially in the Arabian Peninsula. As of 2002, 42% of the region's population was between 15 and 45 years of age, with a significant proportion falling under 25 years. Between 2010 and 2025, the region's population is projected to expand by 22%, approximately 150% faster than the rest of the world. In Yemen, where the fertility levels are extremely high and resources low, population growth projected at 31% will be even higher than that in other Arabian Peninsula countries. The result will be a growing number of young people that will need to be educated, employed, and integrated into society.

(U) Rapidly growing young populations often overtax existing state educational systems, thereby providing the momentum for expansion of informal Islamic educational institutions that do not teach job-relevant skills. The result is rampant unemployment and large pools of disaffected youths who are more susceptible to recruitment into violent extremist organizations (VEOs). Countries with weak governmental institutions are most vulnerable to youth bulge-related violence and social unrest.

(U) The above populations will also have to rely on a limited supply of fresh water and energy. Per capita water availability, especially in the Arabian Peninsula, the Levant, Iraq, and Central Asia where water has multiple uses—power generation, agricultural irrigation, human and industrial use—is expected to decline sharply. Yemen's fresh water supply is estimated to last for only one more decade. This deepening scarcity may be exacerbated by shifts in rainfall due to climate change and increasing water pollution from urbanization and industrialization. As water

resources are increasingly pressured, the potential for conflict with other countries grows.¹ Energy distribution within and across regions is also posing potential problems. Countries, in the Central Asian States, notably Kyrgyzstan, Kazakhstan, and Turkmenistan, have either excess hydroelectric generating capacity or the potential to expand hydrocarbon-based electrical generation but lack the institutional structures required to facilitate exporting electricity to deficit markets within the region or to India, Pakistan, and Afghanistan. Dialogue and cooperation about water and energy security can build trust between neighbors and can open up avenues for U.S. engagement with restrictive countries in the AOR, such as Iran and Syria.

4. PLANNING ASSUMPTIONS

(U) This report assumes the following:

- (U) Overarching Assumptions
 - (U) The USG will continue to move towards whole-of-government strategic planning, program design, and implementation.
 - (U) Congress will support these efforts by obligating funds, instituting legislative reform, and authorizing sufficient levels of staff to deal with problems.
 - (U) An increased willingness of governments within the AOR to become full partners with the United States to implement all or selected parts of the recommendations made in this report.
 - (U) The current global financial crisis will have a significant, but not overwhelming impact on the countries within the AOR, due in part to increased international support.
- (U) Specific Assumptions
 - (U) The USG will maintain the political and public will to reduce ongoing conflicts in Afghanistan and Iraq.
 - (U) USG resource transition will occur, consolidating civilian and military gains in Iraq and reallocating resources from Iraq to Afghanistan.

5. STRATEGIC GOALS

(U) Overall Long-term Strategic Goal (10 years).

- (U) In 10–25 years, efforts in the majority of the countries of the AOR will be focused on long-term sustainable development programs, with more than 50% of development funds provided directly to host governments through direct assistance.
- (U) In 10-25 years, countries in the AOR will have diversified their economies to provide adequate employment for the work force.

(U) Medium Term Strategic Goal (5 years).

- (U) Resources will be allocated to drivers of instability within each country, and across all countries along the instability spectrum, while foundations of sustainable long-term development will be built through leadership of host-countries and through the use of national programs.

¹ (U) Water has served as the catalyst for more than 40 conflicts worldwide.

- (U) Unified strategic planning capabilities will be developed within and across civilian agencies, lead coordinating agency will be identified; and agency-, country-, and regional-level strategic planning will be synchronized with military efforts.
- (U) 25% of development assistance funding will be provided directly through AOR host governments.
- (U) Authorities will be provided by Congress to obligate funds at the regional level to address regional concerns and objectives.
- (U) Focused interventions to catalyze private sector investment (e.g. risk insurance/ credit guarantees), public/private partnership, and value-chain analysis will be developed.

(U) Short Term Strategic Goal (18 months).

- (U) Through conflict assessment methodologies, the drivers of instability will be identified in the countries where there is active military intervention (Afghanistan group) and potentially failing states (Pakistan group), and existing resources will be reallocated to target those drivers that have been identified.
- (U) Targeted interventions to increase public sector finance and private sector investment will be undertaken.
- (U) A single point of contact within USCENTCOM will be developed for coordinating and planning non-lethal efforts.

6. CONCEPT OF PLAN DEVELOPMENT AND IMPLEMENTATION

(U) The level of instability within countries in the AOR should be one of the key variables the USG uses when allocating scarce financial and staff resources. A portion of country-specific allocations needs to focus on short-term interventions to reduce the major drivers of instability, especially in key allied countries where the U.S. military is involved in ongoing operations or in countries where instability could result in state failure in the near term. Short-term DEG intervention strategies that deal with immediate problems need to be developed and balanced against longer term efforts that deal effectively with the underlying institutional weaknesses and fault lines that generate or have the potential to generate instability in the medium to longer term in countries across the AOR.

(U) Both the military and civilian foreign assistance agencies have key roles to play in this process. In unstable environments, the U.S. military can provide or negotiate with local security forces for a level of security within which civilian DEG interventions can be mounted. The civilian agencies must have proven methodologies to identify the causes of instability at their source, must use this information as a basis for strategic plans, must have the flexibility to allocate scarce financial and staff resources to resolve key problems when and where required, and must have the procedural capability to do this within an acceptable amount of time. Interventions need to be focused on actions that will measurably reduce instability in the short-, medium-, and long term. These capabilities must prevent rather than respond to state failure.

(U) The following section DEG report provides a country topology based on the presence and degree of instability exhibited in groups of countries across the AOR. Key drivers of instability are identified in each grouping. The FY 2008 Foreign Assistance budget is then analyzed to determine whether development assistance allocations are in line with the presence of instability

across country groupings and whether group allocations target ameliorating known drivers. Where assistance allocations are misaligned, recommendations for immediate action by USCENTCOM and those civilian agencies responsible for administering this portion of the U.S. budget are proposed. Following this is an assessment of the current methodological, budgetary, and procedural causes that may inhibit dealing with instability, and recommendations on how to ameliorate those causes.

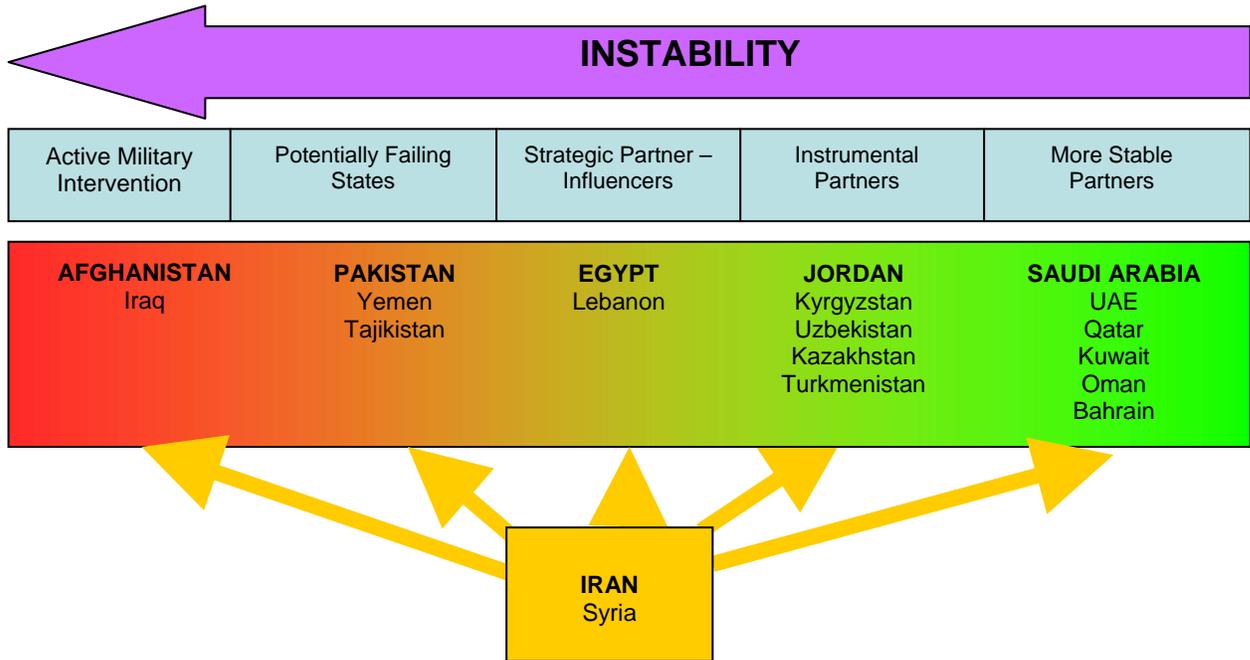
7. PROBLEM ANALYSIS AND RECOMMENDED SOLUTIONS

~~(SBU)~~ Countries in the AOR are categorized along a continuum from most- to least stable. Each

(b)(3) 10 USC 130C, (b)(5)

² (U) The analysis extensively used existing typologies such as the Foreign Assistance Framework and information contained in other CENTCOM Assessment Team sub-regional and functional reports.

Instability Across the AOR



- (U) Active Military Intervention. This group represents countries with active insurgencies and deployed U.S. and Coalition military forces. Lessons learned from successful COIN operations and the ongoing transition from security to development and governance-led programming in Iraq can provide critical information about potential operational models and approaches that could be introduced in Afghanistan to improve effect and performance.³
- (U) Potentially Failing States. This group represents political and economic environments on the cusp of state collapse. They are known to provide safehavens for transnational insurgent groups. Pakistan represents a unique set of challenges given its strategic importance vis-à-vis Afghanistan, the relationship between the Federally Administered Tribal Areas (FATA) and the ongoing Afghan insurgency, its nuclear capability, and its faltering economy. As such, it must be an integral part of the solution in Afghanistan. Serious and immediate steps in countries in this group are required to prevent failure and eliminate conditions that enable and/or sustain VEOs.
- (U) Strategic Partners – Influencers. This grouping represents countries that have substantial influence in the AOR and could be key players in regional stability, particularly with regard to a renewed Middle East Peace Process (MEPP). However each country faces challenges: Egypt is in transition. President Mubarak’s advanced age will produce a leadership transition in Egypt in the near future. The USG continues to maintain a tenuous relationship with Lebanon.

³ (U) See the Provincial Reconstruction Team Paper, Annex 3 for more details.

- (U) Strategic Partners–Active Dialogue. This group represents partners who have or currently support U.S. military operations in the region. Jordan is a key interlocutor for the MEPP and assists in training neighboring security forces. Kazakhstan is gaining prominence among the Central Asian States and will chair the Organization for Security and Cooperation in Europe in the near future. Kyrgyzstan is currently an important link in the Afghanistan supply chain, but recent events involving the status of Manas Air Force Base and Russian-Kyrgyzstan bi-lateral cooperation have placed the base’s future in jeopardy.
- (U) Stable Geopolitical Allies. The Arabian Peninsular states represent the most stable countries within the USCENTCOM AOR. They are, however, not without fault lines—highly centralized political structures and one-dimensional economies make them vulnerable to internal and external shocks. Elements within these countries are known to support transnational terrorist organizations.

(b)(1)1.4d, (b)(1)1.4a, (b)(5), (b)(1)1.4e

(U) Short-term Development Opportunities in Each Group

(U) The Afghanistan Group (Afghanistan and Iraq)

(b)(1)1.4d, (b)(1)1.4a, (b)(5), (b)(1)1.4e

⁴ (U) This section is based on the findings of the Iraq and Afghanistan sub-regional groups.

(b)(1)1.4d, (b)(1)1.4e, (b)(1)1.4a, (b)(5)

(U) Opportunities for Modified DEG Involvement: **Afghanistan** is the fifth poorest country in the world with an annual per capita income of US\$340. The nation suffers from periodic droughts, and much of its agricultural infrastructure has been degraded or destroyed by continuous warfare during the past three decades. Measures of government effectiveness in the supply of public services and its ability to control corruption rank the country in the bottom 10% worldwide. And it represents one of the most hostile environments for private business investment in the AOR. Significant improvements in socio-economic indicators have been made in the past seven years; however, they have not kept pace with expectations of the Afghan population, the Afghan government, and the international community, and have not sufficiently contributed to meeting the overall U.S. objectives for security and stability.

(U) The primary drivers of instability in Afghanistan are lack of physical security, jobs, and overall economic opportunity, especially among the youth; absence of the most basic human needs, such as food and water and exclusion of most Afghans from fully participating in governance. These primary drivers are coupled with a politico-cultural environment that fosters increasing support for the Taliban and decreasing support for the presence of international forces. U.S. understanding of these interrelated trends has lagged. Limited Afghan government capability and its failure to deal with rampant corruption has compounded these primary drivers and has resulted in the United States by-passing the Afghan government to deliver development services, further weakening Afghan government credibility. In unstable areas, this has contributed to insurgents' ability to increase influence,

expand support for their cause, intensify recruitment of disenfranchised youth into their ranks, and increase their control.

(b)(1)1.4e, (b)(1)1.4a, (b)(5)

(U) Iraq represents a different development challenge. Here the USG has a much more advanced and professional government apparatus and regulatory structure with which to work. Although still highly centralized, Iraq has taken important steps to decentralize political power thereby supporting the legitimization of popularly elected provincial and sub-provincial government bodies and the redistribution of government revenues to Provincial Councils to resolve locally identified problems. Development efforts need to strengthen and further institutionalize these initiatives by helping government streamline and regularize its budgeting process, strengthening the skills of newly elected local government officials to carryout their responsibilities, and increasing the direct involvement of citizens in identifying government investments that address their needs. Involving citizens in the budget execution process would complement efforts to reduce local level government corruption, a key problem. Both national and local government investments have to improve the delivery of public services in ways that meet citizen expectations while setting the conditions for economic expansion and job creation. The latter is critical if Iraq is to gainfully employ its growing young population. Large-scale programs that reverse degradation in urban and rural infrastructure are labor intensive and, combined with apprenticeship training for young employees, could be effective.

(U) The Iraq DEG program will face difficult challenges during the next 24 months. The reduction in oil prices and government revenues will drastically reduce the size of the nation's capital budget and the portion of it that flows to local governments. Creative efforts and possible increases in U.S. development assistance may be required to minimize the impact of reduced revenues, especially on local government budgets. At the same time, the U.S. military's footprint will be declining. To remain effective, civilian development specialists working with local governments to strengthen their capacity to improve service delivery and budget allocation effectiveness will need a minimal level of security to continue operations. How security services will transition from U.S. to Iraqi forces or contractors will

need to be carefully thought through. Finally, as the U.S. military withdraws, Congress may be tempted to declare victory and drastically reduce DEG commitments just when they are most needed to solidify gains. Potential approaches to minimize the probability of this occurring need to be developed now and the costs of full withdrawal articulated and shared with Congress.

(U) Challenges at the operational/implementation level, an important constraint to meeting U.S. objectives in **Afghanistan**, have been the lack of a unified strategy and the synchronization of civil and civil-military efforts. This lack of coordination has been compounded by the attempt to conduct traditional “development” interventions to achieve non-traditional objectives and in a non-traditional situation. The mindset and the tools, authorities, and oversight mechanisms being used do not apply to this situation. Nor are they adaptive to new understandings of, or changes in, the situation. Development has often been uneven, lacked coordination with other lines of operation, and has, at times, become counterproductive. The above has been particularly problematic in the insecure areas of the country.

~~(SBU)~~ According to the recently published Special Inspector General for Iraq Reconstruction (SIGIR) report, *Hard Lessons: The Iraq Reconstruction Experience*, the above constraints have also been present in **Iraq**. The report identifies a number of major deficiencies in the

(b)(3) 10 USC 130C, (b)(5)

(U) Recommended Short- and Medium-Term DEG Actions: To affect the above changes a number of adjustments in both the Afghanistan and Iraq programs will be required:

- (U) General
 - i) (U) Manage expectations regarding what can be done and in what timeframe. To date, the United States has set very high expectations that it has been unable to meet. Options for remedial action could include revisiting the Bonn Agreement, accepting lower donor pledges and reallocating them, or renegotiating the Afghanistan Compact and Afghan National Development Strategy benchmarks.
 - ii) (U) Take Host Nation-Lead seriously. The ultimate responsibility rests on the host-nation, its government, and its population. The United States must play the supporting role. The USG must work through national programs and use local capacity, however imperfect. The USG must also insist on host-nation responsibility and accountability.
 - iii) (U) Clearly distinguish between concepts of sustainable development vs. COIN, and short-term vs. long-term efforts, and communicate this to all relevant entities.

- (U) Align programs and resources with problems and realities on the ground
 - i) (U) In unstable and insecure areas:
 - (U) Target resources primarily at drivers of instability. Support COIN operations through shorter-term, more immediate programs, job creation and economic stimulus, humanitarian assistance;
 - (U) Where possible, take advantage of opportunities to build foundations for medium- to long-term development, including community development; and
 - (U) Increase support to programs such as the National Solidarity Program, some Independent Directorate for Local Government programs, Commander's Emergency Reconstruction Program and USAID's Local Governance and Community Development Program.
 - ii) (U) In more stable and secure areas:
 - (U) Target resources at building the foundations of long-term and sustainable development, including governance, economic development, high value agriculture, and social sector programs;
 - (U) Focus on building the capacity of host-nation populations and institutions, work directly with the host governments through national programs; and
 - (U) Lobby for increased support from other Intelligence Community partners in their areas of comparative advantage, such as health and education.
 - iii) (U) In all parts of the countries:
 - (U) Incorporate improved understanding of the politico-cultural environment into program design; for example, if a key issue to Afghans is civilian casualties, then solely focusing on technical interventions, such as jobs, will not resolve the problem.
- (U) Advocate for flexible and more relevant funding authorities
 - i) (U) Advocate with the U.S. Congress for more flexible authorities regarding the use and oversight of funds.
 - ii) (U) Authorities need to spend funds in more creative and non-traditional ways:
 - (U) Direct funding to host countries at the national and sub-national levels;
 - (U) Providing a higher percentage of U.S. development resources through national programs and multi-lateral trust funds, such as the Afghanistan Reconstruction Trust Fund;
 - (U) Allocate a portion of funds that can be moved from program to program and region to region as deemed necessary by a quickly evolving environment; and
 - (U) Develop more innovative oversight mechanisms that do not hamper the risk-taking necessary in a critical environment.
- (U) Unity of effort—Improve civil-civil and civil-military coordination at all stages of operations
 - i) (U) Connect the various civilian efforts within different agencies, i.e. DoS, USAID, U.S. Department of Agriculture, Treasury, Commerce, Health and Human Services, etc., to each other and to overall USG objectives.
 - ii) (U) Connect development and military efforts to each other and to overall USG objectives.

- iii) (U) Improve civil-military cooperation, in line with increased COIN efforts by the U.S., at all levels of operations from planning to implementation
- iv) (U) Closely align DoD civilian or civil affairs efforts with the programs of development agencies and the Afghan Government.

- (U) Provide a minimum level of security to enable development
 - i) (U) Improve security efforts to allow for development programs. Provide sufficient security to “hold” while “build” takes place.
 - ii) (U) In Afghanistan, identify and request any additional military forces and associated enablers required to ensure that Afghanistan’s 2009 presidential elections proceed securely.
 - iii) (U) In Iraq, ensure, through timely and sufficient training and mentoring, that the transition from U.S. and international to Iraqi security forces does not leave a vacuum that hinders development, economic, and overall civilian efforts.

- (U) Improve the U.S. military’s understanding of development
 - i) (U) Provide substantive training to civil affairs units regarding development, realistic expectations of what can be achieved and timelines.
 - ii) (U) Ensure continuity of effort and follow-through between commanders’ projects at the Provincial Reconstruction Team (PRT) level.

(U) Use of PRTs in a COIN Environment:⁵ The above issues are being addressed in part through PRT programs in Iraq and Afghanistan. The following table and section outline the issues of civilians working along the spectrum in a COIN environment. This is not exclusive to Afghanistan and Iraq and there may be lessons for other contexts.

Problem	Solutions/next steps
Goals	
Unclear, conflicting mandate, multiple models, inefficiencies	Joint military/civilian statement clarifying PRT primary roles <u>Timing:</u> Immediate
Overly ambitious projects, capacity building development agendas	Increased focus on building local and traditional institutions <u>Timing:</u> design: 3 months; implementation: 6-18 months
Lack of continuity of ideas, programs, relationships due to short mission assignments	Development and Implement program of phased handover; where possible, lengthen tours. <u>Timing:</u> 6 months
	Increased use of locally recruited staff at senior levels. <u>Timing:</u> Phase 1: 6-18 months
Unity of Effort	

⁵ (U) This section is part of a larger piece that expands on these concepts, outlined in Annex 4.

Lack of coordination in USG and international civilian programs to implement changes in PRT model	US Congress and agency leaders to give implementers necessary authority; institutionalize information sharing <u>Timing:</u> Continuous
	Coordinated diplomatic and military outreach to international partners to achieve consensus on PRT models and transition <u>Timing:</u> Continuous
Clarity of concept	
Lack of a transition model from PRTs to sustainable development assistance to ensure continuity.	Develop and introduce Development Assistance Teams as natural extension of PRT concept. <u>Timing:</u> Design: 6 months; implementation: 7-60 months
Skills mismatches , lack of skills transition as conditions change	Develop staffing manual relating conditions on ground with skills profiles in transition from Clear to Hold to Build. <u>Timing:</u> Design: 3 months; implementation: 4-60 months
	Enhanced training program focused on governance tools, local conditions, the link between local and national governments
	Implement Civilian Stabilization Corps <u>Timing:</u> 6-60 months
	Implement “hub and satellite” model for specialized skills. <u>Timing:</u> Design: 6 months; implementation: 7-60 months
	Create “fly away” teams to provide technical skills on a sustainable basis <u>Timing:</u> Design: 6 months; implementation: 7-60 months
Lack of benchmarks , performance criteria, outcome-oriented evaluations	Develop protocol for evaluating PRT performance, including baseline data in critical governance areas. <u>Timing:</u> Design: 6 months; implementation: 7-60 months

(U) In counterinsurgency, U.S. forces initially *clear* an area and immediately begin to improve local living conditions, usually through Commander’s Emergency Response Program (CERP) expenditures, and with mainly military assets. In the *hold* and *build* phases, U.S. Government efforts shift from direct action to supporting local governments doing the work for their people. This transition is essential if citizens are to see their government as worth supporting. PRTs were designed to help create this link. Their success rests on three issues: realistic goals; unity of effort; and clarity of concept.

1) (U) Realistic Goals. In development terms, counterinsurgency (COIN) is about producing “good enough” local governance that leads to “good enough” stability that allows engagement to shift from military to non-military assets. To achieve this goal, both central governments and local governments must work. Central governments typically control national resources, whether from natural resource wealth (Iraq) or donor assistance (Afghanistan). Local governments are typically the only delivery mechanisms that can work throughout a country. In weak states, the central government’s first priority is—or should be—budget execution: the delivery of basic

fiscal management in a transparent and accountable manner, including moving resources from the center to provinces and districts. Provincial and district governments must focus on implementing basic service programs and providing local security. Both the center and the periphery need to operate under transparency rules to hold corruption in reasonable check, and create incentives for delivery. Both need the right kind of technical assistance.

(U) PRTs support local service delivery by mentoring and providing appropriate technical assistance to local government authorities. They help local authorities with basic budget execution, with technical expertise in the design of projects, and with effective ways to engage with the populations they serve. The Afghan Ministry of Health model, one of the National Programs that includes the Ministry of Rural Development and the Ministry of Telecoms, is an example of success in achieving both service supply and government connection objectives, despite political and budgetary constraints.

- 2) **(U) Unity of Effort.** Unity of effort requires coherence within PRTs, between PRTs and other COIN and U.S. Government development assets, and between U.S. and international assets. A joint field-based interagency headquarters for U.S. development agencies is needed to achieve greater unity of effort. It should be empowered with required authorities, tailored to the U.S. Mission and U.S. Forces Commander's needs, and composed of civilian and military experts and planners. Its responsibilities would be to integrate U.S. Government civilian assets, including PRTs, and to coordinate, assess, plan, implement, and monitor and evaluate stability and development operations. It would form a central hub around which U.S. Government development elements would be organized. Regional hubs could be created to complement the central headquarters, if needed, to appropriately support the outlying PRTs.

(U) The linkages between this entity and the national government would have to be carefully considered. In Afghanistan, one option would be for the headquarters to exist outside and independent from the Afghan Government, supervising large standalone infrastructure projects and connecting to national programs. A second option would be a Joint Commission model where decision making is shared. A third and preferred option would be for this entity to be the Afghanistan Reconstruction Trust Fund headquarters, with a Joint Commission of Afghan Government, Civil Society, and International Partners, chairing the board and supervising reconstruction, managing large projects, and designing and implementing national programs, along the lines of the Afghan Assistance Coordination Authority that existed in 2001-2005.

- 3) **(U) Clarity of Concept.** Clarity of concept involves understanding how PRTs need to be structured to do their work at each phase of counterinsurgency, the transition process between phases, and the signals that say when to change. Initially PRTs will benefit from a staffing that emphasizes the technical knowledge needed to repair and restart local services. After that, as the work shifts to supporting government efforts, language skills, understanding of local governance structures, and experience with

local government capacity building in similar situations will take on greater importance. An important part of the transition is from primarily military-led and staffed to civilian-led and staffed.

(U) PRT assignments should be matched to local governments roughly correlating with U.S. military assignments down to the battalion level. A core team of two to four civilians dedicated to the two primary objectives of improved governance and meeting local needs will make this staffing model possible while personnel gaps should be minimized by generously overlapping assignments. Technical expertise, when needed, will be drawn from a central pool of “fly away” teams. This “hub and satellite” model has the advantage of allowing for larger numbers of decentralized teams, while still providing technical input when needed. It is a much more sustainable model than the traditional PRT structure. Over time Development Assistance Teams (DATs) may shift into a longer term development operating mode, but even they will have to focus initial efforts on short-term results. At all times, these teams would need to be linked to government-driven programs, the National Programs in Afghanistan for example.

(U) As security conditions improve, the U.S. Government will need to shift its local government support focus along two dimensions. First a model of local support that does not depend on the U.S. military will be needed. Second, local government engagement efforts will have to be “internationalized.” The vehicle for achieving both these objectives is the DAT. DAT staffing may begin with a heavy U.S. presence, but will shift quickly to a blend of international and local staff. DATs will work almost entirely in support of local government delivery through the regular budget process. DATs need to be built and staffed with longer engagement in mind. Planning for them will be essential if COIN security gains are to be sustained. Continued support from the U.S. and international community will be essential if campaign successes are to be sustained.

(U) With the addition of DATs, the PRT model can be sustained once U.S. troops are drawn down and stabilization efforts are transformed from primarily U.S. supported to internationally-owned. Broadening the PRT concept to include DATs also offers up the possibility of using PRT-like constructs in parts of USCENTCOM’s AOR where U.S. troops are not present. For example, although USCENTCOM is not active in Yemen, many of the same instability problems found in Afghanistan and Iraq are present there. A joint U.S.-international program, designed to deliver local government support and implemented in areas of highest instability, could possibly deter radicalism and slow, possibly stop, the trend toward state breakdown. Tajikistan and Pakistan offer other venues in which these ideas could be usefully implemented.

2. (U) Pakistan Group (Pakistan, Yemen, and Tajikistan)

a) (U) Importance to U.S. national interests:

~~(SBU)~~

(b)(3) 10 USC 130C, (b)(5)

(b)(3) 10 USC 130C, (b)(5)

(b)(1)1.4d, (b)(1)1.4a, (b)(5)

(b)(3) 10 USC 130C, (b)(5)

(b)(3) 10 USC 130C, (b)(5)

(b)(3) 10 USC 130C, (b)(5)

b) (U) Opportunities for expanded Development, Economics and Governance (DEG) involvement:

(U) International DEG interventions can, and to some extent already do, address the issues that increase the potential for state failure in Pakistan. Existing programs are attempting to address development deficiencies writ large, e.g. infrastructure, service delivery; deteriorating economies, including food price and availability problems; and weak and/or autocratic governance. These efforts are hindered by the existence of burgeoning unemployed and underemployed youth populations; the return of guest workers and dramatically reduced remittances, which make up to 40% of Pakistan's Gross Domestic Product (GDP) due to a souring international economy; real and perceived injustice perpetuated by uncaring national governments, e.g. need for land reform and water allocation; and ethnic and tribal disputes usually focused on resource issues.

(U) Yemen demonstrates fundamental DEG deficiencies including inefficient public service delivery and water scarcity, a deteriorating economy, autocratic governance, burgeoning unemployed and underemployed youth populations, real and perceived injustice, need for land reform, and increasing instability in the north and south. Current USAID DEG resources applied to these deficiencies are generally believed to be inadequate at addressing these issues. In addition, Tajikistan is not regarded as a strategic partner in the South Asia region, and therefore U.S. DEG programming is minimal. Tajikistan has inadequate electricity distribution, water problems, health and education inadequacies; a deteriorating economy trapped in a cotton monoculture, including severe food price and availability problems; and unresponsive and authoritarian governance.

(U) These fundamentals are aggravated by burgeoning unemployed/underemployed youth populations, the return of guest workers from Russia and Kazakhstan and dramatically reduced remittances due to a souring international economy, and most importantly a food supply emergency. Currently, only one driver (security) is adequately resourced; all others are under-resourced. This is occurring as major resources are going to areas such as education and health that are long-term development investments, not associated with drivers of instability.

c) (U) Recommended short-term DEG action:

1) (U) For Pakistan:

- i) (U) Perform a conflict assessment of core drivers of instability and potential flash problems to guide additional programming resources that might come from the Kerry-Lugar legislation.

(U) Meanwhile, until the assessment is done, consider the following:

- i) (U) Assess the adequacy of the ongoing USAID \$400 million health, education, democracy, and economic programming to see if it addresses known conflict problems, e.g. ethnic animosities over resource issues, hunger problems;
- ii) (U) Consider extending FATA designated funding (\$750 million programmed by USAID) to programming along the Baluchistan border with Afghanistan, and/or to augment the extant \$400 million USAID budget for the remainder of Pakistan;
- iii) (U) Address social contract issues between the Pakistan government at all levels and its people, including revoking the Frontier Crimes Regulation of 1901 and extending full citizenship rights to FATA inhabitants, strengthening local and provincial government, legislatures and the justice system;
- iv) (U) In the economics sphere, track the expiry of the current IMF loan, augment Grameen Bank type micro-finance efforts, introduce a youth jobs program focused on environmental preservation, extend human capacity building efforts beyond FATA, strengthen business development capabilities, including rule of law, to attract foreign investment, and consider an urban renewal and development program;
- v) (U) In the trade area, explore international support for regional trade, e.g., gas pipelines, port facilities, road and rail, through an international trust fund;
- vi) (U) Assess the possibility of launch a land reform program; and
- vii) (U) Increase attention on humanitarian and conflict prevention efforts, including a food delivery program, that would improve the population's sense of security, health and productivity, and support a study of water and gas resource issues as they relate to just and equitable compensation of ethnic groups.

2) (U) In FATA/NWFP (as it relates to (RC-E) Regional Command-East) consider:

- i) (U) Respond urgently to the 200,000 internally displaced persons fleeing from SWAT valley fighting;
- ii) (U) Conceptualize and commence cross border, theatre specific development operations connecting RC-E and FATA to include mapping, information sharing and project implementation;
- iii) (U) Determine if the 5-year \$750 million devoted to FATA is being optimally used, and if not, whether it can be redesigned and redirected for maximum impact, e.g., a major youth oriented employment program;
- iv) (U) Develop "clear-hold-build" capability in FATA and the Northwest Frontier Province; and,
- v) (U) Plan for political resolution in the area to include Afghanistan.

3) (U) In Yemen:

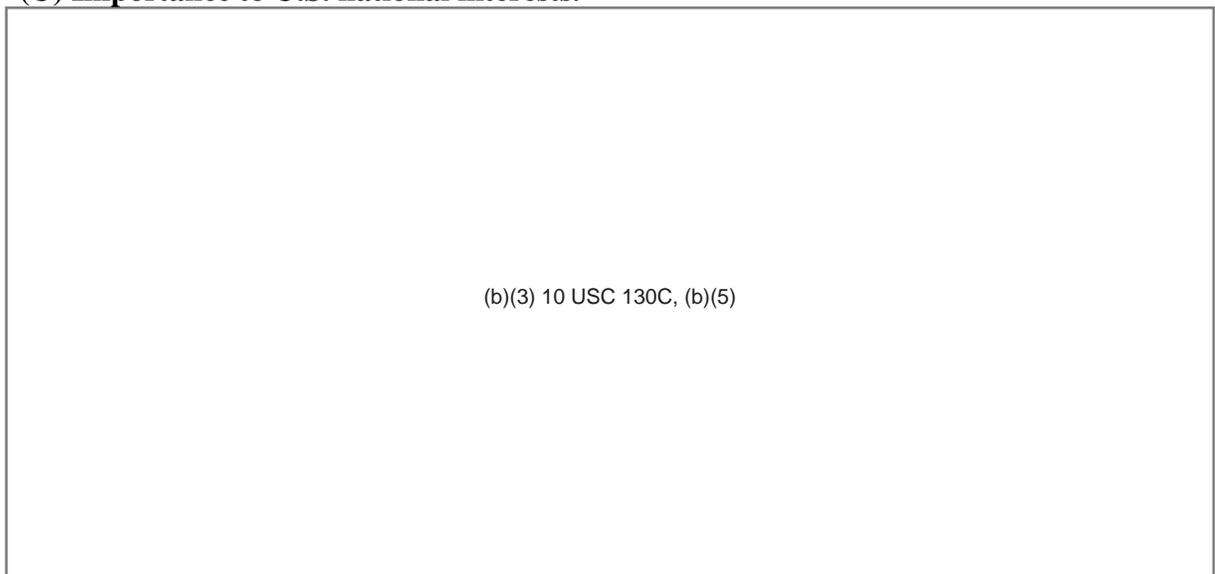
- i) (U) Launch an effort in concert with the Gulf Cooperation Council (GCC) to improve economic and development prospects for Yemen, particularly focusing on a rapidly diminishing oil reserve and water problems;
- ii) (U) Perform a base line conflict assessment to identify key drivers of instability in particular focusing on opportunities that may present themselves to strengthen governance;
- iii) (U) Assess the adequacy of the current USAID program and other internationally funded efforts to address social well being issues of the average Yemeni, particularly in the south;
- iv) (U) Launch a youth employment program, with particular focus on deprived tribal areas that are thought to harbor VEOs;
- v) (U) Perform a mapping exercise that determines how, and if, areas that harbor terrorists might be better addressed with DEG tools; and,
- vi) (U) Perform a food assessment to determine the impact on the average Yemeni citizen in light of robust world food prices.

d) (U) For Tajikistan:

- i) (U) Encourage the European Union to provide immediate food relief to Tajikistan as we look to help Tajikistan convert from cotton to food crops;
- ii) (U) Perform an Interagency Conflict Assessment Framework (ICAF) analysis in the Fergana Valley with a view to humanitarian and transition initiative interventions that can prevent conflict;
- iii) (U) Launch a public-private sector youth employment program to inject resources; and,
- iv) (U) Follow up with programs on the May 2008 Tajikistan ICAF, and,
- v) (U) Continue to monitor potential “flash point” issues, e.g., food security, citizen protest, mass migration.

3. (U) Egypt Group (Egypt and Lebanon)

a) (U) Importance to U.S. national interests.



(b)(3) 10 USC 130C, (b)(5)

b) (U) Opportunities for expanded DEG involvement.

(U) The key challenge facing the United States is how to best reduce Iranian influence in the sub-region and prevent the spread of instability to other parts of the Middle East. Diluting Iran's importance to Syria over time will reduce Hezbollah's influence within Lebanon and help to weaken Syria's support to other malign allies in the sub-region. Continued support for the MEPP, including an Israeli-Syrian dialogue, rebuilding the U.S. relationship with Egypt, and supporting the development of effective security forces in Lebanon provides opportunities for new and innovative DEG programs.

(U) The first objective of U.S. policy interests in Egypt should be to maintain stability during the post Mubarak transition period and to preserve Egypt's influence in the region. Egypt is facing great challenges; the massive increase in population is a mounting threat to stability. U.S. development programs to counter the increasing poverty levels should address a significant portion of the population, especially youth.

(b)(1)1.4d, (b)(1)1.4a, (b)(5)

c) (U) Recommended short-term DEG actions:

- i) (U) Assist in obtaining U.S. Congressional support to eliminate earmarks, reconsider sanctions against Syria, and increase resources to U.S. Government agencies. USCENTCOM would be able to facilitate the provision of financial and human resources as needed, i.e., Sections 1206 and 1207; and support Inter-Agency agreements on assistance programs.
- ii) (U) Transform U.S. aid to Egypt to a partnership agreement/joint commission framework which will provide a platform for mutual agreement on the level and direction of the assistance program. This could cover all USG assistance programs to Egypt. Economic assistance programs would be mutually negotiated and implemented as a result of establishing a joint approach. The new programs should focus on Egypt's sources of possible instability, including programs to deal with its growing youth population and the over regulation of its business sector.
- iii) (U) The United States should continue support to the MEPP and the realization of a just, negotiated, and comprehensive peace. The United States should support the MEPP through both high-level diplomacy and on-the-ground initiatives. Any breakthrough in the MEPP will require the implementation of a comprehensive DEG program. The USG should be prepared with options for such an event.
- iv) (U) Launch an economic assistance program to assist the government of Lebanon in challenging the stronghold Hezbollah enjoys on many social services provided to its constituents. Examine PRT-like options for South Lebanon.
- v) (U) US embassy personnel must be able to travel as necessary throughout Lebanon to ensure proper implementation of USAID funded programs.

4. (U) Jordan Group (Jordan, Uzbekistan, Kazakhstan, Kyrgyzstan, and Turkmenistan)

a) (U) Importance to U.S. national interests.

~~(SBU)~~ (b)(3) 10 USC 130C, (b)(5)

(b)(3) 10 USC 130C, (b)(5)

~~(S//REL TO USA, FVEY)~~ (b)(1)1.4d, (b)(1)1.4a, (b)(5)

(b)(1)1.4d, (b)(1)1.4a, (b)(5)

(b)(1)1.4d, (b)(1)1.4a, (b)(5)

(U) Kyrgyzstan is an important source of hydroelectric power, consuming only 10% of current production, and has the potential of becoming a major regional energy supplier for Central and South Asia. It is also home to Manas Air Base, a hub in the current Northern Supply Route (NSR) for both ISAF and U.S. forces in Afghanistan.

(U) Though not the largest in population, Kazakhstan is the largest geographically, is rich in natural resources, primarily oil, and has the most dynamic economy. Of the five Central Asian States, Kazakhstan has made the most fundamental economic reforms, which has made it the economic leader in the region. Democratic reforms, however, have been slow and there is a resistance to development of opposition political parties and independent media. Civil society development in Kazakhstan is not robust. Kazakhstan will assume leadership of the Organization for Security and Cooperation in Europe (OSCE) in 2010. In preparation for this leadership role, Kazakhstan agreed to make democratic reforms (embodied in the Madrid Protocols of 30 November 2007), but implementation has been uneven at best.

(b)(3) 10 USC 130C, (b)(5)

(U) After 9/11, Uzbekistan allowed the establishment of a base at Kharshi-Khanabad (known as K2), but because of President Karimov's perceived slights by the U.S., the base was closed and relations between Uzbekistan and the U.S. soured. As a result of these events Uzbekistan moved closer to Russia. Recently, however, there have been overtures for some degree of rapprochement with the U.S., and relations have improved somewhat. Uzbekistan has signaled its intention to allow the U.S. to use its transportation system as part of the Northern Supply Route (NSR) to circumvent Pakistan in providing non-lethal supplies to Coalition troops in Afghanistan.

(b)(1)1.4d, (b)(1)1.4a, (b)(5)

(b)(1)1.4d, (b)(1)1.4a, (b)(5)

b) (U) Opportunities for Expanded DEG Involvement.

(U) Jordan is resource poor, possessing limited arable land, scarce water resources, and no oil reserves. Despite its modest resources, Jordan has achieved above average development outcomes compared to other lower middle-income countries. This success can be credited to sound development policies, strong capital inflows, and high levels of unilateral transfers (20 – 25% of GDP) in the form of worker remittances and public grants. Even though the country has undergone continual external shocks (the financial crisis of 1989, and continuing through the cessation of free oil deliveries from Iraq, a doubling in the price of oil, and a sharp reduction in the amount of external grants), it has affected an almost continuous program of successful structural adjustments in response. As a result, Jordan has been able to maintain positive growth through this whole period, including an impressive 7.7% real GDP growth in 2004 and 7.2% in 2005. However, per capita incomes have been eroded by strong population growth, remaining in the \$1,250 to \$1,500 range.

(U) Currently, the USG has a large economic and military assistance program in Jordan that deals with a number of developmental issues, i.e., economic support, water issues and health, economic reform, and institutional development. It is important for U.S. national interest to continue to support Jordan's development as a moderate regional broker and positive stable influence in the region. The presence of a large Iraqi refugee population coupled with the world-wide economic downturn could impact on Jordan's economic and political stability. According to the Brookings Institution, Jordan received 700,000 of the 1.2 million Iraqi refugees, a crushing burden on a country of only 5.5 million people. Iraqi refugees covered the entire economic spectrum, from lower income segments that placed pressure on Jordan's ability to provide services, to higher income segments that drove up real estate prices in a country whose population is 80% urban. While the economic impact has been mixed, the political impact of Iraqi refugees on Jordan remains very real, as the Government attempts to cope with service demands (esp. health and education), as well as the crowding and other challenges of assimilating such a large number of foreign nationals. This situation presents the U.S. with an opportunity to assist the Jordanian government in developing an immigrant repatriation program as conditions in Iraq continue to improve. Other opportunities are also present. U.S. efforts to expand the engagement of the European Community in assisting Jordan to continue the process of economic modernization and open it to free trade could be productive. Assisting the country in dealing with its water scarcity problem through supporting expanded access to potable water sources from Syria; the construction of a Red to Dead Sea canal; and desalinization would also address a worrying trend.

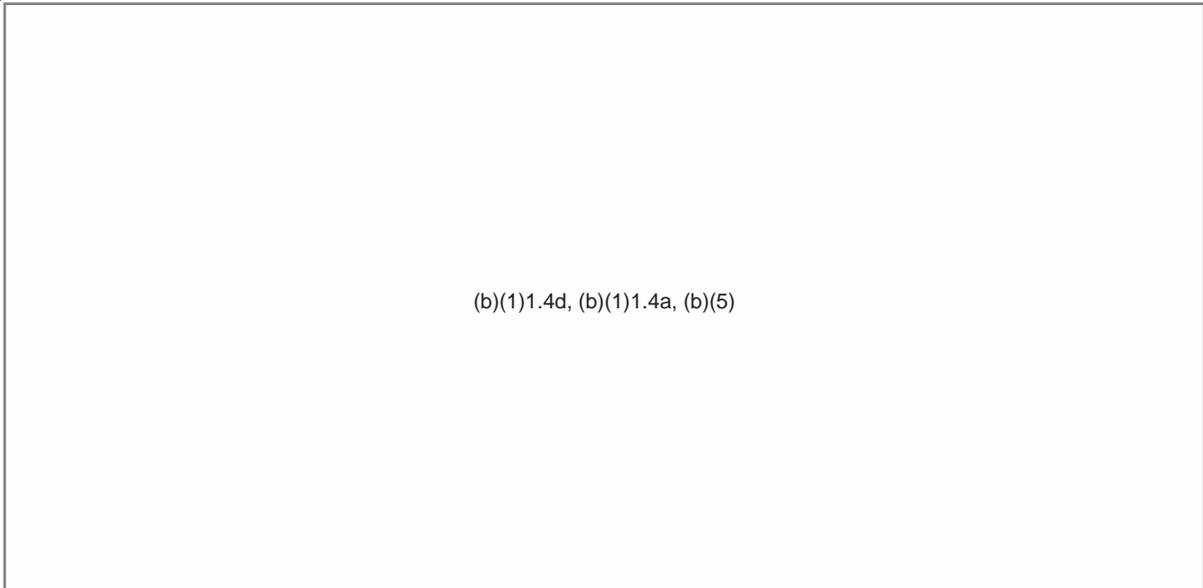
(U) Central Asia development assistance funding levels are inflexible and unpredictable. Due to the fact that the region receives its assistance funding from limited and decreasing FREEDOM Support Act (FSA) appropriations, it is almost impossible to obtain Economic Support Funds and Development Assistance funds for use in Central Asia. The use of FSA funds is limited to the geographical boundaries of former Soviet Union countries, which makes cross-border activities with Afghanistan and other South Asia countries extremely difficult. FSA funds are also tightly controlled by the State Department's Office of the Coordinator for Assistance to Europe and Eurasia and are at risk of being reprogrammed for other priorities that emerge in the countries of the former Soviet Union, the most recent example being Georgia. The steady, sharp decline in FSA funding for Eurasia in general and Central Asia in particular in the last four fiscal years has severely limited the assistance activities that can be supported. Programs have been seriously under-funded and we are in the position of making difficult choices about which effective programs can be preserved.

c) (U) Recommended short-term DEG actions:

- i) (U) The United States must continue its steady support to Jordan's development as a moderate regional power-broker and stabilizing influence in the region. While continuing to work closely with Jordan, the United States should be cautious in over-burdening the relationship with a multitude of demands and initiatives.
- ii) (U) Support Jordan's expanded access to potable water resources – through negotiations with Syria, support the “Red to Dead” canal, and desalinization's efforts.
- iii) (U) Develop a new DEG program to deal with the orderly return of the Iraqi refugees, a U.S. security umbrella, and a greater economic and financial support.
- iv) (U) Develop 1206/1207 projects that can help maintain good relations on the Bishkek side of the transverse Talas Ala-Too mountain range where Manas airbase is located.
- v) (U) Perform an Interagency Conflict Assessment Framework (ICAF) analysis in the Fergana Valley with a view to humanitarian and transition initiative interventions that can prevent conflict.
- vi) (U) Launch a public-private sector youth employment program to inject resources.
- vii) (U) Perform a conflict assessment in the Kyrgyz Republic, including a determination of the adequacy of what is already being done by the international community to address issues.
- viii) (U) Reexamine the source of funding for programs in the remaining Central Asian States and seek to identify more flexible funding that is less susceptible to flux. With the softening of relations with Kazakhstan edify if increased foreign assistance funding could be productively use to solidify recent gains.

5. (U) Saudi Arabia (Saudi Arabia, United Arab Emirates, Qatar, Kuwait, Oman, Bahrain) Group

a)



~~(SBU)~~ The key challenges the United States faces in the GCC are to get these relatively wealthy countries more involved in advancing issues of mutual importance to the United States, e.g., Iraq, Afghanistan/Pakistan, and counter-terrorism; 2) encouraging continued political and economic stability in the region in light of emerging demographic, societal, and political challenges; and 3) combating Al-Qaida (AQY) and assisting to mitigate the potential for state failure in Yemen.

b) (U) **Opportunities for expanded DEG involvement.**

(U) Of the countries in the USCENTCOM AOR, the GCC countries enjoy the most political and economic stability. Although each contains elements that could foster instability, the risk of state failure is low. They are all governed by traditional monarchies. Only Kuwait has a popularly elected legislature that is effective in balancing the power of the ruling family. Economically, the countries are among the richest in the world in terms of per capita GDP—thanks to their hydrocarbons—and a large foreign labor force performs much of the work. They are weathering the current economic downturn thus far and are likely to continue to do so due to their substantial financial reserves. In the long-term, however, insufficient diversification beyond a hydrocarbon export-based economy coupled with demographic, education, and employment challenges could exacerbate feelings of alienation, lack of identity, and attraction to extremist ideologies among the general population, especially youth.

(U) Risk factors for instability in Saudi Arabia are: 1) a growing young Saudi population with high unemployment, with large numbers of foreign workers; 2) an educational system and culture that does not prepare Saudi youth for the modern workforce; and 3) corruption and lack of transparency that make resources that grow businesses

inaccessible to small and medium size enterprises—the main providers of new jobs—and prevent economic diversification into labor intensive industries. The UAE has been more successful at economic diversification because the ruling families in Abu Dhabi and Dubai have invested in massive land reclamation projects for industrial free zones, real estate, tourism, education, and culture. Nevertheless, the economy is still ultimately dependent on Abu Dhabi's hydrocarbon resources. And like Saudi Arabia, foreign labor does much of the work, i.e. only 20% of the population and 10-15% of the labor forces are UAE citizens. Bahrain is the smallest of the GCC countries—in land mass, population, and resources—and was the first to begin diversifying and liberalizing its economy to attract foreign and domestic investment. The main driver of conflict in Bahrain is the inequitable distribution of resources, jobs, and access to government services between the majority Shia citizenry, 70% of the population, and the Sunni ruling family and elite. Kuwait has taken few steps to diversify its economy, due primarily to political gridlock between a weak ruling family and the National Assembly, which has stymied economic reform that would attract foreign investment and has led to growing popular discontent with shortages due to deteriorating national infrastructure (e.g., brownouts in the summer due to insufficient electric power generation). Qatar has the world's highest per capita income, but there is increasing stratification between the wealthy and educated elite and other Qataris. The ruling family invests in extensive real estate, education, and financial sector projects, but a lack of transparency and corruption make it difficult for individual Qatari entrepreneurs without connections to the ruling family to obtain the needed permits to start their own businesses. Oman's uncertain succession scenario and the youth bulge are its main stability risks.

(U) Throughout the GCC the rules of the game must become more transparent and access more equitable for all potential entrepreneurs, and the education systems must graduate individuals with skills that match job opportunities. This requires continuing and enhancing the current training and capacity building programs for GCC business and government officials. It also requires consultation with the U.S. private sector, developing relationships with counterparts in the GCC governments that allow discussion of mutual interests, and continuing to make visas more easily available to GCC citizens to visit the United States for education, training, and business purposes.

(U) The United States has relatively strong commercial ties, including free trade agreements (FTAs) with Bahrain and Oman. Their high per capita income precludes USAID development assistance. Indeed, the GCC countries pay for much of our military presence, and they provide donor assistance to other countries in the region and in the Muslim world. With their excessive wealth, rather advanced and well managed public service delivery systems, developed in some cases in less than twenty years, and growing capabilities and connectivity to the international financial system GCC countries could play an increasingly important assistance role as partners with the United States and the European Community in resolving some of the more pressing development problems in the region. Their assistance both financially and technically in building public services distribution systems in Pakistan and Afghanistan would be helpful. Being food deficit countries, private coupled with country development assistance investments in large agricultural infrastructure projects in Central Asia, Pakistan and Afghanistan would not

only be profitable but could provide access to agricultural surpluses, when available. Finally, discussions with the GCC, the European Community and the Central Asian States, Afghanistan and Pakistan over transnational water, transportation, and energy distribution systems which link regional production more effectively with major markets could be a catalyst to overall regional growth and job creation.

(U) The key change recommended in the GCC countries is that U.S. officials move toward more transformational relationships, rather than the current “transactional” ones. U.S. officials in USCENTCOM and other agencies should put more effort into developing relationships with key GCC counterparts that allow discussion of mutual interests and the opportunity to demonstrate the value of wider participation in society and of transparency and accountability in political and economic activities. Our current approach of visiting only when there is something of interest to us to discuss and bringing a tin cup has eroded our influence and credibility with the GCC countries. This makes it difficult to get their agreement to move forward on issues, even when it might be in their best interest.

c) (U) Recommended Short-term DEG Actions:

- i) (U) U.S. officials begin developing relationships with GCC counterparts that allow discussion of mutual interests and the opportunity to demonstrate the value of wider participation in society and of transparency and accountability in political and economic activities.
- ii) (U) The U.S. Government open discussions with the GCC member states to ascertain their interest in greater involvement with the United States and the European Community in regional development programs in support of Pakistan, Afghanistan and the Central Asian States.
- iii) (U) U.S. agencies continue to streamline further the process of obtaining U.S. visas for GCC students and government and business officials.
- iv) (U) Consult U.S. corporations with long-standing investments and commercial activity in the GCC on needed skill sets that are insufficient or lacking in the GCC citizenry.
- v) (U) State (Public Diplomacy) and Commerce step up efforts to link U.S. and GCC educational institutions through exchange programs and to promote the establishment of branches of U.S. educational institutions in GCC countries.
- vi) (U) Continue to fund, or replace with a similar program, State’s MEPI to allow continuation and expansion of programs, such as commercial law development, adjudicating commercial disputes, and internships with U.S. businesses for young business people (including women).
- vii) (U) Continue to help Bahraini businesses take advantage of the U.S. FTA and expand program to Oman. (Commerce and the U.S. Trade Representative are implementing this program with MEPI funding).
- viii) (U) Include more GCC officials in USAID’s regional good governance training programs.

- ix) (U) Hold Trade and Investment Framework Agreement meetings at least once a year with each non-FTA partner, with goal of beginning negotiations on free trade agreements with at least one country.
- x) (U) Expand exchange programs, such as the International Visitors Program and the U.S. Patent and Trademark Office's Global Academy.
- xi) (U) USCENTCOM should expand mil-to-mil engagements with the GCC countries with a focus on strengthening and sharing intelligence information that could serve to help interdict foreign fighter flows and terrorist network activities, such as finance and logistical flows.
- xii) (U) USCENTCOM should also continue to assist in the professional development of the GCC military and security arms and expand theater security cooperation to address human and infrastructure security, e.g., water and energy.

6. (U) Iran Group (Iran and Syria)



b) (U) Opportunities for expanded DEG involvement.



(b)(1)1.4d, (b)(1)1.4e, (b)(1)1.4a, (b)(5)

(b)(1)1.4d, (b)(1)1.4e, (b)(1)1.4a, (b)(5)

c) (U) Recommended short-term DEG actions:

- i) (U) USAID, through its Middle East Development Counselor, working in consultation with counterparts from the DoS, Treasury, Commerce, Energy, Transportation and the Kuwait and Arab funds, develop a comprehensive development program and financial support package for Syria. As part of this effort, the State Department in coordination with the Counselor would approach the European Community to encourage their participation in the coalition,
- ii) (U) USAID, through the non-governmental organizations already working with the Iraqi refugee population in Syria, to approach the government to ascertain interest in developing an Iraqi refugee assistance and repatriation program,
- iii) (U) The U.S. Government encourage the Afghan Government to develop a water sharing pact with Iran followed up by technical discussions with U.S. water management and irrigation specialists on the technical dimensions and size of such an endeavor,
- iv) (U) The formation of an Iran development planning group, including representation from USAID, the DoS, Treasury, Commerce, Energy, and Transportation, with participation from private industry representatives from the oil, airline and agro-processing sectors, to begin developing a comprehensive Iranian assistance package.
- v) (U) Reassessment of the Iran Democracy Program from an Iranian perspective and the development of alternative program investments, if appropriate, that are less threatening to the Iranian regime and supportive of key investment areas identified by the Iran development planning group.

- vii) (U) While USCENTCOM would not have a direct role in the DEG initiatives identified, they would play an important supporting role through the provision of Sections 1206 and 1207 financial and human resources, and the provision of logistical support and technical expertise where relevant.
- viii) (U) Provisioning the USAID Middle East Development Counselor with the appropriate authorities to allow him to play an active and meaningful role in support of the recently appointed Special Counselor for the MEPP.
- ix) (U) While USCENTCOM does not have a direct role in the DEG initiatives identified; they would play an important supportive role through the provision of Sections 1206 and 1207 financial and technical expertise where relevant.

7. (A) (U) Cross Group DEG Opportunities

(U) Not all problems are contained within the borders of the countries or groups of countries discussed above. There are a number of cross border problems in the AOR that provide the U.S. and its international partners with unique opportunities. The connectivity of markets between Central and South Asia, a cause of the Taliban's rise in Afghanistan, remains cost prohibitive and inefficient. Improving south to north transport and distribution routes, including road, air and rail, would open Central Asia markets to relatively inexpensive Southern Asian commodities and manufactured goods, provide both Afghanistan and the Central Asian States with expanded regional and international market access via the Pakistani ports at Karachi and Gwadar, and reduce Central Asian dependence on the Soviet Union. These same routes would provide trading corridors for excess Central Asian wheat and cotton to reach Pakistan processors and consumers and provide price incentives for the development and processing of newly identified Afghanistan natural resources deposits including copper and marble. Development of a north to south energy distribution systems would provide the electricity that Pakistan desperately needs providing estimated revenue streams to Tajikistan and Kyrgyzstan of up to \$511 million annually. In addition, the Russians have estimated that the rivers of Northern Afghanistan could add an additional 5,600 MW to this system. Regional investments could be integrated with a border development zone linking Pushtuns in Northern Pakistan with relations in South and Eastern Afghanistan that would reduce irregularities associated with current Pakistan/Afghanistan trade; energize private investment, legal trade and job creation on both sides of the boarder; and provide the structures to manage the border more effectively to limit illegal trade, arms shipments and the movement of terrorists; while increasing Afghanistan and Pakistan tariff revenues.

(U) These are large, long-term projects that cannot be financed by the benefiting states or by any one donor alone. They require a broad international consortium involving host and foreign governments, multi-lateral donors, private financial intuitions, individual investors and multinational corporations. Each would have a complementary role to play. Host governments would be responsible for developing their own plan in consultation with their neighbors. Foreign governments such as the United States, the European Union and possibly the Chinese, who are assisting the Pakistani in developing Gwadar Port and have just invested \$60 million in developing Afghan copper deposits, with the

participation of multi-lateral financial institutions, could provide the seed capital needed to establish development trust funds. Funds could be established as development corporations with debt origination capabilities. US institutions such as the U.S. Overseas Private Investment Corporation (OPIC) and the EXIM Bank could mitigate private sector risk encouraging Arab sovereign fund, multinational corporate and individual investor participation. Access by these investors would be facilitated by the floating of trust fund bonds backed by the donor nation guarantees.

(U) Pakistan has already begun the process with early discussions about the development of a \$50 billion 10-year trust fund to support a national development/institutional reform program. This initial attempt could be broadened or duplicated to address the regional issues above. The U.S. Special Envoy could play a catalytic role in beginning discussions. He would need to assess beneficiary interest and encourage development of a joint concept plan, convene broad review and discussion of the concept with public and private investors and orchestrate and coordinate U.S. involvement. While a daunting task, the long-term returns from such an undertaking could transform the economies in the region, provide the jobs so desperately needed by Pakistan and Afghanistan to employ their growing and largely underemployed youth and develop the institutional agreements that would tie the region closer together, reduce instability and link regional markets to the world.

8. REALITY, DEVELOPMENT ASSISTANCE ALLOCATIONS, AND CONSTRAINTS TO IMPROVING COMPATABILITY

(U) Development assistance allocations are driven by a complex array of objectives. In part they can be used as leverage to reward or encourage allies who align their policies or actions in support of U.S. foreign policy objectives, to fulfill treaty obligations or address the humanitarian or developmental needs of the recipient country. From USCENTCOM's perspective, it would be preferable if foreign assistance allocations were aligned to address drivers of instability within a development framework. Where instability exists or is growing and presents a threat to U.S. vital interests, USG foreign assistance should be present to assure that destabilizing elements do not progress to the point where direct U.S. military action may be required. Ideally, allocations would go to development sectors that would have the greatest impact on reducing key instability drivers.

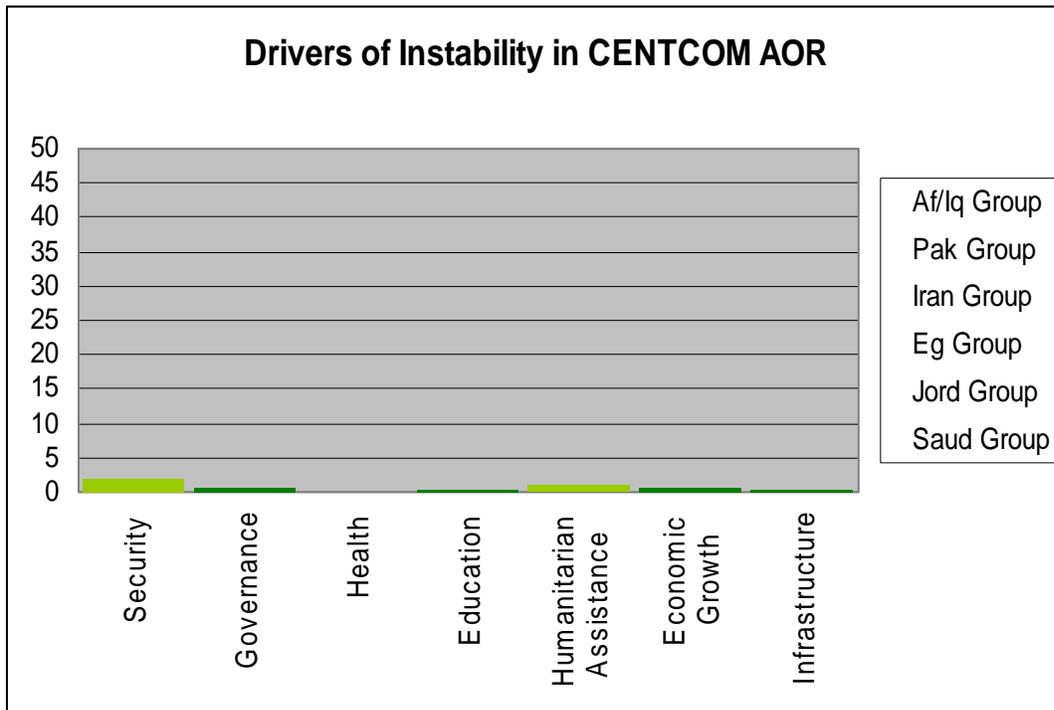
(U) To assess if current foreign assistance allocations meet this test, the DEG Team conducted an analysis of the drivers of instability, aggregating scores across country groups in order to identify major causes of instability in the AOR. These were then compared to actual fiscal year 2008 per capita USG foreign assistance allocations across country groups and by development sector to see if they were correlated. A complete explanation of our methodology is contained in Annex 8 to this report.

A. (U) Drivers of Instability

(U) The Team, in consultation with CAT sub-regional teams, identified a set of areas of concern that contribute to the growing disenfranchisement of citizens from their government and

instability. This environment sets the stage for growth of organized resistance to effect change in government programs and services. If the government is incapable or unwilling to meet citizen needs, organized violent resistance is likely to grow. In most of the region this resistance has developed around conservative Islamic elements, often with ties to criminal elements and/or transnational terrorist groups. A schematic presenting the drivers of instability as identified in the DEG Team analysis appears below.

(U) Each of these drivers has a number of components. For example, the governance sector encompasses the protection of human rights, the exercise of the rule of law, government effectiveness, and the presence of a competitive political party system and active civil society organization. The security sector deals with a range of issues including the control



of terrorists and their access to weapons of mass destruction, criminal organizations (anti-narcotics and trans-national crime), the training of security forces, and efforts to mitigate internal conflict⁶. For security, only Congressional 150 Foreign Assistance funding was considered in this analysis; DoD funding was not.

(U) The summary findings from this analysis are:

1. (SBU) [redacted] (b)(3) 10 USC 130C, (b)(5)
[redacted] (b)(3) 10 USC 130C, (b)(5)

⁶ (U) Other drivers and their program components include: health; education; humanitarian assistance includes the protection of vulnerable groups, disaster preparedness and protection; economic growth deals with macroeconomics, trade and investment, finance, agriculture, market competitiveness, economic opportunity and the environment; infrastructure may be considered a subset of economic growth but was considered separately in this analysis..

2. (U) The absence of security was also found to be important in each of the groups with pronounced concern in the Afghanistan, Pakistan and Iran Groups.
3. (U) Economic growth was identified as the third largest driver of instability. It was present to some degree in each country in the AOR but prominent in those groups where youth unemployment was prominent, the Afghanistan, Pakistan and Iran groups. Only in the Afghanistan group did Infrastructure fall out as a distinct driver of instability.
4. (U) Humanitarian issues were found to contribute to instability in all country groups with the exception of the Saudi Arabia group. This prominence was driven by the presence of large internally displaced populations in Iraq and Afghanistan, and large refugee populations in Syria, Pakistan and Jordan. Food insecurity in Tajikistan and Kyrgyzstan were also contributing factors.
5. (~~SBU~~) Education by itself was not a significant driver except in countries in the Pakistan Group where Islamic radicals control a significant portion of the school system.
6. (U) Health issues were not identified as an important driver.

B. (U) FY 08 Foreign Assistance Allocations

(U) In FY 2008, the United States invested \$6.2 billion in total foreign assistance across the AOR. Of this total, \$2.5 billion was allocated to security initiatives including the provision of equipment to control terrorists and their access to weapons of mass destruction, criminal organizations (anti-narcotics and trans-national crime), and the training of security forces. The majority of these funds were committed to improve security in the Egypt Group (56.7 percent), with the remainder approximately equally divided amongst the Jordan, Pakistan, and Afghanistan groups. The remainder, \$3.7 billion, was allocated across the seven development program areas described above⁷.

(U) The total foreign assistance budget and the portion of that budget devoted to development by major sector was:

Sectors	FY 08 Total Foreign Assistance Budget (\$6.2 billion)	FY 08 Foreign Assistance Budget for Development (\$3.7 billion)
Security	44.6%	11.6%
Governance	18.0%	21.8%
Health	6.6%	9.1%
Education	7.0%	11.3%
Humanitarian Assistance	2.3%	11.2%
Economic Growth	12.1%	20.0%
Infrastructure	9.3%	14.9%

(U) The percentage of total and development budget allocations across the six groups of countries, from most unstable to stable exhibited the following allocation pattern:

⁷ (U) The allocation of developmental funds to the security sector were used to support of efforts to mitigate internal conflict

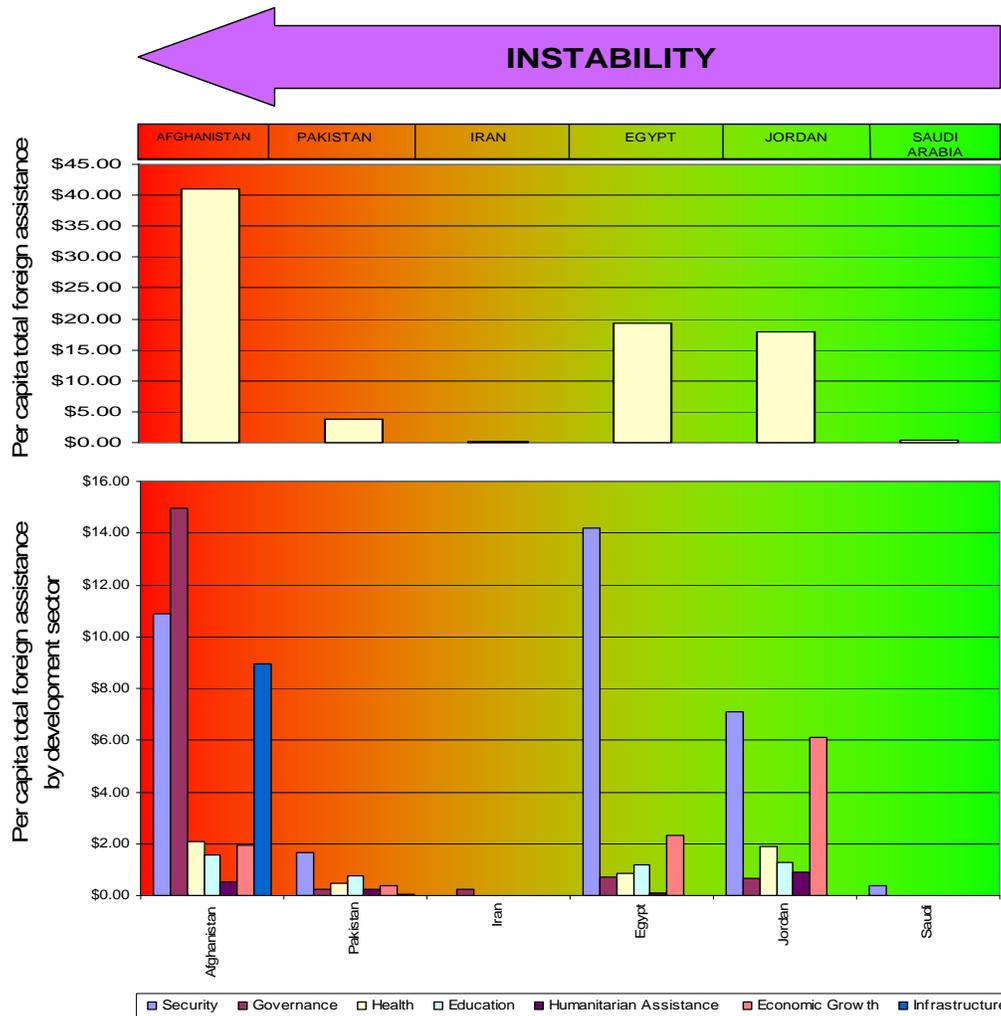
Country Groupings	FY 08 Total Foreign Assistance Budget (\$6.2 billion)	FY 08 Foreign Assistance Budget for Development (\$3.7 billion)
Afghanistan	41.6%	61.5%
Pakistan	12.8%	10.8%
Egypt	29.2%	11.2%
Jordan	15.9%	16.1%
Saudi Arabia	0.2%	0.0%
Iran	0.4%	0.5%

(U) Using the instability typology, the Team examined total FY 2008 *per capita* foreign assistance budget allocations across the six groups of countries to determine if assistance amounts were proportional to the level of instability present in each of the groupings. This was followed by a review of aggregate per capita foreign assistance budgets in each group to determine how available foreign assistance was distributed within the group to ascertain if these resource allocations in fact matched the above analysis of instability. A schematic representation of this analysis appears below.

(U) The summary findings of this analytical effort are:

1. (U) The Afghanistan group, which has the highest level of instability, receives the highest per capita foreign assistance of all country groups. A disproportional amount is committed to the Egypt and Jordan groups where instability is relatively low. The loser in this allocation process is the Pakistan Group which receives a disproportionately small amount of assistance in light of its high level of instability.
2. (U) As would be expected, the Iran group where the United States no diplomatic representation receives the smallest proportion of per capita foreign assistance.
3. (U) In terms of sectors, security receives the greatest share of the foreign assistance pie. Surprisingly, the major recipient is not Afghanistan and Iraq, where major insurgencies are underway, but Egypt where the US has major treaty commitments.
4. (U) Governance is highly invested only in the Afghanistan group. It receives much smaller proportional investments in Pakistan Group, where state failure is a possibility.
5. (U) Economic growth investments are highest in the Egypt and Jordan groups. The Afghanistan and Pakistan Groups receive approximately half of these allocations even though these latter groups have much lower per capita incomes and growing problems with a disenfranchised, unemployed young population.
6. (U) Health and education receive limited assistance across much of the AOR. However, when combined they represent investments double those committed to economic growth in both the Afghanistan and Pakistan groups.

(U) Per Capita FY 2008 Foreign Assistance Budget Allocations by Country Group and Functional Area



(U) The analysis of the drivers of instability and FY budget allocations would seem to suggest the following general conclusions:

1. (U) There is an apparent mismatch of priorities and funding across development categories. Funding is not structured to address key drivers of instability across the USCENTCOM AOR. Even with supplemental funding, foreign assistance funding may be inadequate to address key drivers. It is not just a matter of sequencing and coordination; resources must be better matched to problems.
2. (U) Some non-drivers such as health generate long-term benefits but are not identified as important drivers of instability and appear to be receiving funds that might be better used.
3. (U) Investments made in health and education at the expense of economic growth could have a long-term consequence; the generation of a healthy, well educated youth

population with no employment opportunities, an environment favorable to terrorist group recruitment.

4. (U) Other factors such as youth and infrastructure are important links to stability but do not drive instability by themselves. They are necessary building blocks to lay a foundation for transition to development. These factors should be identified as strategic priorities and resourced early in stabilization operations.
5. (U) Although political constraints will ultimately determine budget allocations, a country's position in the stability hierarchy should help to inform foreign assistance allocations and timeliness of aid.

D. (U) Improving the Process: Constraints and Mitigation

(U) As the analysis above suggests, U.S. development assistance neither tracks the growing problem of instability across countries in the AOR nor is it committed to the appropriate programs within countries that effectively deal with the root causes of instability. The resource allocation and the substantive programming approaches evident in this data suggests that the United States' approach to development assistance remains committed to the long-term development paradigms of the twentieth century and has not adjusted to a more balanced programming approach needed to deal effectively with the problems of growing instability in the twenty first century. The world has changed, and U.S. development assistance efforts need to be adjusted to the new realities. New approaches that significantly change the way the USG defines, plans and implements strategies and programs in the USCENTCOM AOR are required. To be sustainable, changes will have to be institutionalized through a complementary set of adjustments in programming authorities and Congressional oversight.

(U) The purpose of this section is to identify key constraints in the foreign assistance structure that inhibit realignment and recommend a set of short- and medium-term changes required to resolve them. Recommendations represent an interlocking set of adjustments that are mutually reinforcing. Taken piecemeal or separately they are not likely to achieve the desired synergies or effects required to significantly improve performance.

(U) Constraint One: A Broken Strategic Planning Process. Beginning in 2002, the Bush administration began the process of disassembling USAID's strategic planning process. This process was specifically designed to develop Agency, region and country specific strategies to coordinate and guide medium-term resource allocations so they addressed key long-term development constraints as identified in technical assessments. To better coordinate all U.S. foreign assistance efforts, the intent was to transfer this function to the DoS, where strategic outcomes across the whole foreign policy spectrum would be married to resource allocation thus improving effectiveness and results. Unfortunately, in the process USAID's capacity to develop substantively sound strategies that translated national foreign policy goals into effective regional and country level strategies was lost. Efforts within the DoS to establish a strategic planning capability within the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) have been understaffed and under resourced. S/CRS has consistently lost the annual resource allocation battle to DoS' more powerful regional bureaus. Consequently, budgeting which is now housed in DoS' Foreign Assistance Bureau has taken on the attributes of an accounting, not a

substantive problem solving process where funds are distributed to meet Congressional earmarks and maintain constant country level commitments.

(U) Constraint Mitigation. The decline in strategic planning capabilities needs to be reversed and systemized through out the foreign assistance delivery structure. Both the DoS and USAID require robust planning capabilities with the professional staff and resources need to drive the resource allocation process. Without these capabilities neither agency will be able to participate and effectively interface with USCENTCOM's large and well funded planning apparatus. The following actions are recommended for consideration to reestablish this capability.

1. (U) Reestablish USAID's Program Policy and Coordination Bureau (PPC) to guide overall strategic planning at the Agency, region and country level, assure that plans at each level are nested and consistent with overall U.S. foreign policy objectives and manage a program monitoring and evaluation system to assure that operational plans at the region and country level either achieve or exceed planned effects.
2. (U) Include full time representatives for other U.S. agencies involved in the delivery of foreign assistance within USAID's new Bureau to better integrate an all-of-government approach to planning.
3. (U) Strengthen planning capabilities in S/CRS by assuring planned staff and resource levels are in fact supported. The key responsibility of this office would be to constantly track instability through out the AOR and facilitate the incorporation of information on key drivers into USAID plans and programs.
4. (U) Establish country level strategic planning and monitoring capabilities involving both civilian and military personnel. Country level joint task force would serve as a staff planning function under the leadership of the Ambassador responsible for planning and monitoring all development efforts in the country under a common strategy. Formation of these joint task forces would have to be sequential starting in those highly unstable countries (Afghanistan, Pakistan, Yemen, and Tajikistan) first and then expanded.
5. (U) Pilot test an organizational structure that links USAID improved strategic planning capabilities with those of USCENTCOM's Directorate for Plans, Policy and Strategy (J-5). Institutionalizing this structure, if appropriate, would require the cross placement of military and USAID planners in each planning unit and the integration of service into each organizations carrier development and promotion structure.

(U) Constraint Two: The misalignment of development plans with the realities on the ground: The U.S. Government continues to focus on poverty reduction as the key decision variable in developing its foreign assistance program. While this has merit in dealing with poor but stable governments where development interventions have the luxury of time to produce results, it is not appropriate in unstable environments where more time sensitive results are required to assure the viability and survivability of government. In these environments, development assistance agencies such as USAID need to redirect their focus more explicitly on citizen perceptions of instability and design development interventions, whether they be in security, economic, service delivery or governance, that deal directly with changing citizen perceptions and improving government legitimacy in the short term. The U.S. military must be included to begin these efforts at the earliest phases of operations. Unless this is done, we will

continue to invest scarce development assistance resources on efforts that offer minimal impact on reducing instability.

(U) Since 9/11 both the DoS and USAID have developed and tested a set of methodologies capable of measuring instability and its drivers at the nation, sub-national and local level. S/CRS's Interagency Conflict Assessment Framework (ICAF) focuses on identifying the causes of instability at the national and provincial levels. The methodology has been field tested and applied in a limited number of locations in the AOR; Tajikistan (national level) and Afghanistan (provincial level). In addition, USAID has developed a complementary Tactical Conflict Assessment Planning Framework (TCAPF) to identify and monitor instability at the local level. The approach has been field tested successfully by the U.S. Army in Afghanistan and by the U.S. Marine Corps in Iraq. To date USAID's Office of Military Affairs (OMA) has trained 4,000 U.S. servicemen and women in the methodology and has been asked by the Marine Corps to expand training to all members of the Corps. Finally, USAID has developed a set of substantive approaches or tools to guide the development of program interventions specifically addressing steps that might be taken to reduce potential drivers in areas such as land ownership, conflict adjudication and household livelihoods.

(U) While all of these efforts are compatible and complement each other, they have not been coordinated within or across either agency. For example, the ICAF and TCAPF tools have never been applied sequentially in the same country even though there are a number of advantages in doing so. TCAPF data if analyzed appropriately feeds into, informs and tests the assumptions applied in formulating ICAF strategies. Repeated applications of the TCAPF instruments improves the granularity of situational awareness, serves to monitor changes in citizen perceptions at various levels in a governmental system to update and improve ongoing interventions, and provides the information necessary to continuously test ICAF strategic assumptions and programming recommendations, thus transforming it from a static to a dynamic planning instrument. Rarely do governments within the AOR have this level of granularity available to understand the potential problems they face. Providing transparent access to ICAF and TCAPF assessment results could strengthen host country partnerships through information sharing and engagement, increase government's awareness of growing internal problems amenable to joint action, and change the U.S. image as the harbinger of bad news to that of an active partner in resolving internal problems. Where growing instability has been identified as a problem, the design approaches developed by USAID as well as those under development by Rand Corporation, need to be more broadly available to guide intervention design.

(U) Constraint Mitigation. Although there are a number of advantages to the joint application of these methodologies and design tools through out the AOR, resources constraints and intra and inter departmental rivalries have mitigated against broader application. Immediate steps needed to reverse this situation would include:

1. (U) At the very least, coordinated application of both the ICAF and TCAPF models are required in the most unstable countries within the AOR. ICAF assessments need to be conducted in those parts of Afghanistan not previously surveyed and in Tajikistan, Yemen and Pakistan. Where ICAF strategies have been developed (Tajikistan and

Eastern Afghanistan), they will need to be updated to reflect ICAPF findings and expanded to an all of Afghanistan, Pakistan and Yemen effort.

2. (U) An interagency team needs to be established to assure the compatibility of each instrument, resolve incompatibilities that might appear with broader application, and tie guidance on design approaches more tightly into intervention design efforts.
3. (U) Increasing staff and financial resources committed to supporting broader application of the assessment and planning approaches already developed will be needed. This would include support to train U.S. or host nation military personnel in the application of the TCAPF in those areas not accessible to civilians.
4. (U) Design guidelines either developed or under development need to be shared more widely and incorporated into USAID, DoS and military training programs. Training, however, may not be sufficient to deal with the location specific nature of problems. Virtual mentoring systems which expand field reach back to experienced practitioners, such as the one under joint development by USAID and the U.S. Army's Lessons Learned and Battlefield Knowledge Systems groups at Ft. Leavenworth in micro-finance development, need to be examined and expanded if appropriate.

(U) Constraint Three: Inflexible development appropriations and delivery mechanisms:

Currently, USAID's development assistance budgets are heavily earmarked by Congress to support health and education programs. These programs are more understandable to constituents, but they inhibit the formulation of interventions that directly deal with the drivers of instability within the region. In countries where growing instability mounts direct threats to U.S. foreign policy interests (Pakistan, Afghanistan and Iraq), supplemental appropriations which eliminate earmarking constraints have been used. While necessary, this system remains reactive and does not institutionalize a budgeting process that has the flexibility to effectively prevent or ameliorate the drivers of instability before they become major problems.

(U) System inflexibility is enhanced by budget procedures in use in both DoS and USAID in the development of budget submissions. Both agencies use zero-based budgeting techniques to develop annual submissions. While this process fosters predictable country budgets, it does not offer the flexibility to respond to growing insecurity problems within the AOR. A key example is Yemen where development budgets have remained relatively constant – even as instability has increased dramatically and the threat of transnational terrorist sanctuary is becoming a reality. Adoption by DoS and USAID of DoD's Planning, Programming, Budgeting, and Execution System (PPBS), which has a five year planning horizon and more internal flexibility, might provide an alternative to the current system. USAID has recently reached agreement with DoD budgeting experts to explore this option. Including representatives for DoS' Foreign Assistance Bureau in the exercise and moving up the implementation schedule should be considered.

(U) Changes in these systems will not be easy. Past appeals have been viewed negatively by Congress as self-serving and easily defeated by lobbyists representing the private and non-governmental client organizations that rely on current earmarks for their livelihoods. Empirical data collected through the broader application of ICAF analyzed in conjunction with current budget allocations and uses in highly unstable countries in the region would provide a sound basis for reengaging with Congress to argue for needed adjustments. The kind of analysis conducted in this assessment if expanded and deepened could provide the empirical evidence

needed to assess the impact of earmarks, identify their implications on effectively dealing with instability and justify, if appropriate, steps needed to argue for their decreased use. The suggested analysis would build on more theoretical work done by USAID with DoD support to assess the effect of earmarks on the achievement of development effects.

(U) Constraint Mitigation: The rigidity of the current earmarking and budget formulation process, limits the allocation of sufficient funds in the right mix to deal with growing instability problems in the AOR. *Unless difficult adjustments are made in both these processes, development assistance budgets will continue to place scarce resources in the wrong place, at the wrong time, solving the wrong problem.* Initial steps that need to be taken to make the case for change include the following:

1. (U) USAID, DoS and DoD needed to jointly commission an in-depth evaluation of the costs of earmarks on their ability to deal effectively with the growing level of instability within the AOR. Building on work already conducted by USAID and the DoD, which would incorporate new ICPF data, the evaluation could produce specific and actionable recommendations for change in an acceptable timeframe.
2. (U) USAID and State with DoD assistance should immediately begin exploring the costs and benefits of shifting their current zero-based budgeting system to the Planning, Programming, Budgeting, and Execution System (PPBS) used by DoD.
3. (U) The completion of these efforts and the formulation of a Congressional engagement strategy, if appropriate, will take time. An interim solution, which would establish a Central/South Asian Development Councilor to complement USAID Middle East position, needs to receive serious consideration. To assure effectiveness both positions will require statutory authority and budget resources to effect target assistance on key problems that promote instability in their respective regions.
4. (U) While USCENTCOM would not have a direct role in implementing the above recommendations, their active involvement and assistance in pursuing the recommendations especially within the DoD would be of assistance.

(U) Constraint Four: Overreliance on project rather than host government implementing partners: Over the past decade, US development assistance programs have gradually moved away from working directly with governments in the region, relying more heavily on the use of U.S. implementing partners. This has been the result of multiple factors; increased corruption within governments which endangers the delivery of development assistance, the declining capabilities within host country governments to audit foreign assistance financing, greater Congressional and auditor oversight of declining budgets, and the need for short-term results to assure continued appropriations. Combined, these factors have reduced the willingness of USG development agencies to take risks and encouraged them to focus on more easily obtainable results. Working outside of host governments also has had its costs. It has not generated the host government capabilities necessary for long-term sustainable growth or led to state-building models that balance national institutions with local government capacity development and citizen participation in governance, necessary building blocks of stable regimes. Reliance on U.S. implementing partners has generated demand for non-government employment, enticing the most qualified civil servants in places such as Afghanistan from government service and exacerbating public service delivery further.

(U) Constraint Mitigation: Building capable government institutions at all levels in a system – nation, provincial and local – is the key building block to achieving stable regimes able to meet the needs and aspirations of their citizens. Working through governments would not necessarily mean reducing demand for U.S. implementing partners, a political sensitive topic. It would require shifting a portion of the development budget through government budgeting systems and providing professional staff, in part from current U.S. implementing partners, to oversee and mentor improvement in the effectiveness of the system at all levels. To move toward achieving this goal:

1. (U) USAID should commit itself to obligating 25% of its development assistance budget through host government institutions in the AOR within the next 5 years.
2. (U) Complementing this reallocation, focused technical assistance working to strengthen those government agencies involved in the budget execution process would be required to improve budget execution, reduce the mismanagement of funds and streamline and make the process more transparent.

(U) Constraint Five: The absence of structures and authorities to deal with cross-boarder problems: Both USAID and DoS are structured specifically to manage bilateral relationships. This exclusive country focus limits their ability to deal with cross boarder problems and opportunities, such as water, electricity, insurgent activity, crime (including narcotics trafficking), and refugee flows. The bilateral structure of development assistance and the inability to pool development financing with other bi- and multi-lateral donors, such as the World Bank and the Asian Development Bank, has impeded effective treatment of these problems and reduced U.S. capabilities to leverage adequate support and coordination for these often large and complicated endeavors. The Interagency – and USCENCOM – must develop new structures to effectively address cross-boarder issues.

(U) Constraint Mitigation: A number of adjustments within USAID and USCENCOM should be initiated to deal with this problem. They could include:

1. (U) USAID should immediately establish a strategy to seek the appropriate authorities to obligate funding to support regional in addition to national objectives. To improve the chances of success, initial efforts should focus on gaining the authorities needed to pool country and international financing of the development issues that surround cross border terrorism in Afghanistan and Pakistan and the growing water/energy sharing issues in the Central Asian States and the Levant.
2. (U) USCENCOM should consider establishing an organizational unit capable of tracking transnational issues. Such a unit would provide the CDR USCENCOM with the political, economic and technical context within which these transnational issues occur and provide the planning staff he would need to effectively interface with complementary civilian units. USCENCOM's symposium on regional water resource management issues in Central Asia is an excellent starting point. This unit could be housed within USCENCOM's new Directorate for non-lethal problems, recommended below.

(U) Constraint Six: The lack of a unified focus within USCENTCOM to deal with non-lethal problems. The above recommendations deal primarily with the civilian agencies and the Congressional committees that they interface with in the formulation and implementation of the foreign assistance budgets and programs. A more limited set of adjustments are needed within USCENTCOM itself to make more efficient use of interagency development inputs in their own strategic and operational planning processes. Currently the responsibility for identifying, planning and operationalizing efforts to deal with non-lethal problems is spread across a number of different USCENTCOM directorates who do not necessarily coordinate with each other.

(U) The Intelligence Directorate (J-2) is responsible for identifying up and coming issues that could affect the achievement of USCENTCOM's strategic objectives. The Directorate however has limited capabilities to analyze non-lethal intelligence within a broader development, economic, governance context to make informed decision on what is important and what is not. The Afghanistan drought provides a case in point. While analysts correctly identified wheat production shortfalls as a major problem, they did not have sufficient understanding of the complex formal and informal regional wheat market systems within which Afghanistan operates to determine the importance of the shortfalls or to recommend the appropriate level of USCENTCOM's response. The Plans and Strategy Directorate (J-5) is responsible for integrating development, economic and governance elements in the formulation of country and theater wide strategies. Unfortunately, J-5 planners while well trained in the Military Decision Making Process (MDMP) they have limited substantive experience or training in non-military planning procedures or the substantive skill sets – macroeconomic theory and policy, agriculture economics and development, health and education administration and service delivery, etc. required to understand developing country environments. The foreign area officers in the J-5 focus on POL-MIL, mil-to-mil, or other aspects of security assistance. They generally lack the training and experience to conduct interagency coordination to specifically address civil considerations and have limited exposure to the small group of interagency strategic planning professionals who deals with similar issues from a civilian perspective.

(U) The Operations Directorate (J-3) responsible for translating strategy into country and sub-regional operational plans does work with the interagency through the Joint Interagency Task Force on Irregular Warfare (IATF-IW). These efforts tend to be at the tactical level i.e. counter narcotics and threat financing. Where efforts have addressed strategic issues, i.e. the involvement of the interagency in defining effects needed to determine if strategic goals have been met in areas outside of USCENTCOM's responsibilities (governance, economics, rule of law, etc) results have been problematic. Tasks have been narrowly defined involving interagency participation at the desk officer level. The position of these officers in the development assistance hierarchy may or may not guarantee that these officers are briefing senior management on the process. Failure to develop an engagement strategy shared with and acceptable to senior civilian managers has left them unaware of their agencies involvement in the process and often resentful of what they believe to be U.S. military incursions into their area of responsibility.

(U) Constraint Mitigation. There are a number of steps that could be taken to improve the integration of overall USCENTCOM's planning/operational process and to integrate it more effectively with the interagency process. These steps are summarized below for consideration:

1. (U) The USCENTCOM Commander should consider establishing a non-lethal strategic/operational planning directorate to complement changes in the interagency planning process suggested above. The new Civil/Military Operations Directorate (J-9) would become the single point within the staff for non-lethal planning and coordination.
2. (U) The USCENTCOM Commander should consider ways of improving the coordination between intelligence, strategic planning and operations and assuring that recommendations from each of these functional directorates are consistent with J-9 plans. One option for improving coordination would be the establishment of a senior level DEG advisory board to the Commander that would vet USCENTCOM strategies and plans to assure appropriate development issues are adequately addressed.
3. (U) Consider deployment of military officer trained and experienced in development issues and the interagency in USAID missions throughout the AOR. This officer's primary duty would be to participate in Mission level strategic planning exercises to assure that USCENTCOM's views are represented, coordinate Mission planning with that conducted at USCENTCOM and serve as the link between the Mission and USCENTCOM headquarters.

9. CONCLUSIONS

(U) Numerous interventions and studies have been conducted over the past several years by well qualified teams and individuals regarding countries within the AOR and in the larger region. Best practices, lessons learned, and ways to move these contexts forward have been elicited from such efforts. Current recommendations focus on operationalizing those lessons learned, and revolve around assisting governments (without constructing parallel frameworks that undermine our stated objectives), donor agencies, and the military to effect change within lines of operation where this may be feasible or possible. It also entails taking specific actions to *change* structural problems within organizations that have kept application of recommendations from being the most effective.

(U) Recognition of respective agency limitations and management of expectations requires an assessment of what we can and cannot realistically do, with recommendations on adjustments in the way foreign assistance is planned, programmed, and administered to overcome key constraints. A better understanding of local dynamics is needed. Designing interventions that are *adaptable* to the context, with the program and budgetary *flexibility* to follow through are absolutely necessary. If our objective is to improve governance at all levels, the space to allow these systems to mature in order to draw down our own forces must be supported. We must recognize that we may be able to foster the key social contract between people and their governments only indirectly.

A. (U) Recommendations: Objectives

1. (U) A New Civilian/Military Compact on Development. There is a constant tension between the military and civilian agencies that share the same battle space. Military commanders strive for immediate results that reduce the risk of violence to their personnel. Development specialists focus on repairing the structural faults in recipient country institutions, which have or could produce, a crisis in government legitimacy leading to the

need for U.S. military involvement. These approaches are not necessarily compatible, and tension between the two often leads to disjointed programming and substandard results.

(U) A new understanding needs to be forged between civilian and military counterparts. Civilian development professionals need to accept that in certain highly unstable situations, such as Iraq and Afghanistan, they will need to deploy interventions that produce quick results in support of military COIN operations. While these interventions may not progress directly toward longer term development objectives, they should at the very least not harm conditions for the attainment of these objectives. On the other hand, military commanders have to accept that all development resources cannot be allocated to achieving short-term results, but investments which seek to repair underlying structural faults are essential if short-term COIN gains are to be sustainable. Those longer term efforts need to begin at the same time as the short-term interventions if they are to be properly synched and sequenced. A formal understanding between the U.S. Military and the civilian foreign assistance components of government is needed to establish that:

- a) (U) The civilian side would continue developing approaches that complement COIN operations and have the staff assets to employ these approaches in short-term and kinetic situations, and,
- b) (U) The military would concur that more structural interventions with longer term payoff are needed to make COIN gains sustainable.

2. (U) A New Approach to Working with Governments in the AOR. Many of the governments with which the U.S. interacts in the AOR are led by elitist regimes whose primary concern is the retention of power, not necessarily the welfare of their citizens. They also do not welcome outside advice on how to govern. Trying to leverage change in these governments by conditioning development assistance has not been effective, and often resulted in a negative reaction and missed opportunities to advance U.S. interests by decreasing instability (such as in Egypt), thus limiting future U.S. influence. Restructuring development relations with governments within the AOR that reflect a mutually agreed upon set of programs is required. These have to be grounded in the realities of the country's political economy, and reflect the challenges that the government faces rather than what the U.S. believes those challenges to be. Detailed information on local conditions, developed through the application of methodology and shared with the government, such as TCAF, could establish a common understanding of the drivers of instability. U.S. assistance applied in support of the host country's approach to these problems, not the U.S.'s, would assist in developing a realistic working partnership. Focusing on budget execution, which is a problem through out the AOR, can provide an initial entry point for action acceptable to many governments in the region. This approach is presented in more detail below.

(U) To establish this new working relation, three broad recommendations are suggested:

- a) **(U) Improve government legitimacy.** A more pragmatic approach that presents a win-win situation rather than normatively loaded recommendations for change, such as improving democracy, is required. Focusing on increasing the capacity and effectiveness of governments to deliver public services and meet the needs and

expectations of their citizens is a more palatable approach. A comprehensive approach involves three distinct stakeholders: government, civil society and the private sector. Efforts in the past that have not integrated the needs and obligations of each have proven ineffective. In order to have actual impact on government legitimacy, however, a change in donor funding structures is needed. A restructuring of foreign assistance funding so that more passes through the government budgeting system is recommended. A strategy worked out with governments to what is desired and expected, and then holding that government accountable for the results may be more effective. There will be a certain level of flaws in government execution and in use of resources that will need to be acceptable to achieve results.

- b) **(U) Budget Focus and Fiscal Decentralization:** A renewed focus on the national budget may be seen as the point of entry. The national budgeting process in each country in the region is more than a resource allocation process. It represents the social and political process that nations use to define and act on priority public problem sets. In all countries throughout the AOR, budget expenditure rates are far below acceptable levels. This shortcoming provides the U.S. with a window of opportunity to open discussions with governments on means to improve budget performance. This should also be pursued at the sub-national level, following a two-step sequenced approach. The first would focus on greater use of U.S. budget support and multi-donor trust funds targeted at the provision of block grants that sub-national jurisdictions can use to deal with locally defined problems. Involving local citizens in the identification, design, and oversight of block grants would spur debate on the sources and uses of government resources, improve government legitimacy and accountability, set forces in motion to reduce local corruption, and provide important “lessons learned” in progressing to phase two in the process, full budget decentralization. Continued involvement of citizens in this process, either through their elected officials or advisory boards would expand the transparency of the budgeting process, more effectively link available resources to the needs and expectations of the population, and continue steps to improve government legitimacy and control corruption. Credible, publically-disclosed financial data will dramatically improve the ability to secure external financing from other bi-lateral donors and the International Financial Institutions (IFIs).
- c) **(U) Catalyze private sector investment.** This would require a two-step *quid pro quo* process: withdrawal of the government from overbearing rent seeking regulatory structures and the use of an all of U.S. government approach (U.S. backed loan guarantees and insurance) to buy down investor risk. To spur private investment and enterprise growth at the country level, actions to restructure and simplify government approval of business start-up and closures, access to credit, and the equitable enforcement of existing regulatory regimes is required. Complementing these efforts would be actions to improve the capacity of local government staff responsible for implementing new regulatory regimes. These capacity building efforts would need to be balanced against strengthening audit and oversight structures to monitor performance and reduce rent seeking; establish private sector and professional associations to advise regulators on impact and

reduced corruption; and strengthen the ability to adjudicate contract disputes and enforce property rights over private and business assets. To reduce investor risk, better coordination between other U.S. agencies, such as the U.S. Export-Import Bank, the Overseas Private Investment Corporation, the Department of Commerce and the U.S. Trade Representative would be required.

B. (U) Recommendations: Institutional Changes

(U) In support of the flexible approach recommended by the DEG Team to improve the delivery of foreign assistance to countries in the AOR, the following specific adjustments in the institutional structure that supports foreign assistance delivery are being recommended:

a) (U) Unity of Effort

(U) A Strong and Effective Strategic Planning Process. The decline in strategic planning capabilities in USAID, the DoS and other relevant civilian agencies such as Treasury needs to be reversed and systemized throughout the foreign assistance delivery structure. Civilian organizations require robust planning capabilities with the professional staff and resources needed to drive the resource allocation process. Clarifying priorities, methods and instruments is key across the Civil-Military spectrum. Without these capabilities the USG will not be able to participate and effectively interface with USCENTCOM's large and well funded planning apparatus. This should be accompanied by robust training programs for both civilian and military personnel to be familiarized with systems and approaches of each other respective agencies. Substantive training to civil affairs units regarding the development of realistic expectations of what can be achieved and timelines would improve military understanding of development and ensure continuity of efforts and follow up.

(U) The lack of a unified focus within USCENTCOM to deal with non-lethal problems. The above recommendations deal primarily with the civilian agencies and the Congressional committees with which they interface in the formulation and implementation of the foreign assistance budgets and programs. A more limited set of adjustments are needed within USCENTCOM itself to more efficiently use interagency development inputs in their own strategic and operational planning processes. The report suggests for USCENTCOM consideration three actions; first, the establishment of a Directorate responsible for non-lethal planning; second, the formation of a senior-level civilian staff group to advise the Commander on DEG related issues, and, third the deployment of USCENTCOM personnel to participate on country-level strategy formulation and oversight teams.

(U) Increased coordination with international community. The international community, especially the United States, coalition partners, the United Nations, and neighboring states, has to coordinate and cooperate to ensure that their collective efforts will be maintained and adequately resourced as long as needed. The United States should take the lead, through the U.S. Special Envoys in the region, to coordinate efforts. This coordination should lead to: 1) allocation of adequate resources for outreach programs to

communicate the importance of the mission to domestic and international constituencies; 2) support development of a contact group of key international players to meet regularly to steer strategic planning of the international engagement; 3) demonstrate real commitment to coordination mechanisms as joint efforts; and 4) encourage mutual accountability and greater effectiveness of donors by using proper tools of auditing and evaluation.

(U) Close coordination is particularly needed to deal with issues that cross boundaries. Examples include water management, generation and distribution of electricity and energy resources, trade, and the support of the private sector in unstable business environments. In the last example, U.S. and other international partners would introduce subsidized guarantee programs that provide inexpensive insurance against political risks and force majeure to encourage local business people to create jobs by investing in their countries, rather than sending their capital overseas. The insurance would cover all aspects of a business, e.g., property rights, moveable assets, and employees. Efforts can also expand coverage by the U.S. Overseas Private Investment Corporation (OPIC) and similar organizations in other countries to encourage U.S. and other foreign companies to joint venture with local businesses.

b) (U) Improving the Effectiveness of Efforts

(U) Realign ongoing development activities with the realities on the ground.

Adequate resources should be directed towards main drivers of instability in the AOR. There is currently a mismatch between activities and funding. For example, in **Afghanistan**, much of the USAID funding is geared towards education and health infrastructure while the main drivers of instability are lack of physical security, lack of jobs and overall economic opportunity for youth, and the inability to fulfill basic human needs such as food and water. In addition, the drug trade in Afghanistan should be confronted with increased emphasis, since it is a means to finance the insurgency. In **Yemen**, the bulk of USAID's funding is going towards education and health while the sources of instability, although not yet accurately defined, are believed to be unemployment and lack of basic skills. Additionally, realistic benchmarks need to be measured against realistic expectations, and evaluated at certain points during and after rotations of military and civilian personnel. Metrics need to be designed to capture this and measured against those benchmarks.

(U) Inflexible development appropriations and delivery mechanisms. Currently, development assistance budgets are heavily *earmarked* by Congress to support health and education programs. These programs are more understandable to constituents, but they inhibit the formulation of interventions that directly deal with the drivers of instability within the region. In countries where growing instability mounts direct threats to U.S. foreign policy interests, some supplemental appropriations which eliminate earmarking constraints have been used. While effective, this system remains *reactive* and does not institutionalize a budgeting process that has the flexibility to effectively prevent or ameliorate the drivers of instability before they become major problems. The rigidity of the current earmarking and, particularly the budget formulation process, limits the

allocation of sufficient funds in the right mix to deal with growing stability problems in the AOR. Unless difficult adjustments are made in both these processes, development assistance budgets will continue to place scarce resources in the wrong place, at the wrong time, solving the wrong problem.

(U) Provide support to operational units to fully utilize best practices, lessons learned and big ideas that are learned during implementation. This would involve resourcing strategic planning, design and technical capabilities at the implementation unit level. Effective results are influenced by the quality of intervention design, which is determined in part by matching of appropriate technical knowledge to local needs and environment. However, the pressure on the ground is usually to meet mandates from headquarters or country capitals with little time or resources to address quality of design, much less changes that need to occur during implementation. We do not currently offer adequate options to operational staff to address this gap. (This is related, but additional to, points 1 and 7 above). Conscious follow-up is imperative. Information on best practices will only have value if reports and mechanisms institutionalized across agencies are accessible and utilized, rather than ending up on the shelf. Routine follow up on monitoring and evaluation results, and on performance measures, need to be available to assess appropriate benchmarks that inform us whether the intervention is working

(U) Local conditions matter. Enable local level analysis and input to be integrated into the planning/intervention cycle. Tools should be employed that enable: (1) periodic surveying of the attitudes and priorities of local populations, and (2) regular technical analysis of selected aspects of local and regional environments that are linked to drivers of instability (this can be anything from the water table to town markets to power struggles). Results from both of these areas should be incorporated into all phases of interventions: planning, design, implementation, monitoring and evaluation. This is not only essential for COIN environments, but for building sustainable foundations for transition from crisis to development once stability is achieved. The type of data generated in this approach is also essential to build local capacity. This would help to address situations where analysis and learning at the operational level is missed that may enable more effective results to be achieved. Finally, it should go without saying that U.S./international officials in the field will generally have a better feel for the local dynamics than officials in capitals, and in most cases those with the best understanding will be the officials and citizens of the host countries.

10. APPENDICES

APPENDIX 1: Situational Assessment

APPENDIX 2: Strategic Objectives and Subordinate Goals

APPENDIX 3: Youth Demographics and Employment

APPENDIX 4: PRTS in COIN: Getting From Guns to Governance

APPENDIX 5: Improved Budgeting and Fiscal Decentralization

APPENDIX 6: Addressing Drivers of Radicalisation and Extremism

APPENDIX 7: Country Group Reports

APPENDIX 8: DEG Country Typology – Development Data Matrix

APPENDIX 9: Military Role in Health Sector Development

(U) APPENDIX ONE: SITUATIONAL ASSESSMENT

1. (U) EXECUTIVE SUMMARY

(U) In environments where the state is not considered legitimate by its population, development interventions should create links between the government and its people, rather than between citizens and an external actor. Even when this is the goal, relationship-building often occurs in two stages: first, building a relationship between “us” and “others,” and then, shaping the relationships between the “others.” This has important implications for the modalities the USG uses to achieve its development objectives. In planning and implementing development programs, the USG needs to be clear about its goals, whether to get goods and services out quickly to people or to build a relationship between people and their government. It then needs to ask some basic questions about what relationships exist, which ones to develop and why, and to what effect. This is true in conventional development efforts, but doubly true in those within a COIN context.

2. (U) ANALYSIS

(U) This section provides an analysis of the current situation in the USCENTCOM AOR from a developmental perspective. The paper assumes throughout that the concept of development embraces economic, social, and political (including governance) lines of effort.

A. (U) Why is effective development important to achieving USCENTCOM’s objectives?

~~(S//REL TO USA, FVEY)~~ Of USCENTCOM’s five Theater Objectives, three are identified as contingent on the effectiveness of development activities:

- ~~(S//REL TO USA, FVEY)~~ Promoting common interests to enhance stability.
- ~~(S//REL TO USA, FVEY)~~ Defeating Violent Extremists Organizations (VEOs).
- ~~(S//REL TO USA, FVEY)~~ Helping set the conditions that will enable economic development and broad-based prosperity.

(U) Through the use of U.S. military forces or in partnership with host nations, USCENTCOM can play a vital role to provide the security necessary to pursue these development-related objectives. Yet, as the COIN doctrine recognizes, providing security is a necessary but not sufficient condition for success in these areas. Each also requires sustained, non-military interventions.

(U) Stability depends on many factors. At its core is the establishment of a social contract that defines the relationship between a nation’s citizens and their government. Governments throughout the region must have the capabilities to provide basic public services to all of its citizens (energy, potable water, education, and health). Governments need to establish and maintain economic policies, institutions, and regulatory structures that enhance open markets, encourage the private sector investment required for their growth, and expand employment opportunities, especially for a growing youthful population. Citizens must be allowed to participate in public decision-making through being actively involved in a dynamic civil society and political party structures. These structures help the government articulate it’s citizens

aspirations, involve them in the development and governance process, and provide the information necessary to make difficult but necessary resource allocation decisions. These decisions must be transparent to elicit citizen involvement in dealing with often systemic government corruption and must demonstrate to citizens that its government is listening and acting to address their concerns.

(U) Throughout the AOR, the emphasis governments place on moving toward these goals varies depending on the current environment. In immediate post-conflict environments, such as Iran and Iraq, governments have to focus on restarting basic services and economic activity, re-establishing civilian structures for governance, and establishing legitimacy. In developing countries not in armed conflict, such as Kyrgyzstan and Egypt, efforts need to focus on establishing sustainable economic mechanisms that open markets, enhance productive employment, and encourage active civil societies to forestall possible sources of societal conflict and instability. Even countries with relatively prosperous economies, such as Saudi Arabia and Oman, can enhance their long-term stability by developing political systems that provide non-violent means of expressing opposition to governmental policies and by diversifying their economy.

(U) Defeating VEOs is a multi-faceted task, of which kinetic military action is but one component. Countering extremist ideologies through effective public diplomacy and comprehensive, ideology-free education for youth, improving the transparency of financial transfers to stem the illicit flow of resources, and strengthening governments' capacity to monitor the movement of people and goods across their borders are examples of the development-related activities essential for success in this effort.

(U) There is a growing body of evidence that indicates a significant opportunity to counter radicalization as understanding improves of what drives it and the nature of interventions that would prevent or reduce it. Although it is often assumed that poverty and deprivation are major underlying causes of violent extremism, evidence does not support the assertion that income poverty by itself is a key driver. Rather, other dimensions of poverty are more significant: powerlessness and social exclusion, insecurity or absence of access to justice, and lack of basic services such as health, education or water and sanitation.

(U) Setting the conditions that enable economic development and prosperity is a multi-dimensional effort. Research suggests that civil wars and interstate conflict are primary factors keeping poor countries poor. This means that providing security is a key condition for sustainable development. Yet, stopping the cycle of violence also requires effective conflict resolution and prevention mechanisms, developing alternate sources of livelihoods, and restoring effective and legitimate governance.

B. (U) Overview of the development picture in the USCENTCOM AOR.

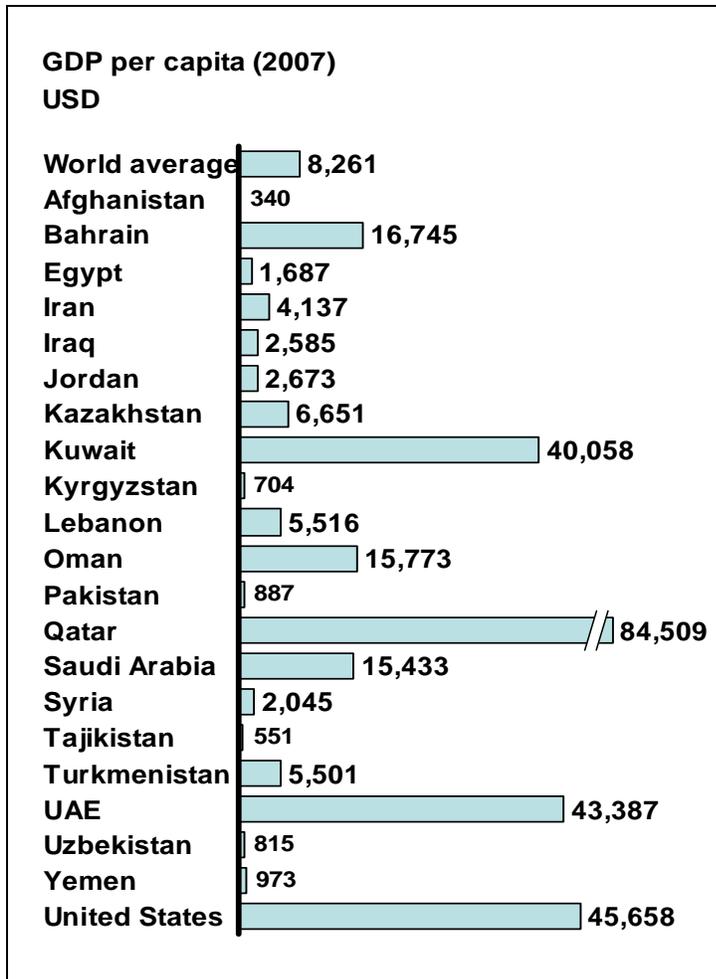
(U) Stagnant Economies. Real gross domestic product (GDP) per capita growth rate for the Middle East was only 2.3% per year between 1990 and 2007; in South/Central Asia by 2.3%

- (U) Overall employment rate of 12% in Middle East; in South Asia 5.3% (World Development Index's narrow definition of total workforce understates this number)

- (U) 20% of population lives on less than \$2 per day; in South Asia 73%

(U) More than 25% of working-age young people in the Middle East are unemployed. Youth unemployment is especially high and increasing in conflict-prone, slow growth countries such as Iraq, Lebanon, and Yemen. However, improved economic policies in other countries, including Jordan and Morocco, have increased GDP per capita growth rates and reduced youth unemployment. While the high youth unemployment rate is primarily due to slow economic growth, rapid population growth tends to offset GDP growth, resulting in lower GDP per capita growth and higher youth unemployment. Slow GDP growth is mainly caused by a government's failure to provide market-friendly enabling environments.

(U) South and Central Asia share two characteristics: a tendency toward interventionist government bureaucracies and widespread corruption. Business often depends on personal connections, and success often can require leveraging relations with government contacts. The tendency to complex and unpredictable legal and regulatory systems combined with relatively underdeveloped banking and financial sectors retard the development of a strong small- and medium business sector, which is necessary to employ growing populations. To facilitate future economic growth, South and Central Asia needs to improve their physical infrastructure, i.e., transportation, communication, power, and information technology. Central Asian economies—Kazakhstan, Kyrgyzstan, and Uzbekistan—tend to be overly dependent on hydrocarbons or one primary sector (cotton production in Tajikistan); these leading economic sectors are closely involved with their governments. Although South and Central Asia have seen recent positive economic growth (2.3% real GDP per capita), even more is needed to raise living standards. Currently, the economies of Pakistan, Tajikistan, Kyrgyzstan, and Uzbekistan all depend on remittances from migrant workers, making them even more vulnerable to the recent global economic downturn.



(U) Sluggish economic growth is often an indicator of a government's unwillingness to trust markets to operate in its or its citizens' best interests. This often leads the government becoming directly involved in the markets. For example, in Tajikistan the government owns all agricultural land and requires 80% of agricultural acreage be devoted to cotton production, not the food crops vital to avoiding food shortages and rising food prices. In Pakistan, subsidizing selected commodities like food and fuel has distorted overall market pricing, growing entitlements, and budget deficits. Excessive regulations placed on private investment and business processes in Afghanistan and Iraq limit business efficiencies, lead to higher production costs and lower profits, and restrict business start-ups and investment. Through out the AOR, but particularly in Tajikistan, Afghanistan, Iraq, Egypt and Uzbekistan, complex and intrusive regulations make it difficult for private investors to enter markets, keep successful businesses from growing and creating jobs, and help unprofitable businesses continue to operate. For example, in Iraq it takes 77 days and costs 1.5 times the average per capita income to get government permission to start a business. To register business property in Tajikistan, 37 days are required. In Kazakhstan, it takes 230 days to enforce a contract and costs 22% of the value of the claim. All of these factors play a role in depressing private sector investments, a key driver of overall economic growth.

(U) Each year the World Bank Group surveys 6,700 local experts, including lawyers, business consultants, accountants, freight forwarders, government officials, and other professionals

involved in administering or advising local businesses on legal and regulatory requirements within their given country. The resulting *2009 Doing Business Indicators* provides a country ranking of the regulatory constraints businesses face across 10 key business functions ranging from starting a business, hiring employees, obtaining credit and export licenses, registering property, to contract enforcement. The survey results for countries within the USCENCOM AOR appear below.

Ease of Doing Business in the Centcom AOR		
Country	2009 Ranking	2008 Ranking
Singapore	1	1
United States	3	3
Saudi Arabia	16	24
Bahrain	18	17
Qatar	37	38
United Arab Emirates	46	54
Kuwait	52	49
Oman	57	57
Kyrgyz Republic	68	99
Kazakhstan	70	80
Pakistan	77	74
Yemen	98	123
Lebanon	99	98
Jordan	101	94
Egypt	114	125
Syria	137	140
Uzbekistan	138	145
Iran	142	138
Iraq	152	146
Tajikistan	159	156
Afghanistan	162	161

Source: The World bank Group, *Doing Business 2009*

(U) Over-regulation has an additional negative effect on government operations especially in those governments with limited oversight, audit, and regulatory capabilities. In these countries, many of which are in the USCENCOM AOR, over-regulation can and has led to excessive corruption within government agencies that administer business regulatory regimes. At each stage in the business cycle, from start-up through expansion to closure, businesses are required to procure numerous licenses, permits and/or approvals. At each point in the process, informal fees are required to have the appropriate regulatory agency grant the required license or permit in a reasonable time.

(U) The length of the regulatory process and the costs it imposes on businesses produces a number of negative effects other than those on government corruption and an enterprise's bottom line. Research has found that in countries where burdensome regulatory structures exist, entrepreneurs sidestep the regulatory process completely and establish their enterprise in the informal sector. This denies government of the tax revenues it should be collecting and distorts

the macro information on the national economy's structure essential for policy-making. Other business owners operate in ways that avoid additional licensing requirements thus constraining the growth of successful business lines or eliminating their formal entry into new business activities. The complex maze of regulations often deters new entrants who may have a least-cost approach to production from establishing a business thus protecting existing businesses with older, more costly technology and organizational structures. This leads to maintaining higher production costs and prices and to lower job creations rates that would exist under more liberal regulatory regimes.

(U) Reforming this system is difficult, but not impossible. Many within the government have a vested interest in opposing change. The extralegal income they collect from operating in the current regulatory regime often forms a substantial part of their income. Others within the business community who have already borne the regulatory avoidance cost or who have already paid their dues often oppose change in order to maintain their market positions.

(U) While change is difficult, it is occurring in a number of countries within the AOR. Egypt and Yemen has been selected as World Bank top reformers in 2007 and 2009, respectively. Yemen has eased restrictions and made it easier to establish a business. Egypt has reformed its property registry leading to a 39% increase in urban properties registered with the government. Reduction in the minimum capital requirements to establish a business in Saudi Arabia has led to an 81% increase in new registered business start-ups. Outside the USCENCOM AOR, where research is limited, measures of the impact of deregulation on economic growth has been substantial. For example, reforms in Mexico have led to a 6% increase in the number of companies registered, a 2.6% increase in employment and declines in prices of 1%. Similar adjustment can be anticipated in the AOR. In countries where reforms are underway, such as those above, additional reforms need to be encouraged and deepened. In others, where reform has not begun or is proceeding in a more negative direction such as Afghanistan, Iraq, and Tajikistan, more work needs to be done to help those governments reverse this trend and tap into the private sector investment that will drive growth and job creation.

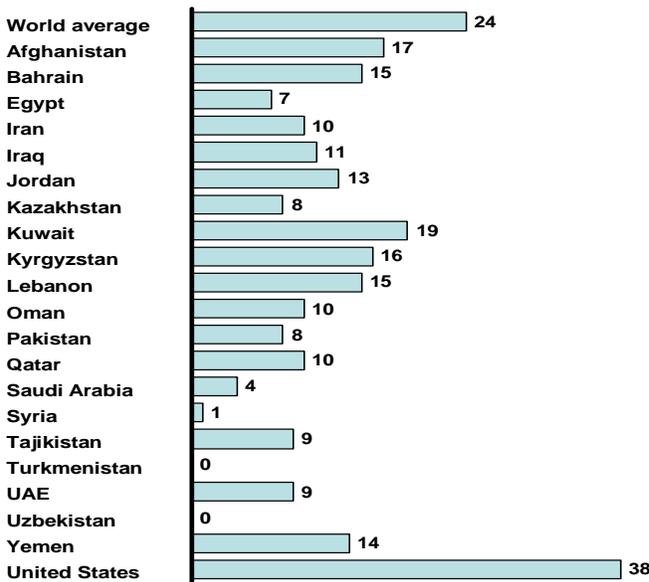
(U) Poor Governance. There are two extremes when it comes to governance in the AOR. On the one hand are entrenched authoritarian regimes that control and instrumentalize all aspects of national power to serve their desire to stay in power. All 20 countries within the AOR fall significantly below the world average for political and civil rights, with Egypt, Kazakhstan, Saudi Arabia, Syria, Iran, and the oil-rich Gulf states rounding out the bottom. These regimes, of which Egypt is emblematic, are extremely adept at alternating between cycles of opening and repression depending on their calculation of the risk to regime's stability. These governments have mastered the technique of co-opting, pressuring, and threatening civil society organizations and opposition political parties in an effort to keep them weak and fragmented. As a result, in many countries, Egypt being a leading example, the only viable opposition is Islamist organizations.

(U) The other pathology associated with authoritarian regimes is their deliberate control and distortion of markets to serve their own interests and distribute rents to key supporters and allies. The common characteristics of economies in authoritarian countries include high regulatory regimes, centralized asset ownership and control, and lack of transparency so that predatory

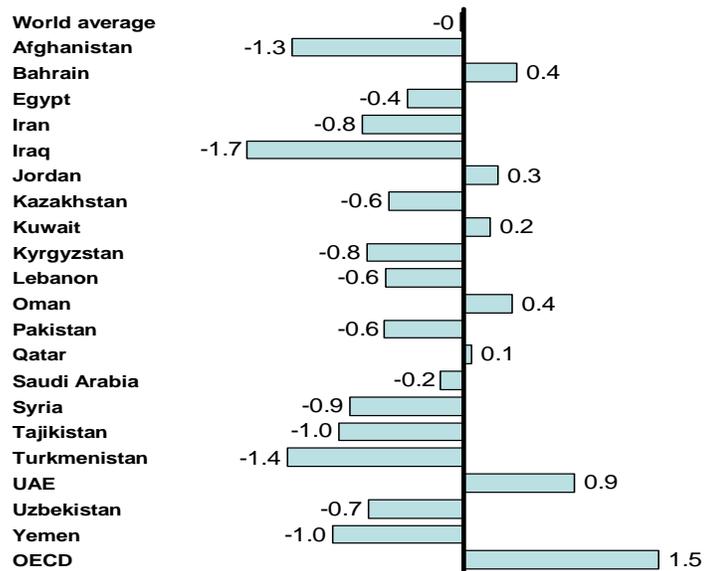
governments can capture returns that would otherwise accrue to private sector investors. These conditions inhibit broad-based private sector entry into markets and lead to short-term investments that maximize fungibility rather than long-term productivity and growth.

(U) On the other extreme are weak governments, notably Afghanistan, Iraq, Pakistan, and Yemen, which are unable to project their authority far beyond the capital or fully control their entire territory. Of the 20 countries in the USCENTCOM AOR, only six—primarily those with oil wealth—are in the positive range for government effectiveness. According to the World Bank government effectiveness index, which ranges from -2.5 (being the lowest) and +2.5 (being the highest), Jordan is the only country not on the Arabian Peninsula with a positive score, at +.03. The rest of the countries within the AOR receive a negative score, with Afghanistan (-1.3), Iraq (-1.7), Tajikistan (-1.0), Turkmenistan (-1.4), and Yemen (-1.0) trailing far below the world average of 0.

Freedom House Political Rights Index
(1-40 ascending scale)



World Bank Governance Effectiveness Index
(-2.5 to 2.5 ascending scale)



(U) These governments also tend to be highly corrupt, which is both a cause and an effect of poor governance. Throughout the AOR, citizens condone a certain low level of corruption in their governments. This occurs when economies are expanding rapidly and per capita incomes and employment are rising. In periods of sluggish economic growth, as is the case in most of the AOR, or where corruption begins to reach exorbitant levels, such as in Afghanistan, citizens become increasingly angry. They begin to question the legitimacy of their government and criticize its inability or unwillingness to prosecute those who are benefiting. Research has suggested that such situations provide opposition groups with a platform they can use to challenge government policy and poor service delivery. If not redressed, the situation provides insurgent groups with the cause and broad-based civilian support required to mount coordinated and violent attacks on government.

(U) In terms of citizens' perceptions of corruption, the USCENTCOM AOR has a disproportionate number of countries in the bottom 10%—Iraq is 178 of 180 countries, Afghanistan is 176, and Uzbekistan, Turkmenistan, and Kyrgyzstan tied at 166 (Transparency International Index). Not coincidentally, these countries also fare very poorly on the World Bank's Political Stability index, as limited state capacity, low legitimacy, ineffective provision of security and justice, and corrupt and ineffectual security forces are both root causes of conflict and fragility and exacerbate ongoing security issues.

**Transparency International
2008 Corruption Perceptions Index
USCENTCOM AOR**

Country Rank (out of 180, 180 being worst)	COUNTRY	2008 CPI SCORE
178	Iraq	1.3
176	Afghanistan	1.5
166	Uzbekistan	1.8
166	Turkmenistan	1.8
166	Kyrgyzstan	1.8
151	Tajikistan	2.0
147	Syria	2.1
145	Kazakhstan	2.2
141	Yemen	2.3
141	Iran	2.3
134	Pakistan	2.5
115	Egypt	2.8
102	Lebanon	3.0
80	Saudi Arabia	3.5
65	Kuwait	4.3
47	Jordan	5.1
43	Bahrain	5.4
41	Oman	5.5
35	UAE	5.9
28	Qatar	6.5

(U) Youth Bulge. Youth comprise significant proportions of the populations of most USCENTCOM AOR countries: 60% of the population in the Middle East is younger than 25, and 33.4% in South Asia are under the age of 14. Youth unemployment rates range from 2-to-5 times those of adults across the AOR. The challenges of 25% youth unemployment and underemployment in the Middle East, of 57% in South Asia, 24% in North Africa, and 18% in Central Asia delays marriages, challenges men's role as family providers, and increases alienation as youths migrate to cities in search of a better future.

(U) The combination of youthful populations, weak governments, and weak economies is widely considered a significant risk factor for social unrest and violent conflict. A number of countries in the AOR exhibit the combination of those factors, especially Iraq, Afghanistan, Pakistan, Yemen, Tajikistan, and Syria, where their youthful populations will persist well beyond 2050.

(U) There is strong evidence that societies with rapidly growing young populations end up with rampant unemployment and large pools of disaffected youths susceptible to recruitment into rebel or terrorist groups. The large number of young people in the Middle East and North Africa presents an alarming demographic challenge characteristic of the USCENTCOM AOR. More than 60% of the population in the Middle East and North Africa is in the reproductive age group or about to enter it. Although some progress has been made in making family planning services available, there are still significant obstacles to the many who want to delay starting or limit their family size. Unless these obstacles (financial, cultural, and educational) are removed, the Middle East will see an unprecedented population boom in the next decade. The current population in the Middle East, 273 million, already straining resources such as water, food, and land, is projected to grow by 27% to 347 million by 2025. Yemen and West Bank/Gaza, where the fertility levels are extremely high and resources low, are projected to grow by 31% and 47%, respectively. This large cohort of youth already places a major strain on education and health systems. Poorly prepared for the labor market by their educational systems, Middle Eastern youth face unemployment rates nearly twice the world average (20–40%, compared with 10–20%). Without the ability to delay early marriage and plan births as they want, young people miss educational and employment opportunities that mark the transition to adulthood. Unemployed and disenfranchised youth with no indication that their governments offer hope for a viable future can significantly threaten stability. However, with improved access to quality education, health, and other basic services, youth can instead present opportunities for growth and prosperity.

(U) In those countries where youth is linked significantly with drivers of instability, youth employment interventions can directly address issues of social isolation and hopelessness of target youth populations, as well as contribute to much-needed economic growth. Features of effective youth employment interventions complement measures for countering violent extremist organizations, such as a comprehensive, integrated approach, with youth outreach across all sectors to facilitate access and influence; a market-based, demand-driven approach offering options not only for a job but also for a vision of self and future; and youth engagement and expectations, incorporating methods that address social isolation.

(U) Access to Scarce Natural Resources.

- (U) 33% and 17% of world oil and gas production the world economy relies on originates in countries in the USCENTCOM AOR.
- (U) There is a silent crisis looming within the AOR on the availability of water due to growing populations, industrialization, and inefficient use in agriculture.
- (U) The Middle East has the highest rate of total renewable water resource withdrawal (about 75% compared with just 2% for Latin America)
- (U) Urbanization is outpacing sanitation services, impacting health and the environment.

(U) The Middle East and Central Asia play a critical role in world oil and gas production. States in the Middle East and Central Asia produce 33% and 17% of world oil and gas respectively. A significant portion of production passes through the Arabian Gulf on its way to markets in the United States, Europe, and the Far East. With world production peaking and demand rising, disruptions in this supply chain, even if they affect only modest portions of world supply, can and have caused major energy short-term spikes in world prices. The spikes have had a dual impact within and outside the AOR. In the oil producing countries in the AOR, notably Saudi Arabia, the United Arab Emirates (UAE), Kuwait, and Kazakhstan they have led to windfall profits bolstering already large sovereign funds, which can be used for development. In oil importing countries, such as Pakistan, Tajikistan, and Kyrgyzstan, price rises have strained already fragile government budgets raising the possibility of financial collapse and reductions in basic public services. Assuring that these lines of supply remain open is a key objective of U.S. foreign and security policy.

(U) Forecasted long-term declines in production will also impact the AOR where agriculture plays an important role in a country's economy. Both pesticides and fertilizer, key drivers in the long-term increase in food production, rely on oil and gas during their production process. Higher oil and gas prices translate directly into higher fertilizer and pesticide prices, reductions in demand and use, lower agricultural production, and increases in locally produced or imported food prices. These increases are exacerbated by increased food processing and distribution cost driven by rising energy prices. The composite increases in food prices have a significant negative impact on net consumers of food, especially the urban and rural poor who spend up to 40–50% of their income on food. Declines in household income driven by rising food prices can and has led to greater instability in already fragile countries throughout the AOR.

(U) A less publicized scarcity issue confronting countries in the Middle East and Central Asia is the per capita decline in water for industry, agricultural production, and human consumption. As populations continue to grow, the amount of water available per person will continue to shrink. This deepening scarcity may be exacerbated by shifts in rainfall due to climate change and increasing water pollution from urbanization and industrialization. As water resources are increasingly pressured, the potential for conflict grows. Many analysts believe that as nations within the Middle East and Central Asia continue to develop, water may become a catalyst for conflict in the AOR. On other hand, dialogue and cooperation about water security can build trust between neighbors and can pave avenues for engagement with restrictive countries in the AOR, such as Iran and Syria. Regional programs that focus on averting potential conflict and encouraging cooperation in water resource management in the AOR are required.

(U) Water has served as the catalyst for over 40 conflicts worldwide and could drive tensions in the AOR as pressures on water supply become more pronounced. As an example of dire days ahead, Yemen's fresh water supply is estimated to last for only one more decade. Mass migration due to lack of water, inconsistent or poor food production, livestock depletion, and unilateral energy generation projects (damming headwaters) all present scenarios that could trigger conflict and cause tension that could fuel other greater disputes. This assessment identifies five water flash points in the AOR: the Jordan River basin, the Tigris and Euphrates River basin, the India-Pakistan Chenab River basin, the Amu Darya and Syr Darya River basin in the Central Asian

States, and the overall lack of fresh water in the Arabian Peninsula. The above list highlights the fact that the AOR's sub-regions all have water issues.

(U) Education.

- (U) Key issue is the gap between knowledge and skills base being created through education systems and jobs available.
- (U) Radical ideologies are being promoted through education systems.

(U) General trends: During the past 15 years, enrollment is generally up in both primary and secondary schools across the region with a decrease in the gap between males and females. For all but a few countries, net enrollment meaningfully increased from 1990 to 2005 for secondary school, but rates remain much lower than primary enrollment rates across the region. Primary enrollment in Central Asia is up to 99%, except in Pakistan, which has a rate below 80%. In the Middle East, Yemen has the lowest primary enrollment rate at 75%. In all other countries, primary enrollment is above 85%. In Central Asia, secondary enrollment rates range from 21–92%; and in the Middle East, 35–82%. During the period from 1990 and 2005, the numbers of girls in primary and secondary school neared the number of boys across most countries in the region. Though in the Middle East, less progress was made for girls' enrollment in secondary school, and in Pakistan, little progress was made.

(U) While in most countries primary completion rates are higher for males, Lebanon has a higher primary completion rate for females. In general, primary male dropout rates are higher or similar to female primary dropout rates. Yet, in Iraq and Yemen, female primary dropout rates are much higher. The portion of primary school age children out of school decreased between 2000 and 2005, except in Lebanon where it increased from 3–6%. Pakistan had the highest percentage in 2005 of 32%.

(U) Literacy rates are generally low in the region. In Central Asia, literacy rates are above 80% only in Tajikistan. In the remaining countries, literacy ranges from 28–61%. In the Middle East, literacy rates for both sexes for all countries, range from 52–74%. Male adult literacy rates are higher than female. In Middle Eastern countries males exceed females by over 20 percentage points.

(U) In the Middle East, the percent of primary teachers trained is high, from 80–100%. The only exception is Lebanon where the percent trained is only 14%. In Pakistan, more than 80% of the teachers are trained. The rate ranges from 31–58% in the remaining countries.

C. (U) What are key development problems in the AOR that will impede USCENTCOM's TCP objectives?

~~(S//REL TO USA, FVEY)~~ As noted above, there are three USCENTCOM TCP objectives that

(b)(1)1.4a, (b)(5)

(b)(1)1.4(a), (b)(5)

(U) When the USCENTCOM TCP objectives are plotted against the countries in the AOR, grouped into categories defined by the USG Foreign Assistance (“F”) Framework, a picture emerges of the pattern of development challenges across the region.

Typology of Problems

~~SECRET//REL US/UK/CA/AS/NZ~~

						
			(b)(1)1.4(a), (b)(5)			

(U) The chart helps identify certain development challenges that either recurs across categories of countries for each TCP objective, or that are of such profound concern for achieving a TCP objective within a particular category that they merit special consideration. This analysis yields the most pressing development challenges for the USCENTCOM AOR which are discussed below.

~~(S//REL TO USA, FVEY)~~ USCENTCOM Goal: Enhancing Stability.

(U) Ongoing Conflict: An environment of ongoing conflict makes development extremely difficult. We also know that a significant proportion of those countries across the world which are poor, are either in or coming out of conflict situations.

(U) The USCENTCOM AOR has two recognized armed conflicts, with conditions building for others. It also has a series of fragile situations marked by conflict of a less intense, asymmetric nature. The impact of conflict on the development aspirations in Iraq and Afghanistan is profound. It significantly changes the nature of development activities that can be pursued and the impact they can have.

(U) Reducing, or removing, the conflict will play a large role in facilitating long-term, sustainable development.

(U) Lack of government legitimacy and effectiveness: Research USAID has conducted indicates that the instability associated with fragile states is the product of ineffective and illegitimate governance.⁸ In this case, effectiveness refers to a government's capability to work with society to ensure the provision of order and public goods and services. In terms of legitimacy, what matters is citizens' perceptions that its government is exercising state power in ways that are reasonably fair and in the interests of the nation as a whole. Where both legitimacy and effectiveness are low, conflict or state failure is likely.⁹

(U) As summarized above, indicators for government effectiveness are low across the AOR. Especially in Afghanistan, Iraq, Pakistan, and Yemen, where governments do not even nominally control their entire territories, poor governance, particularly at the sub-national level, is a major threat to stability and the integrity of the state. The immediate consequence of poor governance is the loss of legitimacy and support for the government, which creates a power vacuum that non-state actors can then fill. A government's ineffectiveness and inability to meet even its peoples' basic needs—including security and justice—also creates a set of grievances that extremists prey upon to recruit the frustrated and marginalized.

(U) Citizens' expectations of their governments go far beyond basic goods and services, primary education, and health care. Governments are also judged by their capacity to provide security and their ability to tackle corruption, even when perpetuated by senior officials. While some level of petty corruption may be tolerated, citizens feel like they are denied resources when it rises to the level of malfeasance. As in Afghanistan, it becomes a primary grievance and source of irritation with the government.¹⁰ For example, according to The Asia Foundation annual survey of Afghan public opinion, 14% of the population named corruption as the biggest problem facing Afghanistan and 57% complained that corruption had increased since 2007. While insecurity was the number one concern for 32% of Afghans stating that the government is moving in the wrong direction, corruption in public administration—and the lack of will to address it—also explains why confidence in and support for the government is faltering. In addition, one cannot overlook the fact that gross

⁸ (U) USAID Fragile States Strategy, January 2005.

⁹ (U) USAID Fragile States Strategy, January 2005

¹⁰ (U) Facilitated Expert Workshop of Afghanistan Governance, USAID, September 2008.

corruption, especially in the police force, enables narco-trafficking and related violence in Afghanistan.¹¹

(U) The impact that low legitimacy and effectiveness have on stability is less pronounced in the authoritarian countries, but could become a greater problem as these countries confront the global economic downturn and unclear transitions in power. In Egypt, for example, it is questionable how long the government can contain emerging frustration and resentment, as it fails to meet its citizens' needs—to provide jobs, services, economic opportunities, and goods. Once thought to be a stable authoritarian regime, Egypt is creaking under the pressure of an aging personalized government and a combination of social, economic, and political factors—including rising inflation, increasing costs of basic goods, the consequences of macro-economic reforms and privatization, unemployment, rising population, and heavy handling of activists by the security services—that have manifested in labor protests, bread riots, and direct criticism of the government.¹² Although these stresses have yet to be channeled in an overtly political direction, the risk is there, especially during a period of uncertain transition.

(U) The second implication is that the denial of genuine political competition has created a situation where the only viable opposition in many authoritarian states is Islamist. These organizations end up with more support and credibility than they would have if they were made to compete on equal footing with moderate parties. Again, Egypt is a case in point in that the Muslim Brotherhood enjoys more support and credibility than it would if it were not the only genuine oppositional force to an increasingly unpopular regime. While in the short-run, opening political competition could result in the victory of the Muslim Brotherhood, in the long-run, many analysts believe they would fail on their own accord.¹³

(U) Implications of Economic Downturn/Declining Remittances: Global economic downturn could have impact on: a) cost of providing development assistance and delivering goods and services; b) ability of governments that subsidize oil to respond to needs of their citizens and counter emerging socio-economic pressures; c) local economy as remittances decline. The degree to which economic instability will affect the AOR varies country to country.

(U) *General Observations*: While some lay offs are to be expected in the GCC construction sector, it is unclear whether job losses would be large enough to result in a net outflow of migrants from the wealthy GCC countries with their ample oil and financial reserves. (Recent World Bank analysis does not find remittance outflows from Saudi Arabia depending on oil prices). However, even if job losses do not create mass emigration, economists predict that net remittances will fall.

- (U) Remittances are one of the less volatile sources of foreign exchange earnings for developing countries. While capital flows tend to rise during favorable economic

¹¹ ~~(SBU)~~ Desktop Corruption Assessment completed by S/CRS for Inter-agency Governance Working Group, November 2008.

¹² ~~(SBU)~~ Egypt Democracy and Governance Assessment, December 2008.

¹³ ~~(SBU)~~ Egypt Democracy and Governance Assessment, December 2008.

cycles and decline in bad times, remittances tend to remain stable even during downturns in recipient countries' economies.

- (U) Historically, remittance flows have also been resilient to downturns in host countries. (In part this is because remittances tend to be a small part of migrants' incomes, and migrants continue to send remittances when hit by income shocks.) The fact that economists predict that they will fall underscores the seriousness of the current economic crisis.
- (U) If migrants do indeed return, they are likely to take back accumulated savings.

(U) *More Specific:*

- (U) After several years of strong growth, remittance flows to developing countries (USCENTCOM AOR alone estimate not found) began to slow in the third quarter of 2008.
- (U) This slowing is expected to deepen in 2009, falling by 0.9%.

(U) Where are remittances important?

(U) *Egypt and the Levant:* Lebanon, Jordan, Egypt, West Bank and Yemen typically receive remittances from oil-rich GCC countries.

- (U) Their guest workers in GCC tend to be in the non-construction service sector and the World Bank believes these remittances tend to be more robust than from those in construction.
- (U) Former Lebanese Ambassador Abdallah Bouhabib estimates that total Lebanese remittance inflows could amount to six billion USD annually, effectively taking the place of an inadequate social welfare network system. (Broadly speaking, remittances play this function across much of the USCENTCOM AOR).

(U) *Pakistan:* South Asia has depended on remittance from GCC.

- (U) The World Bank estimates that remittance flows from GCC countries accounted for 52% of Pakistan's total remittance inflows.

(U) *Central Asia:*

- (U) Johns Hopkins' Central Asia-Caucasus Institute projects that remittances from Russia are equivalent to 20-50% of GDP for Tajikistan and Kyrgyzstan.
- (U) Many migrants from Tajikistan and Kyrgyzstan work at low wage construction jobs in Russia. This sector has been hard hit by the downturn in world oil prices.

(U) *Dangers/Risks:* Projected declines in remittance income can trigger economic and social problems among vulnerable populations in recipient countries, e.g., hunger and health issues.

- (U) Lower remittances translate into lower domestic income, and thus can contribute to civil unrest and could fuel challenges to both authoritarian regimes (Egypt) and weak states (Lebanon, Pakistan, and Tajikistan).
- (U) If migrants lose their construction jobs in GCC, it can result in the return of frustrated, low-skilled, young men to the Levant and Egypt, further increasing local dissatisfaction and potentially leading to civil unrest and a larger pool of recruits for extremists.

- (U) The reduction/loss of remittance income can lead to increased domestic frustration with ineffective Central Asia regimes' ability to provide minimum services.
- (U) Loss of remittance income is particularly worrying for Kyrgyzstan and Tajikistan, where lack of precipitation threatens a second winter of energy and food crisis.
- (U) Declining oil prices have caused wider economic downturn in Russia and declines in the construction sector, a big employer of relatively unskilled Central Asian migrants.
- (U) Pressure on Central Asian migrants to Russia is compounded by a, potentially leading to the return of more unemployed migrants to Central Asia rise in racist and xenophobic attacks by Russians on Central Asians.
- (U) Although the governments of Kyrgyzstan and Tajikistan survived last winter's crisis, a return of disgruntled young men, combined with anticipated energy and food insecurity, offers extremists an opportunity to exploit conditions to find support for establishing themselves in parts of these countries where the government does not have control.

~~(S//REL TO USA, FVEY)~~ USCENTCOM Goal: Defeating Violent Extremist Organizations.

(U) Proliferation of Radical Ideologies: Prevention is more effective than a cure. If people can be prevented from becoming radicalized, the risks of future instability as a result of the proliferation of radical ideologies can be mitigated.

(U) This issue applies across the AOR to varying degrees. As a result of its transboundary nature the cause and effect of its potential impact cannot be defined by country. But the effect is likely to be most profound in key countries of Afghanistan and Iraq, and in the Middle East.

~~(SBU)~~ Provision of services by non-state actors: The USCENTCOM AOR is characterized by a number of weak and illegitimate governments that do not have the capacity or the will to provide good governance and basic services to their populations, leaving a vacuum of power that is exploited by non-state actors. Non-state actors have proved adept at gaining support among populations that feel disenfranchised or forgotten by their governments by providing goods and services, and in some cases, security, that the central government is unable or unwilling to provide. The prime examples include Hezbollah in Lebanon and Hamas in Gaza, which have created a state within a state; the Taliban, which has been reinvigorated in parts of Afghanistan; and the Muslim Brotherhood, which has maintained a base of support, especially in poor, rural areas in Egypt.

~~(SBU)~~ The reasons for the governments' lack of responsiveness to its citizens vary across the region. In some cases, the government does not have the institutional capacity or resources, in others it lacks the political will to respond equitably. In most cases, it is a combination of both factors. For example, in Egypt, for budgetary reasons and as a result of macro-economic reforms, the government can no longer provide the vast social services, subsidies, and employment opportunities via the government bureaucracy that Egyptians came to expect in exchange for forfeiting political and civil rights. In contrast, the Government of Afghanistan lacks both the revenue base and capacity at all levels to deliver services in an increasingly insecure environment. While the international community is trying to fill these holes and simultaneously

build the Afghan Government's capacity to do so, efforts have not focused enough on building capacity in local government institutions. In addition, Afghanistan is far from having the revenue or tax base in place to begin providing these services without the robust, ongoing assistance of the international community. Finally, in Yemen, the government distributes goods and services inequitably via a vast patronage network to maintain support for the Salih regime. Goods and services are given to elites who then deliver their communities' political support. Those ethnic groups and tribes on the losing end of this arrangement are becoming increasingly agitated by the government's lack of responsiveness and by their political marginalization.

~~(S//REL TO USA, FVEY)~~ USCENTCOM Goal: Creating Conditions for Development

(U) Lack of partner government capacity: One of the universal challenges to effective and sustainable development is the lack of adequate host government capacity to take on the responsibilities and accountabilities of managing their own systems and processes for policy and strategy development, public financial management, and program implementation.

(U) If a major goal of assistance is to get the partner government to a point where it can meet its population's needs without that assistance, whether that be technical or financial, donors can help by not just supporting the development of those systems but by channeling an increasing portions of their development assistance through those partner government systems.

(U) The situation in the USCENTCOM AOR is not uniform—a number of nations have fully functional robust systems (e.g., the Gulf States); for others, capacity is a critical constraint to developmental progress (e.g., Afghanistan). Of course, in countries where corruption is rampant, the USG will have to work closely with government institutions over a period of time to help develop their internal systems so they can transparently manage these funds in accordance with donor rules and regulations. A major success in Afghanistan was getting the Ministry of Health's financial management systems to a point where they could receive direct budget support.

(U) However, the USG must acknowledge that oftentimes tension exists between delivering goods and services quickly and doing so in a way that builds institutional and societal capacity. To get to a point where the government can provide for its own citizens, progress will simply take longer. In designing its programs and modalities, the USG should weigh the conditions and objectives and deliberately decide whether the primary objective is to build capacity or to get things done quickly.

(U) Insufficient revenue generation: The end-state in providing development assistance must be to create conditions whereby the partner government can manage its affairs without external technical or financial assistance. To get there, partner governments need to be able to generate enough revenue to meet their expenditures.

(U) In a number of countries in the AOR, this remains a major challenge. Afghanistan, as an example, has one of the lowest levels of tax collection (as a percentage of GDP) of any country in the world. Taken with the low levels of capacity, and the development of the appropriate systems, the means to increase revenue generation need to be identified and supported.

A number of other countries in the AOR face this problem as well—most prominently in Pakistan, Yemen, and the Central Asian States.

D. (U) Concept of Operations

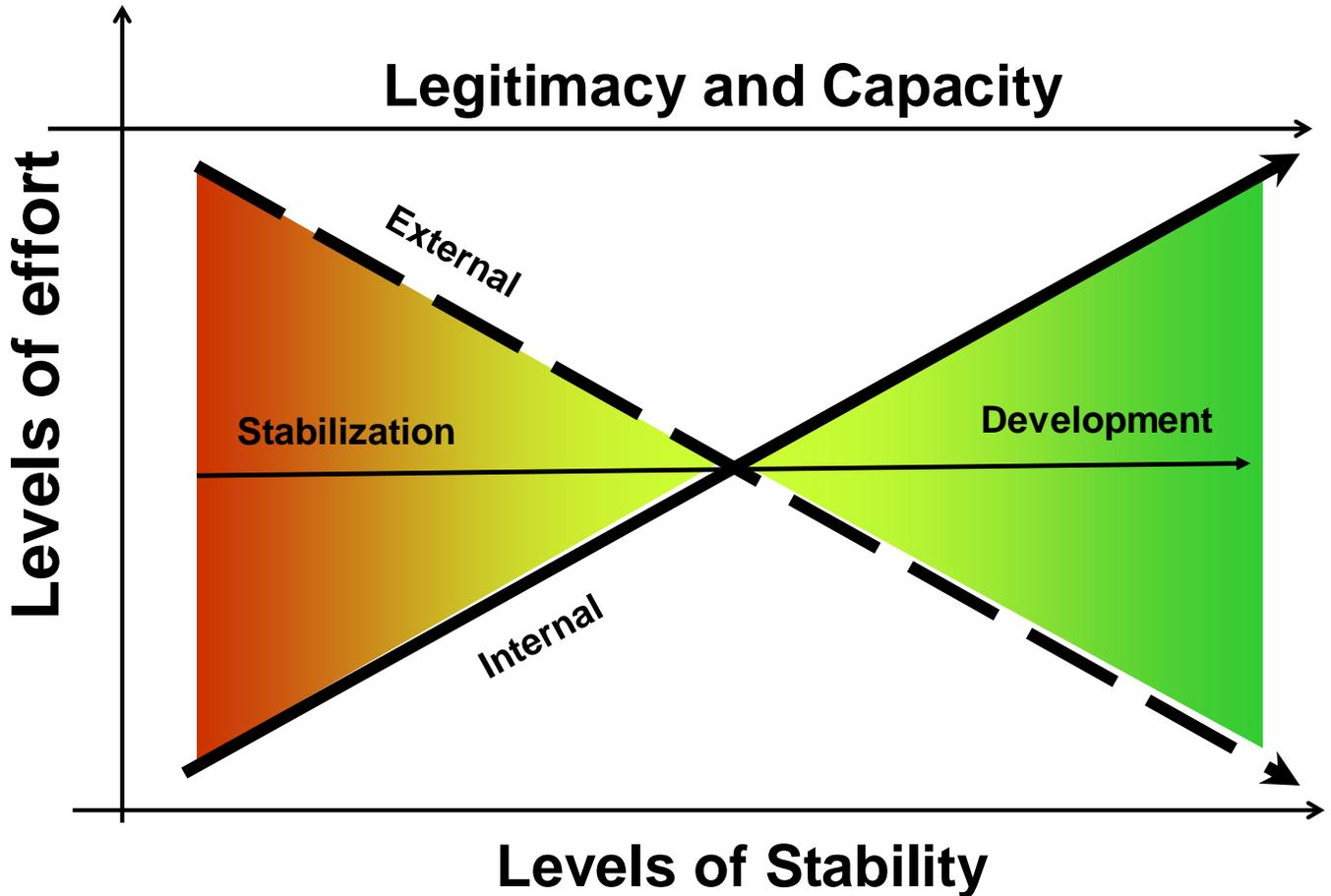
(U) Given the centrality of increasing partner capacity and legitimacy to both stability and the sustainability of development efforts, the optimal approach should be to maximize indigenous capacity and effectiveness throughout the continuum from stabilization to development. The ultimate goal of development efforts should be to create a relationship of accountability between the state and its citizens and to make the government work for its people.

(U) To illustrate this approach, the DEG team created the following schematic (below), which illustrates:

- (U) In highly unstable countries, external actors tend to be in the lead, with internal actors playing supportive role. As one moves along the continuum, the balance of effort should shift to internal actors in the lead and external actors supporting.
- (U) Even in the immediate stages of stabilization, external actors have to begin to think about building capacity and legitimacy in order to reach that transition point and allow internal actors to take responsibility for development. That transition or tipping point will vary according to the situation on the ground and local conditions, but it is important to define and create measures to ensure that it happens. As soon as possible, internal actors must become responsible and be held accountable for development, as improved citizen-state relations are central to good governance.¹⁴
- (U) As one moves along the continuum from stabilization to development, the nature of the intervention should change. At each point on the continuum, there is a mix of political, kinetic, and development activity—however, the primacy of each type of effort changes along the continuum.

¹⁴ (U) ODI Briefing Paper, Voice for accountability: Citizens, the state and realistic governance, December 2007.

Stability to Development Continuum



E. (U) What are the obstacles to addressing these problems?

(U) USG aid modalities often reduce rather than build host country capacity and legitimacy. Low levels of capacity in government are a disabling constraint to sustainable development in key developing countries in the USCENTCOM AOR. Without enough local capacity, a long-term, sustainable solution in those countries cannot be achieved. The modalities by which donor assistance is deployed can make a significant contribution to building that capacity, or, conversely, can have the opposite effect if not suitably deployed.

(U) Donor assistance provided through government systems helps build capacity by empowering the agencies of government. It also transfers accountability and responsibility for resource use, which in turn provides a long-term sustainable benefit. Delivering development assistance solely outside of the government systems and processes means those systems and processes cannot be built and become robust enough to be sustainable. However, given the high levels of corruption endemic to several countries in the AOR, increasing the amount of development assistance provided as budget support will require working closely with these institutions to develop

transparent and effective financial management systems and oversight to guard against corruption and waste.

(U) The need to build capacity goes beyond just the government. In many developing countries in the AOR, the private sector and civil society have enough capacity to be development partners. For example, Pakistan has well-developed contractors with the necessary systems and procedures for accountability and financial management. Rather than relying on external service providers, the USG should be working with internal actors to further develop their capacities and drive economic growth.

(U) All along the stabilization-development continuum, the problem goes beyond capacity to the central objective of efforts: building a government's legitimacy. In an unstable environment, where the government's reach and authority does not extend throughout its territory, like Afghanistan, the USG's focus must be on tying people to their governments. That effort can be damaged by external actors delivering goods and services independent of the government. While it may be the most expeditious way to get goods and services to the people, it creates a relationship of demand and accountability between external providers and citizens rather than between governments and their people.

(U) The USAID program in the Federally Administered Tribal Areas (FATA) in Pakistan epitomizes the principle of working closely with the government to build its capacity and legitimacy. Through that program, USAID works in and through the Government of Pakistan so that the government gets the credit for improving citizens' lives and begins to create a relationship of demand and accountability.

(U) Up to this point, the USG's efforts in Afghanistan have largely focused on building capacity in national-level institutions, primarily the Office of the President, National Assembly, Independent Elections Commission, and others. While these efforts are critical, they do not address governance where most people interact with and experience the government—at the local level. According to The Asia Foundation annual survey of Afghan opinion, the lower one goes down in the governance structure, the worse Afghans' views are of the government. Respondents were most satisfied with the performance of the provincial government (74%), followed by the district government (67%), and trailed by the municipal authorities (50%).

(U) The USG is just now starting to realize that a more concerted push to build and improve government capacity at the sub-national level is critical to countering the Taliban and increasing the government's reach and authority. Local government institution-building should not be done to the exclusion of national-level interventions; rather, efforts should be at all levels of government, with the goal of connecting the local to the national.

(U) In other fragile states, development also needs to be brought to the local level in order to tie citizens to their governments. In Yemen, large portions of the population, particularly in the south, feel disenfranchised and ignored. They do not benefit from the vast patronage network that undergirds the governance structure and do not have a voice in making the decisions that affect their lives. The USAID mission in Yemen has thus identified political and economic marginalization as key drivers of instability. In order to turn this situation around, development

efforts will need to help make the government of Yemen work for all of its citizens, not just those in favored ethnic, tribal, or elite groups. Doing so will require an in-depth assessment and understanding of local grievances and perceptions, and working at the local level with government institutions and non-governmental actors, including religious, tribal, and clan leaders to address those problems.

(U) Reduced credibility in the AOR: As a result of the poor perception of the USG in the USCENTCOM AOR, both with partner governments and with potential partners (Coalition and otherwise) the U.S. wields less influence than it could or should. According to the Levant team's assessment, "the general populations find USG and Coalition politics extremely unpopular. Consequently, USG and coalition ability to influence in support of our interests is disproportionately ineffective relative to the money and effort spent. Furthermore, perception of the U.S. relationship with Israel (the most important U.S. ally in the region but outside of the USCENTCOM AOR) adds an additional layer of complexity to the relationship between the U.S. and coalition partners and the other nations in the region."

(U) This assessment has important implications for our development assistance. In several countries in the AOR, Egypt and Jordan being prime examples, the USG has invested significant development resources over the years. However, these investments have not improved the population's perceptions of the United States or resulted in support for its foreign policy objectives. In fact, by some measures, the relationship has deteriorated both between the USG and the partner government and between the USG and the population. As pointed out by the Levant sub-regional team, it is not a lack of knowledge about USAID's projects that is the problem. In Jordan, 70% of the population is aware of USAID's activities and contributions. Yet, this awareness does not improve their perception of the USG, largely because our support and relationship-building has focused on the elites, who are increasingly unpopular and disconnected from the bulk of the population, and on government institutions, such that the benefits are not felt at the local level. This presents a conundrum for development efforts, particularly in authoritarian countries where access depends on the acquiescence of the government. For example, in Egypt, the close relationship the United States has with Mubarak to date has discredited the USG in the eyes of civil society.¹⁵ Yet, to operate in Egypt, given the regime's control and manipulation of all aspects of political, social, and economic life, the USG must have the government's approval. The same can be said about Yemen, where there is a strong regime but weak governance. In order to work at the local level, especially outside of corrupt government institutions, the USG would need the acquiescence of the Salih government. This is not likely to be granted if governance or development projects are seen to be benefiting actors not in the inner circle of the regime or challenging the centralized model of governance.

(U) A key recommendation to improve the perception of the USG in the AOR would be to use development assistance at the community level to improve the lives of the population, which are increasingly suffering from the global economic downturn, rising costs of basic commodities, and inflation. However, this too presents a paradox in terms of government capacity building—would shifting support from large, government-focused institutional programs to local, community-based projects deplete government capacity, which is so

¹⁵ ~~(SBU)~~ Egypt Democracy and Governance Assessment, December 2008.

critical for sustainability? Would the partner government accept such a shift, which presumably accepts U.S. presence and development activities insofar as the government directly benefits from it and can control it?

(U) There is no uniform design for how a Provincial Reconstruction Team (PRT) is run. The approach differs between and across the PRTs themselves and the countries that individually lead them. Even within a country such as Afghanistan, the approach can be radically different depending on the location. As an illustration, the UK PRT in Helmand is headed by a civilian 2* equivalent, and has a significant civilian capability. This model is very different from PRTs the U.S. runs in RC (East). They differ not only in their institutional structures and designs, but also in terms of the nature and scale of the resources available, the types of work they do, and with whom they work.

(U) This diversity or inconsistency in approach means that the whole is no greater than the sum of the parts, lessons are not readily transferred and operationalized, and economies and efficiencies of scale do not apply. A greater coherence to the PRT approach would ensure that PRT best practice was both picked up and applied.

(U) Also there are no clear plans for how PRTs should transition from their initial responsibilities to ultimate integration within the partner government structures. Clearly the nature and responsibilities of the PRTs need to change according to their local context, and need to evolve as that context evolves.

(U) The nature of the primary objective of a PRT in an insecure area such as Kandahar differs from that in a more benign area like Bamian or Panjshir. The former is more concerned about establishing security and offering stabilization, the latter with offering more long-term development activities with government counterparts.

(U) It would be helpful to identify how the USG views the process of transition along the PRT model continuum, and how it can ultimately systematically transfer the responsibilities and ways of working of the PRTs to the partner government.

(U) Constraints: Including earmarking, account structures, and inflexible procurement regulations, constraints prevent sufficient and right mix of funding from being allocated to where it's most needed and when it's most needed.

(U) Yemen is widely cited as an extremely fragile state, whose failure would have serious repercussions for stability on the Arabian Peninsula and could become the next major safe-haven for terrorists. Yet, despite these warning signs, Yemen's budget continues to be extremely low, around 9 million USD in FY 08, and is significantly earmarked for health and education. In FY 08, there was only \$913,000 USD available to address the key drivers of instability—poor, centralized governance; grand corruption; and the lack of representation for marginalized groups, especially in the south. While funding must be made available to address the sources of fragility that are threatening to pull the country apart, more money is not the only answer. USAID has to have the human resource capacity and security architecture to be able to design programs based on local realities and priorities, and get out

to the field to monitor them. This may require looking at alternative delivery models for Yemen, such as a quasi-PRT structure where U.S. military civil affairs teams and/or local military or police units provide the security and the space for civilians to implement projects and reach out to local leaders and civil society. Of course, the USG would have to carefully consider the impact on perceptions and security of increasing the U.S. or Yemen military or police presence in areas where these entities are often seen as occupation forces.

(U) In addition, U.S. procurement and funding mechanisms are both cumbersome and rules-bound. The nature of these mechanisms needs to be adapted to allow greater flexibility and urgency in their application. This recognizes that the operational context is an important consideration in designing the intervention, and in countries in the USCENTCOM AOR such as Iraq and Afghanistan, the speed of the process from design and implementation needs to be swifter than would be possible if we applied the extant rules and procedures.

(U) Bilateral structure impedes effective treatment of transboundary and regional problems: USG agencies tend to structure themselves on a country basis. These organizational designs make it difficult to effectively address issues of a cross-country or transboundary nature, things like water, security, and links between Afghanistan and Pakistan.

(U) The country focus does not provide the necessary incentive structures to look beyond one's own area of responsibility, the result being cross-country issues are not well addressed in policy, planning, or implementation processes.

(U) Specifically, in the USCENTCOM AOR, water security, the impact of the global economic downturn and people trafficking require solutions that work across boundaries.

(U) Reluctance to take risk: As this assessment has identified, the lack of host-country capacity and accountability impedes long-term development and introduces instability into developing countries. The other side of the coin is that USG requirements for accountability keep USAID staff from taking risks and taking advantage of existing flexibilities. For example, Afghanistan operates under a waiver that allows it to bypass certain competition requirements in order to get procurements executed faster. However, because of the multiple layers of oversight—SEGIR, IG, and GAO—staff are reluctant to use these flexibilities. There could be an argument that in executing programs in stabilization environments, where speed and efficiency are critical, the USG may have to accept some risk. However, doing so would require up-front agreement with the major audit agencies and Congress, and consideration of whether taking more risk runs counter to anti-corruption efforts. In this regard, it would be helpful to broker an agreement with other donors on accountability standards for budget support and host country contracting in order to harmonize standards.

F. (U) Principles for Development (taken from USAID)

(U) Ownership. Build on the leadership, participation, and commitment of a country and its people.

(U) Capacity-Building. Strengthen local institutions, transfer technical skills and promote appropriate policies.

(U) Sustainability. Design programs to ensure their impact endures.

Selectivity: Allocate resources based on need, local commitment and foreign policy interests.

(U) Assessment. Conduct careful research, adapt best practices, and design for local conditions.

Results: Focus resources to achieve clearly defined, measurable and strategically-focused objectives.

(U) Partnership. Collaborate closely with governments, communities, donors, NGOs, the private sector, international organizations, and universities.

(U) Flexibility. Adjust to changing conditions, take advantage of opportunities, and maximize efficiency.

(U) Accountability. Design accountability and transparency into systems and build effective checks and balances to guard against corruption.

3. RECOMMENDATIONS

1. (U) **Change the modalities and authorities for the delivery of U.S. development assistance, in order to produce greater host-government capacity and harmony with other donors.**

(U) This recommendation is for a significant change in the way the USG delivers its development assistance. Specific recommendations need to be tailored to the environment and position on the stabilization-development spectrum, with the objectives being—

- (U) Enabling greater efficiency,
- (U) Building capacity in the partner government,
- (U) Supporting partner government processes and priorities, and
- (U) Improving prospects for sustainability.

(U) Providing development assistance on budget and in a way which uses partner government systems and processes is believed to be a more developmentally effective approach. Evidence shows that it:

- (U) Focuses attention on strengthening governments' capacity to fulfill their core functions;
- (U) Improves governments' accountability systems so they become more accountable and responsive to their citizens, and provides greater accountability and transparency within government and between sectoral and central Ministries;
- (U) Builds the capability of governments to manage their public finances effectively, manage the policy and planning process, and increase coherence across sectors;

- (U) Supports partner government priorities in a more systematic way, and makes use of those resources subject to scrutiny and audit, thereby further increasing accountability;
- (U) Allows greater harmonization of donor effort, pursues the alignment principles set out in the Paris Declaration, and provides a forum for constructive dialogue on shared objectives;
- (U) Reduces significantly the transaction costs to the partner government in dealing with the array of those providing development assistance;
- (U) Promotes peace and stability by improving government legitimacy, particularly in fragile states and those emerging from conflict.

2. (U) Pay more attention to program design and development to activities that counter radicalization.

(U) The DEG group believes there needs to be a high-level focus on preventing radicalization to reduce the potential for instability, conflict, and violent extremism. A lack of access to basic services from the state can enable others to provide those services and then capture users' allegiances, especially in the short-term. The USG needs to work better with governments to deliver basic services like water, education, and health care in response to locally-identified needs and priorities.

(U) Also, empowerment and participating and gaining from economic and political development are critical to preventing radicalization. If constituencies feel disaffected, they are easy prey for extremist/radical leaders to recruit and manipulate. Therefore, working closely and more effectively with indigenous civil society organizations, especially moderate religious leaders, who speak for excluded populations, should be integrated into the way the USG does business.

(U) Evidence also clearly shows that in the absence of peace and security, populations are vulnerable to being coerced by any entity offering stability, such as the Taliban in Afghanistan. Therefore, peace and security—in its grandest sense—are critical components in preventing further instability and conflict.

3. (U) Identify development modalities and principles to apply to different problem sets and contexts, from stabilization to long-term development.

(U) To be completed: **Data was not available at conclusion of CENTCOM ASSESSMENT TEAM PHASE.**

4. (U) Create a civilian deliberate planning counterpart for USCENTCOM (State/AID J5).

(U) Many papers and proposals have recommended that the Department of State (DoS) and USAID develop and resource a deliberate planning apparatus within the DoS that could easily and routinely interface with the various DoD geographical combatant commands. This strategic “big idea” from the USCENTCOM Assessment Team is not putting forth a new idea, but echoes

and supports previous proposals and offers that a renewed sense of urgency be applied to the problem.

(U) The DoS Office of the Coordinator for Reconstruction and Stabilization (S/CRS) is developing a planning capacity and mechanisms that offer a “whole-of-government” approach for crisis response and intervention. This development will help synchronize and unify action for those specific responses, but this “big idea” focuses more on the need for deliberate planning.

(U) National strategic guidance directs geographic combatant commanders in their planning processes and required products. As these planning products mature through the review process and, once approved, through cyclic reviews, there are points of convergence in “where” and “how” the GCC planners (J5) and State/USAID counterpart (for naming sake a ‘J59’) could ensure a holistic plan. A devoted civilian counterpart could help make sure that military plans offer the greatest chance of military success and create the conditions and space for development to take place. Other proposals have recommended DoS “Regional Chiefs of Mission” (RCMs) be established to better mirror and work with the current DoD-GCC configuration and orientation. This organizational shift within DoS, coupled with a deliberate planning capacity and capability, is the right way ahead as the USG looks at bolder efforts towards prevention, stabilization, reconstruction, and development. By allowing a comprehensive CIV-MIL evaluation of and input into these plans that puts all tools of national security towards mutual goals and objectives, lives, money, and the time it takes to move along the continuum from stabilization/conflict to sustainable development could be saved.

(U) APPENDIX TWO: STRATEGIC OBJECTIVES AND SUBORDINATE GOALS

(U) This report identifies four illustrative long-term objectives:

- (U) Reducing the sources of conflict and state fragility,
- (U) Expanding economic growth and tying it to broader international markets,
- (U) Improving citizen participation in governance, and
- (U) Dealing more effectively with trans-boundary issues.

(U) Analysis suggests that achieving each or a portion of these objectives and goals will reduce instability, increase government legitimacy in the U.S. Central Command (USCENTCOM) area of responsibility (AOR), and reduce the potential for direct U.S. military involvement in the future—factors key to establishing the cooperative environment necessary for U.S. national interests.

(U) In nations where the U.S. is currently involved in military operations (Iraq and Afghanistan) movement toward achieving these objectives and associated goals will create an environment where support for violent insurgency is diminished thus enhancing the possibility of U.S. withdrawal. In those states which are under the threat of eminent failure (Pakistan, Yemen and Tajikistan) opening governance to citizens and improving the effectiveness of public service delivery could reestablish the social contract between government and its citizens, a necessary step to reestablishing private sector investment and citizen support required to reverse this process. In states that export instability through out the region (Iran and Syria), specific actions to achieve the objectives and goals could open new relationships providing the basis for broadening more diverse relations in the future. In the other states in the region, steps initiated to move forward on achieving the objectives and goals would be important preventative steps to reducing insecurity and the state failure that might evolve.

(U) The first strategic objective and supporting goals deal with improving the supply side of the social contract. The following set of complementary objectives encompasses demand side goals—enhancing economic opportunity and citizen involvement in governance. The section closes with a discussion of the objectives and goals dealing with regional trends that threaten instability in the long term.

A. (U) Reduced Sources of Conflict/State Fragility

(U) To reduce the possibility of more extensive USCENTCOM involvement in the region, the sources of internal state conflict and failure have to be reduced. Experience has proven that preventing state failure is far less costly than responding to it through military intervention. The two subordinate goals address the supply side of government service provision, increasing the capacity and effectiveness of government to deliver public services and improving the budgeting process and opening it to citizen involvement and oversight.

1. (U) Increasing government capacity and effectiveness to deliver public services.

From the view of improving government legitimacy, achieving this goal will require

increasing government capabilities at all levels to more effectively deliver basic public services to all citizens to help meet their aspirations and needs. Key to this effort will be revising public administration, training government employees, modernizing state administrative structures and procurement systems, expanding and modernizing existing infrastructure and building new facilities, revitalizing educational and health services, and introducing an operation and maintenance philosophy into administrative performance.

2. **(U) Improve the government budgeting process and open it to citizen involvement and oversight.** The national budgeting process for each country in the AOR is more than a resource allocation process. It represents the social and political process that nations use to define and act on priority public problem sets. In many countries in the AOR, budget expenditure rates are far below acceptable levels. To improve the efficiency and transparency of the budget process, budgeting systems need to be streamlined, block grants made available to sub-national jurisdictions for their allocation and greater citizen involvement at all levels promoted to improve expenditure rates and link available resources to the needs and expectations of the population. Making budget data available to the public will spur debate on the sources and uses of government resources, open public debate on the direction government is taking, and provide the hard fiscal data from which metrics for measuring government efficiency and effectiveness can be developed. Credible, publically-disclosed financial data will dramatically improve the ability to secure external financing from other bi-lateral donors and the International Financial Institutions (IFIs). This will require creating new budget capabilities at the national and sub-national levels, educating citizenry on new budgeting process, and developing oversight and audit watchdog functions within local government.

B. (U) Promote economic growth and integrate key partners into the world economy.

(U) Research has suggested that nations that participate fully in international markets are less likely to act in ways that endanger those market relationships. Participating in these markets requires key economic policy changes that open domestic markets, reduce the costs of doing business locally and internationally, and establish property rights more compatible with international investment and contracting requirements. Integrating national markets into the international system has direct implications for U.S. national interests. More open and vibrant national economies generate stable markets for U.S. exports and ensure access to needed imports, especially hydrocarbons. They provide institutional environments more conducive to the expansion of U.S. investment and technical transfer. In addition, the business relationships that underlie investment and trade regimes foster closer state-to-state cooperation and coordination.

(U) At the national level, providing a user-friendly policy environment for private sector investment in agriculture, natural resource extraction, industrial production, and business service delivery will foster employment growth and enable citizens to have a more productive and remunerative stake in national development. This will also reduce the pool of potential recruits motivated to join local or transnational insurgent groups. Liberalizing

national economies will set the stage for integrating them into the international economy. This should lead to increased foreign and domestic investment in key sectors where the nation has a comparative advantage and bring state-of-the-art technology, training, and capital that joint venture agreements provide.

(U) This strategic objective includes three sub-goals focusing on the regulatory environment, employment opportunities, and trade.

1. **(U) Business regulations simplified and equitably enforced.** The need to restructure and simplify government approval of business start-up and closures, access to credit, and the equitable enforcement of existing regulatory regimes is critical to spur private investment and enterprise growth throughout the AOR. Assistance in upgrading local government staff responsible for implementing new regulatory regimes needs to be balanced against the development of audit and oversight structures to monitor performance and reduce rent seeking. Forming private sector associations and professional associations to advise regulators could provide the necessary customer feedback required to monitor impact and reduce corruption. Finally, efforts to strengthen the ability to adjudicate contract disputes and enforce property rights over private and business assets would need to be expanded throughout the AOR.

(U) Current USG actions, primarily through USAID-driven technical assistance and reform programs, need to be better-coordinated with the efforts of other U.S. agencies such as the Export Import Bank, the Overseas Private Investment Corporation, the Department of Commerce, and the U.S. Trade Representative. Expanded and more coordinated U.S. technical assistance and advisory support would need to focus on providing in-country advisory services in defining options for government consideration and action in those business regulations domains most amenable to reform. Improved coordination and de-confliction of U.S. efforts with those of other multi-lateral donors, such as the World Bank and the Asian Development Bank, will be required to maximize success. World Bank efforts mounted through its Business Effectiveness Program need to be supported and coordinated more effectively with USAID country-level efforts. Serious efforts to simplify and reform the cornucopia of administrative rules and procedures that all assistance agencies, both bi- and multilateral, currently operate under, are daunting but necessary tasks. It is necessary to improve interagency coordination and clarify recipient nation roles and responsibilities.

2. **(U) A productive workforce needs to be created that complements medium- and long-term job growth.** Throughout the USCENTCOM AOR, unemployment or underemployment of significant portions of the working-age population is endemic. Young population pressures already overextended public school systems providing opportunities for non-state actors, such as Hezbollah and Hamas to enter. Even in countries with acceptable education and health services, sluggish economic growth has been unable to absorb new labor force entrants. In countries where high youth unemployment is already a problem, short-term temporary employment schemes or infrastructure development at the community and sector level may help absorb unemployed youth (e.g., Afghanistan, Iraq, and Yemen). These efforts should include

practical training in skills that this group can carry over to private sector employment. Access to government-run primary and secondary schooling is imperative.

3. **(U) Enhance domestic and international trade.** Moving toward this goal will be sequential involving policy adjustments and improved institutional capabilities, first at the national level, complemented by efforts to enhance regional trade regimes, and finally integration of these efforts into expanded international market agreements. Initial efforts should be clustered around key sectors that play important roles in the national economy that have high employment and local processing multipliers. Agriculture, home and infrastructure development, and non-oil natural resource extraction, processing and final product manufacturing, all labor intensive sectors, should receive priority to enhance income and job creation, especially for youth entering the labor force. Efforts to improve the efficiency of national market systems by reducing transaction and transportation cost will need to be encouraged. Where agricultural production and processing are important to creating income and employment (such as in Afghanistan, Pakistan and Tajikistan), enhancing agricultural and livestock production; seed, fertilizer, and pesticide supply; and agricultural processing and marketing would be appropriate.

(U) In Afghanistan, improved production and marketing systems when combined with increased drug interdiction efforts would generate alternative cropping systems that could replace income lost as farmers transfer from illicit to licit production. In economies that rely heavily on single commodity export regimes, the Arabian Peninsula (hydrocarbons) and Tajikistan (cotton), these efforts would encourage production and processing diversification. Tying improved domestic production to regional and international markets through revision in custom and tariff regimes, the updating or drafting of foreign investment codes, and public investments in transfer facilities would expand the export of competitive products, encourage international investment and the training and technology transfers that it entails. This would create membership opportunities for many of the countries in the AOR in international trade organizations, such as the World Trade Organization (WTO). Parallel efforts to support the formation and implementation of formal regional trade agreements, particularly outside the Middle East where they already exist, as well as reforms in domestic institutions and regulations that resolve constraints to membership in as the WTO would be necessary.

C. (U) Develop more open societies.

(U) Mirroring government efforts in support of budget decentralization and deregulation, targeted investments to strengthen civil society and involve it in the political decision process embedded in the budgeting process will be necessary to improve expenditure rates and ensure that local budget formulation meets citizen needs and expectations. At its core, budget formulation and execution is a political process. Focusing on this aspect of governance rather than more normatively loaded efforts, such as the expansion of democratic governance, is believed to be less threatening to governments in the region. It represents a win-win scenario where governments improve their effectiveness while meeting expressed citizen needs.

(U) Ensuring that political party systems operate effectively will be critical to translating expressed civil society needs into budget priorities and expenditures. This will require strengthening the political process by decreasing the costs associated with party formation and operations, strengthening party administration, and tying party performance more closely with forming and reaching party goals that meet broad-based citizen interests. Providing party constituents with alternative avenues to express their needs and grievances will deflate the pull that radical parties now exert on organizing the population in countries such as Egypt, Yemen, Afghanistan, and Pakistan. The process will introduce non-violent avenues of citizen involvement that generate real changes in local living conditions and services.

- 1. (U) Strengthen civil society.** Decentralized programs that help citizen groups form around the resolution of locally defined problems will be required. Block grant capabilities passed through the government budgeting process would provide the ability to gain skeptical governments' acceptance while tying support for community action to national, provincial government structures. Citizens participating at all levels in the grant-making decision process would be essential not only to ensure public control and exposure, but also to ensure that funds are obligated and spent on bona fide projects—not siphoned off by local government agents. Program results would need to be carefully monitored to provide the information for strategic communications campaigns and to assure governments that community groups were enhanced support for the government.
- 2. (U) Strengthen an open political process.** Building on the results of strengthening civil society efforts above, sequential efforts to strengthen or encourage forming political parties need to be considered where appropriate. The structure of elitist governments throughout the region will make moving toward this objective problematic at best. Low key diplomatic and development discussions using evidence from the civil society strengthening efforts will need to be initiated. Where there is agreement, the government must agree to outside support for party strengthening and on the condition of party agreement to full disclosure of party agendas, organizational structures, and fund-raising and goals. Support would need to be provided equally across all parties focused on improving party accountability to constituents, party administration, messaging, and negotiation skills in order to support the inevitable consolidation of smaller single issue parties into larger, more broad-based organizations that are sustainable.
- 3. (U) Enhance civil and political citizen rights.** To protect and enhance citizens' willingness to participate in civil society organizations and political parties, a clear statement of the rights and responsibilities associated with membership need to be developed in each of the countries in the region. These charters form an integral part of a nation's social contract with its citizens. By necessity, charters will need to distinguish between those citizens who seek non-violent change through negotiation and participation, from those who have or wish to pursue change by extralegal means. They define a clear socially acceptable avenue for participation, identify acceptable and non-acceptable behavior and the consequences associated with the latter, and lay the foundation for differentiating between non-violent social action groups and violent extremists—the first step in driving a wedge between the two. Charters need to establish procedures for peaceful citizen protest and complaint that individuals can use without

threat of reprisal so they can inform government of illegal activities such as local corruption, police or security force predation or extralegal actions, and membership in violent groups. Establishing institutions that equitably uphold and enforce charter provisions will be required to maintain and enhance citizen support.

D. (U) Enhance open access to scarce water and energy resources.

(U) Water and energy scarcity is becoming a critical problem throughout the AOR. Increased scarcity generates increased tensions between both governments and their citizens and between selected governments within the region. To deal with these long-term problems, a two pronged approach is required: one that focuses on reducing the rate of population increase in Afghanistan, Pakistan, and the Central Asian States; and another that focuses on improving the effective use and distribution of water and energy resources.

1. (U) Reduce the population growth rate in key countries. Population structures are influenced by demographic forces, especially demographic transition, AIDS-related mortality, and migration. More balanced age structures are considered more stable for security and economic development, while very young and youthful types are most likely to undermine a country's stability and security. As a country moves along the demographic transition, features such as dependency ratio (proportion of dependent children, adolescents, and older non-working citizens to working-age adults) improve the potential for economic development.

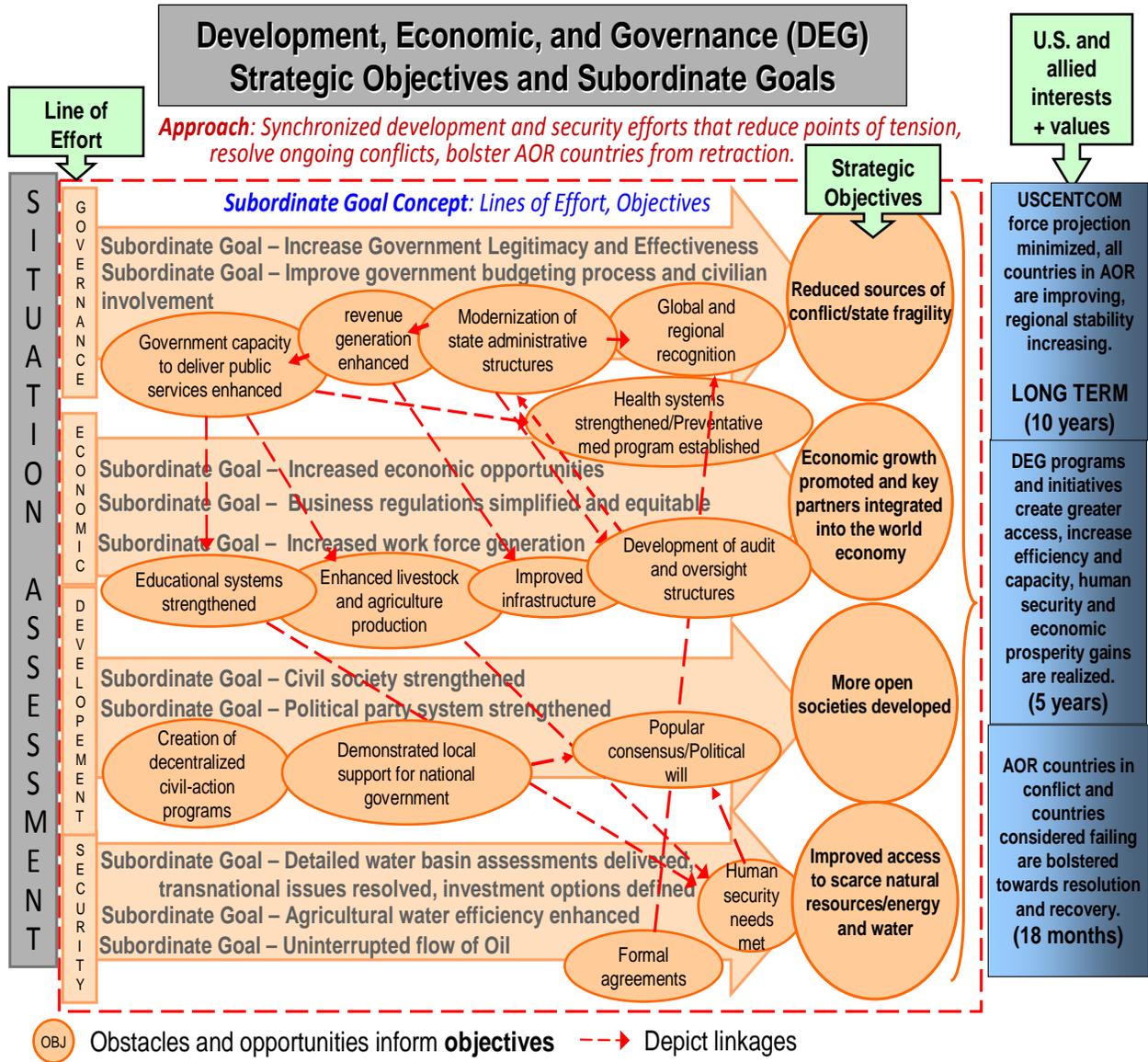
(U) The demographic transformation of a population characterized by large families and short lives to one of small families and long lives is primarily influenced by declining death rates and declining fertility rates. These characteristics of population age structures can be dramatically influenced through policies that affect demographic forces such as birth, death, and migration. While shifts in a country's position along the demographic transition can occur rapidly, they will not happen in the absence of targeted government intervention. Governments in the region need to place priority on programs that increase access to family planning, reproductive health, and girls' education. Efforts to integrate demographic considerations in all development efforts will be required especially within policies that influence labor markets that shift from a supply- to a demand-driven skills development focus, i.e., the generation of relevant job skills in education and youth employment programs. In countries where youth unemployment is a growing problem, investments in programs that provide immediate productive employment for youth in efforts that address civilian needs (infrastructure expansion, increases in low income housing, agricultural infrastructure, and rural roads) are required. These programs need to be married to apprenticeship training that provides participants with the marketable skills required for more permanent employment after the short-term programs terminate. Parallel efforts to engage youth in expanding civil society and political party growth would also be important to fully integrate them in the transformational process.

2. (U) Enhance more efficient use of scarce water and energy resources. Water, energy, and agricultural production are integrally linked. Water is used for agricultural irrigation, power generation, and human and industrial consumption. As water becomes scarce,

competition intensifies, which fuels strife between urban and rural interests, industrial and potable water users, and arid and water surplus areas. Efforts to reduce the consumptive uses of water by making agriculture and industry more efficient are critical. National water strategies and legislation are required to mitigate potential conflicts and to set the statutory base for national use efficiency campaigns. Detailed long-term plans need to be developed that spell out long-term requirements for all uses and the infrastructure investments required to meet these.

(U) Increased water and energy scarcity within the AOR can place increased strains on the already tenuous relationship between neighbor states within key regional watersheds. While this situation can generate complex problem sets, it also offers unique opportunities for generating greater cooperation between key countries inside and outside the region—the Tigris/Euphrates Basin (Turkey, Syria, and Iraq); Jordan River Basin (Israel, Palestine, Lebanon, and Jordan); Amu and Syr Darya River Basin (the Central Asian States, Russia, and India); and Pakistan and India Basin (India and Pakistan). Properly managing this process would ideally culminate in formal agreements between involved countries over their roles and responsibilities in the sustainable use of their water resources, volume flows, and acceptable arbitration mechanisms for dispute resolution. In arid countries with energy resources, agreement on the sharing of energy for access to water resources could be negotiated. These agreements would need to be backed by access to multi-lateral financing required to build the infrastructure needed to manage and transfer both water and energy. The pooling of bi- and multi-lateral donor financial and technical support of the process and the investment plans that it would generate could prove a useful incentive for encouraging country participation and mobilizing international action in support of the process. A promising starting point would be to expand current USCENTCOM efforts to convene an international symposium with the Central Asian States to discuss how their recently negotiated regional water and energy sharing agreement could be expanded beyond its current 2009 terminate date.

(U) The sequencing and interconnectivity of the strategic objectives and goals is complex. The following schematic lays out this complex relationship in a visual format for greater clarity and understanding.



(U) APPENDIX THREE: YOUTH DEMOGRAPHICS AND EMPLOYMENT

1. SUMMARY

- (U) Youth comprise significant portions of the populations of most countries in the U.S. Central Command (USCENTCOM) area of responsibility (AOR)—from 20–35% of total population.
- (U) The combination of youthful populations with weak governments and weak economies is widely considered a significant risk factor for violent conflict.
- (U) A number of countries in the AOR exhibit the combination of those factors, especially Iraq, Afghanistan, Pakistan, Yemen, Tajikistan, and Syria.
- (U) The DEG report addresses governance and economic factors; this annex provides an overview of youth demographics in the AOR and best practices of youth employment interventions.
- (U) Many features of effective youth employment interventions address issues faced by programs countering violent extremist organizations (VEOs), such as alienation, self-identity, and integration into society.
- (U) A strategic, cross-cutting youth focus is needed for youth interventions to have enough of an impact on stability, as well as for medium- and long-term interventions.

A. (U) Using youth demographics to achieve stability goals

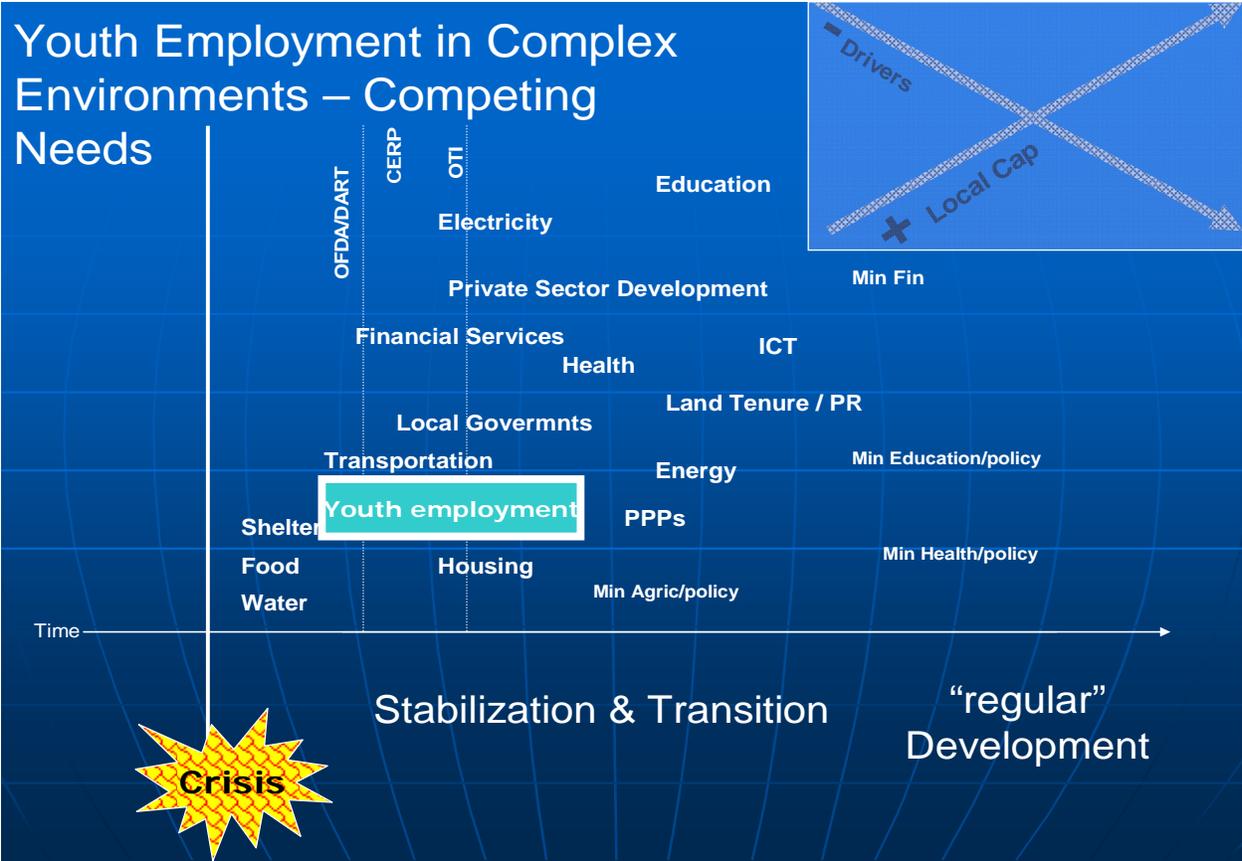
(U) How can the U.S. Government (USG) and international partners help host nations address large numbers of youth where they are a significant stability risk? How can the pool of youth available for recruitment into VEOs be reduced amid competing demands and limited resources?

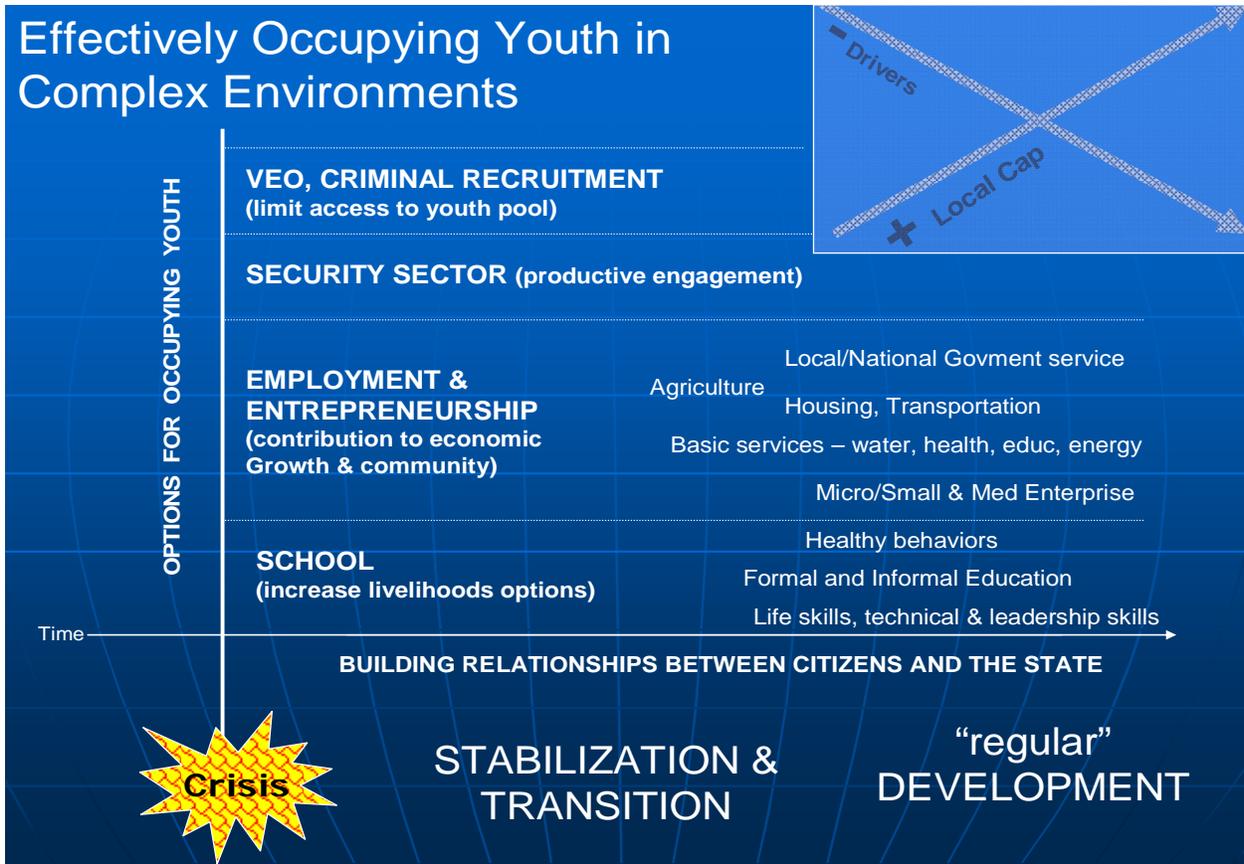
(U) The strategic objective is to systematically involve youth in interventions linked to drivers of instability to reduce the pool available for VEO recruitment. This can be done most effectively if a cross-cutting youth “lens” is designated as a strategic priority. For countries where youth have been identified as a major risk factor for stability, treat youth as a strategic, productive means to help achieve USG stabilization goals across lines of effort and sectors.

(U) Most countries in the AOR possess a youth-heavy population (between 20% and 35% of the total population) or exhibit a youth bulge.

DEG Country Grouping	Population Age Structure*	Youth Bulge**
Iraq, Afghanistan	very young	high
Pakistan, Yemen, Tajikistan	very young/youthful	high/extreme
Iran, Syria	youthful/transitional	high/extreme
Egypt, Lebanon, Kyrgyzstan	youthful/transitional	high
Jordan, Uzbekistan, Kazakstan, Turkmenistan	youthful/transitional	high
Saudi Arabia, UAE, Qatar, Kuwait, Oman, Bahrain	transitional; sub-type immigration-youthful	med/high
* Estimated for groupings from individual country age structures. Population age structure terminology from Population Action International. The Shape of Things to Come – why age structure matters to a safer, more equitable world. 2007. www.populationaction.org		
** Youth bulge defined as proportion of 15-29 year olds to all adults 15 years and older; extreme = >50%, high = 40-<50%, medium = 30-<40%, low = <30%		

(U) How can interventions become large enough to have an impact on stability? For countries where youth are determined to be a significant risk factor, a cross-cutting strategic youth approach should be at a minimum (1) based on sectors such as employment, health, etc., and (2) integrated across lines of effort and interventions. Both approaches, cross-cutting and sector-based, are necessary to make an impact. The first diagram below shows stabilization as a dynamic process of prioritizing and sequencing the population’s competing needs. Typically, youth employment is just one sector-based approach among these competing needs, and interventions are typically one-off programs. If a strategic decision is made to systematically use a youth employment lens across operations, basic needs can be addressed across any sector while shifting youth into productive options. The second diagram illustrates this cross-cutting approach through security sector engagement, employment, entrepreneurship and education.





(U) For countries where youth is determined to be a significant risk factor for stabilization, youth interventions can complement efforts to counter VEOs based on certain program principles and design features that address the needs of both. A subsequent section of this Annex discusses these design principles and others.

(U) Illustrative principles of youth interventions – potential linkages to countering VEOs

- (U) **Comprehensive, integrated approach** – Youth outreach can be structured across any relevant sectors or aspects of the lives of youth in order to *facilitate access and influence*
- (U) **Market based, demand-driven approach** – Clarifying market needs *articulates options not only for a job but also for a vision of the self and future.*
- (U) **Youth engagement and expectations** – Incorporating the views and expectations of youth, active use of peer learning and other methods *address social isolation.*
- (U) **Youth as assets for building communities and nations** – Positive view and integration of youth *as having value by society.*
- (U) **Youth services and networks** – Networks can be utilized for *specific messaging.*
- (U) **Service learning and public-private partnerships** – Active *engagement* of families and communities, including *business, religious and political leaders.*

- (U) **High quality programs** – Retention of *youth in positive and productive activities*.
- (U) **Dynamic, responsive content** – Ability to respond to *changing factors in the environment*.

2. (U) YOUTH DEMOGRAPHICS OVERVIEW FOR USCENTCOM SUB-REGIONS AND COUNTRIES

(U) The first section provides an overview of demographic approaches to understanding youth populations in the USCENTCOM AOR. These are summarized along with policy implications, and contrasted with USCENTCOM strategic objectives, for selected countries in the AOR where youth may be a notable stability risk factor: Afghanistan, Egypt, Iran, Iraq, Pakistan, Tajikistan, and Yemen.

(U) Overview of Labor Market Factors and Demographics. The proportion of youth in a country's population, demographic transition, and interpretation of the implications have been subject of numerous analyses over recent years. Two current views are summarized for selected USCENTCOM countries here, along with urbanization rates: population age structure types and demographic windows of opportunity. It is useful to understand how short and medium-term actions undertaken during stabilization operations will affect or be affected by demographic forces and related policies in a given environment.

(U) Population age structures:¹⁶ Age structures have a significant impact on stability, governance, economic development and social well-being. Population age structures are influenced by demographic forces, especially demographic transition, AIDS-related mortality and migration.

(U) Demographic transition is the transformation of a population characterized by large families and short lives to one of small families and long lives. Key characteristics of demographic transition include:

- (U) Declining death rates and rising life expectancy (all countries)
- (U) Declining fertility rates (variable across countries)

(U) These characteristics of population age structures can be dramatically influenced through policies that affect demographic forces such as birth, death and migration. Shifts in a country's position along the demographic transition can occur rapidly.

(U) Four age structure types are defined by stages along the path of demographic transition from large families and short lives to small families and long lives: (1) very young, (2) youthful, (3) transitional and (4) mature age structures. Countries within each age structure type experience similar challenges and successes despite variation due to historic, ethnic and cultural factors not reflected in demographic types. See country sections for identification of population age structure types.

¹⁶ (U) Population Action International. "The Shape of Things to Come – Why Age Structure Matters to a Safer, More Equitable World," 2007 <www.populationaction.org>.

(U) More balanced age structures are considered to be more stable for security and economic development, while very young and youthful types are most likely to undermine countries' stability and security. As a country moves along the demographic transition, features such as dependency ratio (proportion of dependent children, adolescents and older non-working citizens to working age adults) improve potential for economic development.

(U) Countries with *very young* age structures tend to be poor, are extremely vulnerable to political instability, have autocratic or weak democratic governments, and experience generally rapid rates of GDP growth. *Youthful* age structures are associated with significant advances in declining mortality and fertility rates, increased economic development, lower incidence of civil conflict than very young structures but higher than transitional and mature age structures. *Transitional and mature* structures have balanced dependency ratios, improved social and economic development if governments take advantage of demographic opportunities such as increased tax base and personal savings. They also have dramatically reduced incidence of civil conflict.

(U) Research shows that women who have completed most or all of secondary school have lower fertility rates, and that large family sizes that keep women out of the workforce are incompatible with economic growth. However, policymakers have been slow to act on the connections between women's lives, population dynamics and broader development. This is exacerbated by current youth and security literature, highlighting the role of primarily young males in relation to recruitment for extremist or criminal activities. Lack of attention to real participation of women in economic growth is inextricably linked to women's lives as addressed by education and reproductive health (thus the emphasis on cross-sectoral planning and design of programs in youth employment). Until this policy lapse is addressed, many countries will remain stalled in early stages of demographic transition.

(U) When youth perceive that governments are capable of providing education, employment and sufficient livelihood opportunities to start a family and transition to adulthood, a country will likely be less vulnerable to political and civil instability. A government is more capable to provide these essential foundations of development when demographic conditions such as balanced age structure are able to support the needs of youth.

(U) Demographic windows of opportunity:¹⁷ Another concept related to age structures are "demographic windows of opportunity," or demographic dividends, identifying the windows opened by falling dependency rates, a range when the youth proportion of a country's population peaks (see below by country). The variation across countries gives a sense of the importance of understanding and incorporating demographic factors when developing strategic approaches and policy affecting youth employment. This will especially be useful to consider for sequencing and resource priorities for stabilization and transitional development.

¹⁷ (U) World Bank. World Development Report 2007. <www.worldbank.org/wdr2007>; and UN Population Division, Dept Economic & Social Affairs. World Population Prospects: The 2005 Revision Population Database <www.esa.un.org/unpp>.

(U) Youth unemployment – regional data:¹⁸ Regional breakdown (corresponding somewhat to CENTCOM sub-regions) of youth labor market data are presented below. The youth unemployment rate is the total youth unemployed divided by the total youth labor force. For some sub-regions linked to the CENTCOM AOR (CIS, Middle East and North Africa), there are encouraging trends of declining youth unemployment rates comparing 1997 and 2007 data.

(U) Youth unemployment rates 2007

Central & South-Eastern Europe (non-EU) and CIS	18.0
Middle East	20.4
North Africa	23.8

(U) Youth unemployment rates, selected countries:

Egypt	27.1 (2002)
Iran	23.1 (2005)
Pakistan	11.7 (2004)

(U) Share of youth unemployed to total employed, selected countries:

Egypt	65.9 (2003)
Iran	51.4 (2005)
Pakistan	48.0 (2005)

(U) Globally, youth are almost three times as likely as adults to be unemployed (an increase over the past ten years). This is reflected in the youth unemployment rate to adult unemployment rate.

(U) Ratio of youth unemployment rate to adult unemployment rate, selected countries:

Egypt	4.8 (2002)
Iran	3.1 (2005)
Pakistan	2.1 (2004)

(U) Labor force participation rate (sum of persons in the labor force as a percentage of the working age population) is a measure of the relative size of the labor supply available for production. For CIS and North Africa, these rates have decreased between 1997 and 2007, but this is considered a neutral trend due to dependence on other factors (such as higher levels of education, staying in education longer, etc).

(U) Youth labor force participation rates 2007

Central & South-Eastern Europe (non-EU) and CIS	39.3
Middle East	36.4
North Africa	35.3

¹⁸ (U) Key Indicators of Labor Market (KILM) ILO. 2007 and Global Employment Trends for Youth (GET) ILO. 2008. <www.ilo.org/public/english/employment/strat/global.htm>. UN World Youth Reports 2005, 2007. <www.un.org/youth>. Selected countries: youth unemployment data from the Millennium Development Goals Indicators, <<http://mdgs.un.org>>, 2008. Global Employment Trends for Youth (GET), also GET 2006. ILO. <www.ilo.org/public/english/employment/strat/global.htm>.

(U) Employment to population ratio (number of employed as a percentage of the working-age population) is a measure of efficacy of the economy to create jobs.

(U) Youth employment-to-population ratios 2007

Central & South-Eastern Europe (non-EU) and CIS	32.2
Middle East	29.0
North Africa	26.9

(U) Encouraging trends for 1997 and 2007 data for decreasing shares of youth in the total working-age population exist for the Middle East and North Africa. These are areas where economies struggle to absorb the large cohorts of youth entering the labor market stream each year.

(U) Misconceptions and gaps. There are numerous misconceptions about youth and youth labor markets—see the ILO’s Global Employment Trends for Youth (GET) 2006 for an overview. These issues should be understood in order to effectively link short- and medium-term actions to longer term policy changes for shaping youth labor markets. They include issues related to quality and levels of education, youth expectations, youth unemployment, urban and rural needs and poverty.

(U) There are a number of critical issues related to youth unemployment that are covered in the open-source literature, and have not been addressed in this rapid consultation summary. They include the growing literature on sectoral approaches to the transition between crisis and development, such as labor intensive job creation and employment, and emergency education, as well as cross-cutting issues: gender, urban and rural youth, school-to-work transition, etc.

(U) Specific gaps in information related to youth labor markets and youth employment include the linkages between quality work and security (what is the vulnerability to recruitment for youth who are underemployed or in precarious work?); impact of economic crisis on youth employment; sectoral distribution of youth employment, especially with regard to agriculture; and the need for quantifying “discouraged” youth, which refers to an essential element of the working age population – the inactive youth population (see ILO Global Employment Trends for Youth 2006 and 2008 for discussion of “discouraged” youth).

3. (U) DEG COUNTRY GROUPINGS AND YOUTH DEMOGRAPHICS

(U) A calculation using the demographic definition of youth bulge shows that all countries across these groupings exhibit high level youth bulges, with little variation among countries. However, considering population age structure, a demographic transition gradient tracks directly with the DEG stability gradient. Using demographic transition as a criteria in policy implications, with its focus on fertility rates, is also useful when integrating urbanization issues, since natural population increase is a major factor in urban growth in most developing countries, along with migration (rural-urban, conflict-related, economic, etc).

DEG Country Grouping	Population Age Structure*	Youth Bulge**
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Iraq, Afghanistan	very young	high
Pakistan, Yemen, Tajikistan	very young/youthful	high/extreme
Iran, Syria	youthful/transitional	high/extreme
Egypt, Lebanon, Kyrgyzstan	youthful/transitional	high
Jordan, Uzbekistan, Kazakstan, Turkmenistan	youthful/transitional	high
Saudi Arabia, UAE, Qatar, Kuwait, Oman, Bahrain	transitional; sub-type immigration-youthful	med/high
<p>* Estimated for groupings from individual country age structures. Population age structure terminology from Population Action International. The Shape of Things to Come – why age structure matters to a safer, more equitable world. 2007. www.populationaction.org</p> <p>** Youth bulge defined as proportion of 15-29 year olds to all adults 15 years and older; extreme = >50%, high = 40-<50%, medium = 30-<40%, low = <30%</p>		

(U) Countries with *very young* age structures tend to be very poor, are extremely vulnerable to political instability, have autocratic or weak democratic governments, and experience low per capita GDP but generally rapid rates of GDP growth.

(U) *Youthful* age structures are associated with significant advances in declining mortality and fertility rates, increased economic development, lower incidence of civil conflict than very young structures but higher than transitional and mature age structures. However, donor support has often waned and governments must be more self-sufficient at stimulating the economy and providing basic services, tasks it often lacks the capacity or resources to accomplish.

(U) *Transitional and mature* structures have balanced dependency ratios, improved social and economic development if governments take advantage of demographic opportunities such as increased tax base and personal savings. They also have dramatically reduced incidence of civil conflict.

(U) The *immigration-youthful subtype* is a result of high numbers of immigrants seeking employment which shifts the country's age structure, usually increasing primarily young males. Immigrants may move an otherwise transitional national age structure in the direction of a youthful age structure.

(U) Policy implications of a *very young* population age structure (fertility transition halted or slow):

1. (U) Policies and programs that result in progress moving from very young to a more balanced age structure should be prioritized, such as access to family planning and reproductive health, and girls' education.

2. (U) Priorities should include economic policies influencing labor markets, shifting to demand-driven skills development (labor relevant skills in education and youth employment programs). Investments made to facilitate entry of youth into labor markets, such as experiential-based education, training and support for entrepreneurship and job creation.
3. (U) Emphasis should be on investing in cross-sectoral planning at national and local levels, especially those areas relevant to youth and women: health, education, economic and social development. Prioritize policies promoting local economic development partnerships among local government, private sector and civil society.
4. (U) Investment in improving the status of women, not only in health programs but also access to educational, employment and political engagement opportunities.
5. (U) Investment and creation of opportunities for youth to engage in civil, economic and political processes. Nearly 90% of countries with very young age structures had governments that were autocratic or only partially democratic.

(U) Policy implications of youthful population age structure (fertility transition intermediate or drawn-out):

1. (U) Due to continuing high dependency ratios, priority needs to be on continued support for policies and programs that result in progress moving from youthful to a more balanced transitional age structure should be prioritized, such as access to family planning and reproductive health, girls' education. Capacity development of host nation at national and local levels is key, since donor support has often been reduced.
2. (U) Priorities should include continued emphasis on economic policies influencing labor markets, focusing on demand-driven skills development (labor relevant skills in education and youth employment programs).
3. (U) Emphasis should be on investing in capacity development for cross-sectoral planning and cooperation at national and local levels, especially those areas relevant to youth and women: health, education, economic and social development.
4. (U) Investment and creation of opportunities for youth to engage in civil, economic and political processes. Structural investment in local capacity such as local institutions and community organizations is a key priority.

(U) Policy implications of transitional population age structure (fertility transition intermediate/drawn-out):

1. (U) To continue the demographic transition to a balanced age structure with smaller families, governments must continue to prioritize policies focused on young people, such as access to family planning and reproductive health, girls' education.
2. (U) Countries with significant numbers of immigrants should determine if their current immigration rates create a more or less favorable age structure, and should consider tailoring their migration policies accordingly.
3. (U) Continued investment in creating or improving economic policies influencing labor markets, shifting to demand-driven skills development (labor relevant skills in education and youth employment programs).
4. (U) Continued cross-sectoral planning and cooperation at national and local levels, especially those areas relevant to youth and women: health, education, economic and social development.

5. (U) Investment in national and local capacity development and infrastructure to assure continued opportunity to capture the demographic “dividend” of decreased dependency ratios.
6. (U) Continued government investment should occur to assure opportunities for youth to engage in civil, economic and political processes.

(U) Youthful populations and security. Youth bulge can be a misleading concept, often used in reference to countries with very young or youthful population age structures. Many countries analyzed in recent literature concerned with security and a “youth bulge” do have a demographic youth bulges (defined as the number of young people, generally between ages of 15-24, as a percentage of the adult population). But the age structure of the whole population, including cohorts of youth below 15 years, may be a more useful measure for correlation with stability.

(U) In an extreme youth “bulge”, younger age cohorts would be smaller relative to the 15 – 24 age grouping (thus, a “bulge” evident in population structure). In fact, many countries linked to instability are those with very young and youthful population age structures (traditional “pyramid” shape). The table of DEG country groupings shows that the almost the entire countries exhibit a demographic youth bulge at high levels (i.e., no variation among countries), but population age structures representing the demographic transition vary considerably across countries and are aligned along a DEG stability gradient. There are obvious implications of the difference between using youth bulge data and population age structure to correlate youth and stabilization: the impact of the incoming (younger) age classes, for what period of time, and thus the type and duration of interventions needed; and in turn the impact of the continuing entry of these younger cohorts into the labor market as well as urbanization.

(U) There is general evidence that young population age structures are critical factors in many countries with a history of and/or current conflict. The influence of age structures on a nation’s security, democracy and development is significant and quantifiable. Population age structures can be changed, sometimes in surprisingly short timeframes through appropriate policies. It is clear that the presence of a youthful age structure or a youth bulge in and of itself is not a direct cause of conflict, but should be analyzed along with other factors such as social, economic and cultural considerations, and the degree of marginalization or isolation of the youth population. Of these, the literature indicates that economic stagnation is the most highly correlated with youthful age structure and increased risk of conflict.

(U) Careful initial analysis of both country-level and sub-national youth populations should include cross-sectoral expertise: demographic/population, urban and rural, economic, education, health, and gender. These analyses should be integrated into security-based assessments of youth populations in order to determine the degree to which interventions should integrate or target youth.

(U) Key considerations for youth interventions. There are several key considerations for the development of *effective interventions for youth* in order to impact security needs. These considerations are derived from lessons learned to date:

- (1) (U) *Understand the environment from a youth lens* – demographics, economics, socio-cultural, urban-rural, what’s missing, what’s on offer from spoilers, etc (based on best practices/lessons learned);
- (2) (U) Keep approach *consistently cross-sectoral and integrated throughout process*, not just at beginning, end or periodic funding spree entry points; and
- (3) (U) Although both are necessary, use *local as an organizing principle*, not national, even in non-COIN environments.

(U) The following considerations are important if it has been decided that a youth focus is desirable. They are most relevant for those countries with very young and youthful population age structures, especially for stabilization, but also critical for effective conflict mitigation. They are also relevant for countries with transitional age structures, especially where interventions are primarily for mitigation or for targeted sub-national populations. These also coincide directly with many of the key recommendations found in the literature on social isolation of youth. *Each of these requires specific approaches and resources to implement interventions effectively.*

1. (U) Understanding their environment and integrating the target population

Youth interventions cannot be placed into one sector, such as youth employment or education, and be expected to have the *broader scale impact needed for security purposes* (see youth employment PPT slides). As it turns out, recent lessons learned from one such sectoral approach – youth employment – say exactly the same thing: youth need to be addressed through cross-sectoral, integrated approaches which at least consider (if not address) their range of needs and expectations. Youth employment programs designed to be comprehensive will integrate health and social activities, basic numeracy and literacy and community engagement as well as market-relevant skills and entrepreneurship training.

(U) Migration can be a factor in influencing age structures, including the sub-national level, and the large literature on remittances shows the significant economic importance.

Because youth “vote with their feet” at the program level and in a broader way that results in migration, their expectations are important to understand and address in some way, even if not the focus of an intervention. Youth in today’s global environment may no longer be satisfied with subsistence agriculture or have expectations for their lives influenced by global media which was unheard of to previous generations.

(U) To incorporate their needs, youth need to *be involved in all aspects of interventions* – development to implementation and follow-up. Youth engagement doesn’t mean just holding a few youth focus groups with “youth leaders”, but consistently involving targeted youth in sectoral and other analyses as a team member (youth “lens”). This way, youth are not only an object of analysis, but an active participant in a balanced intervention design which incorporate youth expectations of the target groups and not those of youth “elites” or other spokespersons on behalf of youth. Methodologies are already available to engage youth in community asset mapping, labor market surveys, participatory monitoring and evaluation, etc.

(U) Obviously the environment of the youth population must be fully understood in order to design effective interventions. Engaging the targeted groups will enable a better understanding of what alternatives exist for youth in their environment, whether from the economy (formal and

informal), social networks, or criminal or extremist organizations. Because violence-based groups are capable of rapid changes, as are movements of youth themselves, it is critical to keep the target group engaged during the entire intervention cycle and utilize rolling assessments methodologies such as TCAPF that are capable of tracking localized differences across communities.

2. (U) Consistent multi-sectoral, integrated approach essential to affect youth

There is universal agreement from all aspects of the field of youth development, including youth employment, that a comprehensive approach is most effective. Multi-sectoral expertise should be integrated throughout the entire (non-linear) intervention process: assessment, planning, design, implementation, monitoring and evaluation. Until this goes beyond lip service, results will continue to be marginal in impact. This includes input from experts (preferably but not limited to those who understand complex environments) across areas such as urbanization, economic, education, health, youth and youth employment, infrastructure, energy, land tenure, social and cultural issues, etc. Methodologies for cross-sectoral work abound, what is lacking is the will to resource and consistently apply appropriate approaches, and to take the time necessary to tailor them to the context.

3. (U) Local populations matter – different places, different approaches

Not only are local populations important to COIN operations, but decades of lessons learned show that youth need community-based input and support networks for interventions to be effective and sustained for any meaningful period. The integration of local populations should be part of the entire (non-linear) intervention process: assessment, planning, design, implementation, monitoring and evaluation. Effective assessment methodologies such as TCAPF and participatory methods from social science are widely available – what is missing is the understanding that these approaches are critical to successful engagement with youth populations (going beyond lip service), and the will or ability to resource what is required for a local focus.

(U) Experience shows that a balance of major stakeholders at the local level needs to be involved to be effective in interventions: local government, private sector and civil society. Expertise from a balance across these areas is critical for the design and implementation of quality interventions, because no matter how well-meaning a youth-centered, grass-roots community organization is, experience shows that their mandate does not require them to understand labor markets, and vice versa. Although often weak, local governments are often in the best position to foster public-private alliances – even at the micro level – that have proven to be successful in sustainable youth employment and broader youth development. Local economic development (LED) is an established approach that combines inputs from a balance of stakeholders coordinated with local governments, resulting in partnerships to stimulate economic development.

(U) Variations across communities are important to integrate through cross-cutting youth assessments. Communities may mean slums in a mega-city or smaller towns, cities and regional capitals. When there are population age structure differences at sub-national levels (influenced by internal migration such as urbanization, refugees, etc), methodologies that work at the community level should be an essential part of interventions whether short- or long-term. There may be real localized youth bulges in urban centers, for example, that go unaddressed due to lack of sufficiently nuanced analysis and intervention design. This is important *if youth targeting for*

security purposes has been determined to be important. Methodologies such as TCAPF's rolling assessment are designed to gather local input and can be readily tailored to needs.

4. (U) YOUTH DEMOGRAPHICS AND CENTCOM OBJECTIVES IN SELECTED COUNTRIES

(U) In order to improve the effectiveness of interventions to affect youth, it is necessary to integrate current understanding of youth demographics and lessons learned from youth employment programs and labor markets with key drivers of instability and USCENTCOM objectives. This, combined with improved assistance modalities such as PRTs, will contribute to improved short- and medium-term interventions that better link to the longer term changes needed for lasting stability. Urbanization data are from UNPD World Urbanization Prospects: the 2007 revision population database; data are the urban population as percentage of total. It should be noted, however, that for some countries the absolute numbers resulting from urbanization are the key issue, and not only rates; policy responses can be linked to both.

(U) This section contrasts objectives related to youth demographics and youth employment factors with the short- and medium-term objectives for USCENTCOM countries identified during the CAT process. The most critical approach needed is to integrate youth across DEG and country objectives, treating it as cross-cutting and not a stand-alone sectoral fix. If youth is addressed as an employment activity only, it will be much less effective than if integrated across all key areas, especially: local government legitimacy, youth employment and counter-radicalization.

AFGHANISTAN

(U) Demographic overview

(U) Demographic window of opportunity: window yet to open, youth peak after 2040

Population age structure type: very young through 2025

Youth bulge: high (40 - <50%)

	<u>2005</u>	<u>2050</u>
Total population	25 million	79 million
% pop age 5-14 years	28.4	22.1
% pop age 15-24	19.6	20.3

(U) Percentage urban population (1980 data - 2050 projection): 15.7 - 51.5

(U) Linkages to CAT objectives

(U) Key drivers of instability:

(U) Primary – lack of security, food and jobs;

(U) Secondary – governance, corruption, youth/lack of vocational training, weak economy, unemployed youth

(U) Region-wide youth objectives (from WDR)

(U) Improve quality of basic education, expand options for secondary; address key labor market challenges – low growth rates, lack of market-relevant skills, inequitable public and private sector wages, social norms affecting gender; improve health care, new health risks; integrate youth employment in agriculture sector; expand access to information for improved decision making – literacy, internet access to global knowledge, access to health information; facilitate transition to citizenship, youth participation

(U) Key challenges

(U) Increase in working age population relative to non-working age population; priority to build relevant skills; pace of demographic opportunity may outpace educational and economic improvements; need to decrease gap between expectations and opportunities

(U) EGYPT

(U) Demographic overview

(U) Demographic window: youth peak current through 2030

(U) Population age structure type: youthful, transitional by 2025

Youth bulge: high (40 - <50%)

	<u>2005</u>	<u>2050</u>
Total population	73 million	121 million
% pop age 5-14 years	21.6	13.9
% pop age 15-24	20.8	14.1

(U) Percentage urban population (1980 data - 2050 projection): 43.9 – 62.4

(U) Linkages to CAT objectives

Key drivers of instability:

(U) Primary – ruler succession, unemployment, population growth, poverty

(U) Secondary – rule of law, lack of freedom, youth

(U) Regional youth objectives (WDR)

(U) Improve quality of basic education, expand options for secondary; address key labor market challenges – low growth rates, lack of market-relevant skills, inequitable public and private sector wages, social norms affecting gender; improve health care, new health risks; expand access to information for improved decision making – literacy, internet access to global knowledge, access to health information; facilitate transition to citizenship, youth participation

(U) Key challenges

(U) Increase in working age population relative to non-working age population; priority to build relevant skills; pace of demographic opportunity may outpace educational and economic improvements; need to decrease gap between expectations and opportunities

(U) IRAN

(U) Demographic overview

(U) Demographic window: youth peak current

(U) Population age structure type: youthful, transitional by 2025

Youth bulge: high (40 - <50%)

	<u>2005</u>	<u>2050</u>
Total population	69 million	100 million
% pop age 5-14 years	20.0	12.1
% pop age 15-24	25.2	11.5

(U) Percentage urban population (1980 data - 2050 projection): 49.7 – 84.1

(U) Linkages to CAT objectives

(U) Key drivers of instability:

(U) Primary – nuclear ambition, democracy, weak economy

(U) Secondary – isolation

(U) Regional youth objectives (from WDR)

(U) Improve quality of basic education, expand options for secondary; address key labor market challenges – low growth rates, lack of market-relevant skills, inequitable public and private sector wages, social norms affecting gender; improve health care, new health risks; expand access to information for improved decision making – literacy, internet access to global knowledge, access to health information; facilitate transition to citizenship, youth participation

(U) Key challenges

(U) Increase in working age population relative to non-working age population; priority to build relevant skills; pace of demographic opportunity may outpace educational and economic improvements; need to decrease gap between expectations and opportunities

(U) IRAQ

(U) Demographic overview

(U) Demographic window: youth peak next 20 years

Population age structure type: very young, youthful by 2025

Youth bulge: high (40 - <50%)

	<u>2005</u>	<u>2050</u>
Total population	28 million	62 million
% pop age 5-14 years	26.4	16.1
% pop age 15-24	20.1	16.2

(U) Percentage urban population (1980 data - 2050 projection): 65.5 – 77.8

(U) Linkages to CAT objectives

(U) Key drivers of instability:

- (U) Primary – disputed internal boundaries, political divisiveness, lack of basic services
- (U) Secondary – internal and external threats, unemployment, electricity & hydrocarbon infrastructure

(U) Region-wide youth objectives (from WDR)

(U) Improve quality of basic education, expand options for secondary; address key labor market challenges – low growth rates, lack of market-relevant skills, inequitable public and private sector wages, social norms affecting gender; improve health care, new health risks; expand access to information for improved decision making – literacy, internet access to global knowledge, access to health information; facilitate transition to citizenship, youth participation

(U) Key challenges

(U) Increase in working age population relative to non-working age population; priority to build relevant skills; pace of demographic opportunity may outpace educational and economic improvements; need to decrease gap between expectations and opportunities

PAKISTAN

(U) Demographic overview

(U) Demographic window: youth peak beginning

(U) Population age structure type: currently shifting very young to youthful, transitional by 2025
Youth bulge: high (40 - <50%)

(U) By the early 2040's, Pakistan will have surpassed Brazil and Indonesia to become the fourth most populous country in the world behind China, India and the U.S.

	<u>2005</u>	<u>2050</u>
Total population	158 million	292 million
% pop age 5-14 years	25.2	14.7
% pop age 15-24	22.1	14.5
Percentage urban population (1980 data - 2050 projection):	28.1	63.7

(U) Linkages to CAT objectives

(U) Key drivers of instability:

- (U) Primary – Islamic fundamentalism, insurgency, VEOs, youth unemployment
- (U) Secondary – border and ethnic disputes, resource disputes, land injustice, social contract, food availability

(U) Region-wide youth objectives (from WDR)

(U) Improve quality of basic education, expand options for secondary; address key labor market challenges – low growth rates, lack of market-relevant skills, inequitable public and private

sector wages, social norms affecting gender; improve health care, new health risks; integrate youth employment in agriculture sector; expand access to information for improved decision making – literacy, internet access to global knowledge, access to health information; facilitate transition to citizenship, youth participation

(U)Key challenges

(U) Increase in working age population relative to non-working age population; priority to build relevant skills; access to health care; pace of demographic opportunity may outpace educational and economic improvements; need to decrease gap between expectations and opportunities.

TAJIKISTAN

(U) Demographic overview

(U) Demographic window: youth peak current, next 10 years
(U) Population age structure type: very young, transitional by 2025
Youth bulge: high (40 - <50%)

	<u>2005</u>	<u>2050</u>
Total population	6.5 million	10.7 million
% pop age 5-14 years	26.2	13.4
% pop age 15-24	22.3	14.3

(U) Percentage urban population (1980 data - 2050 projection): 34.3 – 48.3

(U) Linkages to CAT objectives

(U) Key drivers of instability:
 (U) Primary – governance, food insecurity
 (U) Secondary – border & ethnic disputes, irrigation/water disputes

(U) Region-wide youth objectives (from WDR)
(U)Improve quality of basic education, expand options for post-primary and relevance to work (lack of market-relevant skills); address labor market restrictions that restrict access for newcomers/youth; make migration easier (especially temporary migration); expand access to information for improved decision making – literacy, internet access to global knowledge, access to health information; facilitate transition to legal identity and citizenship, youth participation; offer second chances – drug users, criminal justice and targeted programs to most vulnerable

(U) Key challenges

(U)Gaps in education, employment and civic participation, especially political reform; youth participation in migration

YEMEN

(U) Demographic overview

(U) Demographic window: youth peak next 20 years

(U) Population age structure type: very young through 2025

Youth bulge: extreme (>50%)

	<u>2005</u>	<u>2050</u>
Total population	22 million	58 million
% pop age 5-14 years	29.0	18.7
% pop age 15-24	21.6	17.4

(U) Percentage urban population (1980 data - 2050 projection): 16.5 – 60.2

(U) Linkages to CAT objectives

(U) Key drivers of instability:

(U) Primary – south separatism, civil insurrection, VEOs, youth unemployment

(U) Secondary – remittances

(U) Regional youth objectives (from WDR)

(U) Improve quality of basic education, expand options for secondary; address key labor market challenges – low growth rates, lack of market-relevant skills, inequitable public and private sector wages, social norms affecting gender; improve health care, new health risks; expand access to information for improved decision making – literacy, internet access to global knowledge, access to health information; facilitate transition to citizenship, youth participation

(U) Key challenges

(U) Increase in working age population relative to non-working age population; priority to build relevant skills; pace of demographic opportunity may outpace educational and economic improvements; need to decrease gap between expectations and opportunities

SECTION V – (U) YOUTH EMPLOYMENT IN COMPLEX ENVIRONMENTS. RAPID CONSULTATION, CENTCOM ASSESSMENT TEAM NOV 2008 – JAN 2009. DEVELOPMENT, ECONOMIC GROWTH AND GOVERNANCE TEAM

(U) Introduction

(U) For the purposes of this rapid consultation, youth employment has a dual focus:

(U) (1) to employ youth in economically productive activities ranging from formal and informal sector jobs to engaging youth in enterprise development (micro- and small businesses); and (2) to maximize various means of “employing” or “occupying” youth in order to restrict the access of VEOs, criminal influences, etc. to the available “pool” of youth. It is assumed that the results of this consultation are relevant to those environments where *youth have been identified as a key element linked to instability*.

(U) Justification

(U) The youth demographic, or youth bulge, has been raised as a stability risk factor in most of the countries under the CENTCOM Assessment Team (CAT) review process. Although CAT brings together numerous high-level experts, there are few SMEs on youth employment directly involved in the CAT process. Likewise, few USG posts in the USCENTCOM AOR employ SMEs on youth employment directly. This rapid consultation with a small number of operational experts and update of open-source literature provides updated technical content on youth employment for consideration during the CAT process. Implications of youth employment issues for programming and for USCENTCOM are suggested.

(U) Objectives

(U) To (1) identify current principles, approaches and elements of youth employment programming, informed by operational experience, and (2) discuss implications for programming and policy, as input for the USCENTCOM AOR assessment countries – Iraq, Iran, Afghanistan, Pakistan, Central Asia, Egypt, Levant, and Arabian Peninsula.

(U) Methodology

(U) A series of expert interviews were conducted in December, 2008 and January 2009; key set of 3-4 interview questions were developed with USAID subject matter experts in December 2008. In addition to interviews with implementers, a rapid review of key open-source literature was carried out across employment and conflict subject areas. A list of contacts and literature reviewed are included.

(U) KEY PRINCIPLES AND PROGRAM ELEMENTS OF YOUTH EMPLOYMENT IN COMPLEX ENVIRONMENTS

(U) What are the most important principles and program elements in youth employment?

There is universal agreement on a set of principles derived from the expert interviews and literature review that should guide interventions in order to be effective in youth employment programs. Many, if not most, of the principles and program elements described here are the same that make up youth employment programs in non-conflict related environments, and also coincide with many principles of countering violent extremism (for example, principles to affect social isolation of youth). All of the specialists interviewed agreed that it is possible and

important to incorporate these principles and program elements in a complex environment, albeit modified and with attention to sequencing, security, etc. Many derive from decades of work in the field of youth development (a broader approach for working with youth). Each of these interrelated principles has *specific implications for policy as well as the careful assessment, design and implementation of interventions*, some of which are addressed in the next section.

1. **(U) Comprehensive, integrated approach.** Just as with any demographic subset (women, young males, etc), youth have a unique set of factors operating in their environment, and these factors need to be understood and accounted for as *an integrated set*, not one-offs or cherry-picked as mandated by donor priorities or budget limitations. This includes everything from family and livelihoods demands to personal development, cultural, religious and income needs. There are practical ways to address many or most of these factors facing youth even in complex environments, derived from decades of youth development work, health, social science and other professions. A comprehensive approach includes consideration of youth as a cross-cutting issue in all sectors, as well as the use of cross-sectoral approaches in the design of youth interventions.
2. **(U) Market-based, demand-driven approach.** Youth employment encompasses jobs as well as entrepreneurship and enterprise development; all of which take place in both the formal and informal economy. It seems obvious that *matching skills training to labor market needs* would be essential, but a relatively large number of youth programs operate on supply side, whether driven by objectives other than employment or by the existing structures of government policies and institutions. Youth and community development organizations and professionals have been the leaders for decades, but the private sector is a relatively recent partner in many developing countries. The lessons-learned literature frequently references examples of youth being trained to skills that are not in demand in local or national markets, attesting to the need for a balance mix of technical expertise in the development of interventions. There may be a need for segmenting the target youth group, diversifying the types of service providers, labor market surveys, and a number of approaches that enable effective job placement and enterprise development.
3. **(U) Youth engagement.** A common notion in youth development is that “*youth vote with their feet.*” Working with youth is about relationships, and if their critical needs are not being addressed and their voices are not being heard, they leave. One way to assure that youth are being heard is to involve them in addressing their own needs. Youth engagement has several key aspects: the need for youth to *be engaged in something* (positive or negative) to avert isolation and alienation; the importance of *peer learning*; and the critical role of the *views and participation of youth to be incorporated into all stages of interventions* from concept, assessment and design to implementation, monitoring and evaluation. There are ample methodologies from participatory development and social science to allow for the voice of youth to be incorporated in all stages. Although youth engagement is critical, it is by no means the only or even major input into interventions; its importance needs to be almost “over” stressed due to the history and cultural biases that work against truly “listening” to the voices of youth.

4. **(U) Positive youth development – youth as assets for building communities and nations.** Consciously *viewing youth as an asset* influences the pathways to how their needs are assessed, addressed and evaluated in interventions. The principle of positive youth development has practical implications for other factors identified as critical to successful programming, such as adequate training of staff, curriculum content, appropriate mentors, etc. Especially in complex environments, where the need to build local capacity is key for stability and sustainability, taking an asset-based approach (vs. deficit-based assessment – what do they “need” instead of what do they bring) structures local resources into interventions. The area of youth livelihoods has been a leader in the assets-based approach, but there are many others to draw from.
5. **(U) Youth expectations.** This is a multi-faceted issue, as it is relevant for youth who are highly educated as well those highly vulnerable and at-risk. Influenced by family history, wider culture, socio-economic and religious factors, youth develop a set of expectations for their future. They are open to change or modify their vision, but this willingness is shaped largely by the types of opportunities that youth see (not just believe) that they can access. It is critical to *understand and address these expectations* as clearly, directly and early as possible through cross-cutting youth assessments as well as other methodologies. Addressing phenomenon such as the so-called “shame culture” of Arabs is an example of how stabilization issues can be linked to youth’s expectations in interventions (acceptance of work that appears low-level or demeaning).
6. **(U) Youth services and networks.** For all youth, but especially for the most vulnerable, it is essential to provide an *array of services and support mechanisms that reinforce the core objectives* of youth employment. These include everything from child care, transportation and meals during training to the critical role of community engagement, psycho-social support and follow up structures for ongoing tracking and mentoring youth once they have gained employment or are engaged in their own businesses. Everything does not have to be subsidized, but does need to be assessed and planned for during program design, implementation, monitoring and evaluation.
7. **(U) Service learning.** Youth need opportunities to experience and practice skills development directly through the critical role of service learning, such as internships, apprenticeships and community service projects. Service learning opportunities are essential elements of the partnerships between government, private sector and the community (see below). Youth employment programs frequently are the first opportunity for meaningful skills development for youth to begin to create a CV, not to mention shape their vision of themselves and their future.
8. **(U) Partnerships.** Everywhere programs are moving away from sectoral stovepiping toward integrated approaches, and public-private partnerships between government (local and national), private sector (local, national and international) and civil society (local leaders, NGOs and other institutions) are a natural outgrowth of this paradigm shift. Even in complex environments, sometimes through incentives, partnerships can be stimulated at any level. The timing and strength of these partnerships will vary across the stabilization to development spectrum. Building partnerships takes specific skills and expertise, and there are examples

across all sectors. One of the most likely pathways for successful scaling up of youth employment programs lies in building public-private partnerships.

9. **(U) High quality program staffing and content.** Across the board, this principle comes up as critical to success. Although it seems obvious, frequently the assessment and design phases do not adequately plan for and resource critical elements such as adequately trained teachers, relevant curriculum, and appropriate and trained mentors. These have been identified as deal-breakers even though programs may be otherwise well-run. In complex environment, the pressure to produce results quickly can easily lead to overlooking or under-resourcing these factors, but ultimately result in less effective or even negative program results. Also, youth are swift to identify the lack, or mismatch, of skills on the part of instructors and even the most vulnerable will “vote with their feet” – resulting in a program with low levels of impact on the target group.
10. **(U) Dynamic, comprehensive and responsive programming.** It is well understood that youth employment programs should include some mix of “soft” skills (also called lifeskills) and technical training, and an appropriate skills match of supply and demand has already been addressed. In addition to these, the service providers for the program should include active monitoring in order to respond to changes in the environment and participants’ experience. Change is a given in complex environments, and programs (and their donors) simply cannot afford to be inflexible if they want to be effective.

(U) How are these principles applied in complex environments? What is different about doing youth employment in post-conflict settings?

(U) The same principles that apply to adapting “regular” development programs to stabilization environments apply to youth employment: knowledge of key principles, attention to sequencing, prioritizing elements, targeting, resourcing issues, adequate expertise, building local capacity, etc. There was agreement among most practitioners interviewed that what is most important is the *comprehensive, cross-cutting nature* of effective approaches. It is critical not to cut out bits and pieces of programming driven by resource constraints (time, funding or human resources) or security issues in the environment; these realities are a given. Every effort should be made to utilize all assets possible, especially local, to incorporate these elements as completely as the situation allows.

(U) Another point that was consistently raised by practitioners was the need for the environment to be interpreted through the eyes of the target youth group in order to construct effective responses to their needs. Their environment is complex, demanding and resource-poor, and careful *cross-cutting youth assessment* is a critical step in fully understanding key elements that need to be addressed to be effective. This may be integrated into ongoing conflict or other assessments, or occur as a stand-alone but is the best tool available for addressing the issue of context.

(U) As mentioned in the principles, youth should be incorporated into assessment, design, implementation, monitoring and evaluation as full team members, and not only as beneficiaries of program.

(U) One way to summarize an approach that reflects these key principles was suggested:

1. (U) Fully understand the environment of the target group (through conflict, tactical, and youth assessments in addition to other tools);
2. (U) Fully understand what the “competition” is offering in that environment (through assessment, youth engagement, etc); and
3. (U) Design according to understanding of the environment, target youth group
4. (U) Resource interventions sufficiently to address a complex system (youth mapping, labor market surveys, etc).

(U) Basic elements of youth employment interventions

- (U) Cross-cutting youth assessment
- (U) Youth mapping, labor market-surveys, market research
- (U) Public-private partnerships; private sector directly involved in curriculum design, internships, mentoring, apprenticeships; linked to exit strategy (planned up front)
- (U) Mentoring services
- (U) Curriculum relevant to labor market needs, flexible to change and recognized by authorities and/or businesses
- (U) Basic numeracy and literacy skills
- (U) Technical skills – agriculture, industry, ICT, etc.
- (U) Life skills (workplace-friendly, team building, interviewing, etc)
- (U) Social networks – community involvement
- (U) Service learning options relevant to markets (formal and informal); apprenticeships, internships with mentoring
- (U) Entrepreneurship and enterprise development; including access to credit and BDS
- (U) Psycho-social support
- (U) Sustainability and exit strategy – linked to partnerships

(U) IMPLICATIONS FOR YOUTH EMPLOYMENT PROGRAMMING, POLICY AND CENTCOM

(U) If youth has been identified as a key factor linked to instability in a country, it is not enough to “hope” that youth-related goals are achieved in sectoral programs. A systematic and strategic approach must be in place to achieve effective results affecting youth at a scale that will make any difference in stabilization operations. The following section suggests some implications for programming and policy that derive from the key principles of youth employment. These implications may be useful in considering how to construct a systematic, strategic approach to achieve the goals of youth employment in stabilization and transition to development.

(U) Implications for programming youth employment interventions

(U) The area of youth employment, and especially for complex environments, is a relatively new one in terms of evolving conceptual frameworks, academic research, collections of lessons-learned, etc. Some of the implications for programming listed here reflect current gaps in understanding, such as urban youth employment, and the lack of independent impact evaluations

of programs. Other implications are a function of how the youth employment principles are being interpreted and applied in interventions.

1. (U) Critical role of quality cross-cutting youth assessment
2. (U) Right mix of service providers – international and local; social science, business and technical expertise needed in varying mixes at varying times
3. (U) Need for independent impact evaluation – costs of time, expertise and financial resources
4. (U) Building partnerships – takes time, sustained investment, transparency
5. (U) Resourcing implications – complexity requiring longer, more or varied staff, quality vs. quantity; higher costs, especially early post-conflict
6. (U) Access to appropriate technical expertise – use of virtual networks across country programs and with regional/international practitioners; this applies not only sectoral but also program management (expertise in assessment, design, monitoring and evaluation); also cross-cutting issues such as gender
7. (U) Local capacity building – use of youth employment intervention to address across other stabilization interventions (integrating youth in security sector, public sector construction, cash for work, etc)
8. (U) Urban youth employment – use of urban-focused methodologies, local economic development, urban-rural linkages through market value chains, esp. agriculture
9. (U) Exchange and peer learning opportunities from the region and/or U.S. – draw on extensive US experience (DOL and other USG programs; DOS exchanges)
10. (U) Social innovation and use of technology – distance learning, gaming, social networking etc.

(U) Policy implications

1. (U) Strategic emphasis by leaders that integrating a youth employment *approach* is a high priority across sectors (vs. youth employment as a consideration or one-off program).
2. (U) Commitment to achieving goals of youth employment over the *medium and long term*, especially in countries where the US has a history of transactional relationships and wishes to shift to longer term, more sustainable effects. This would not necessarily imply that the USG commits to accomplishing youth-centered goals exclusively or single-handedly, but that we are a partner for the long haul.
3. (U) Commitment to use of metrics to *track change (impact level)* throughout stabilization and transition periods. Support for the type of results obtained from long-term tracking studies require policy level interventions.

(U) Implications for CENTCOM

1. (U) Sectoral data and intelligence collection - linkage of youth employment to radicalization, extremism and recruitment. Incorporation into rolling assessment methodologies such as TCAPF at tactical and operational levels.
2. (U) Role and engagement of youth in security sector operations and/or reform.
3. (U) Youth engagement as input for strategic communications.

4. (U) Accessing appropriate skills mix of SMEs for assessment, design, implementation, monitoring and evaluation of interventions.

**SECTION VI – (U) CAT YOUTH EMPLOYMENT RAPID CONSULTATION -
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APPENDIX FOUR: PRTS IN COIN: GETTING FROM GUNS TO GOVERNANCE

<u>Problem</u>	<u>Solutions/next steps</u>
<u>Goals</u>	
Unclear, conflicting mandate , multiple models, inefficiencies	Joint military/civilian statement clarifying PRT primary roles <u>Timing</u> : Immediate
Overly ambitious projects, capacity building agendas	Increased focus on building local and traditional institutions <u>Timing</u> : design: 3 months; implementation: 6-18 months
Lack of continuity of ideas, programs, relationships due to short mission assignments	Development and Implement program of phased handover; where possible, lengthen tours. <u>Timing</u> : 6 months
	Increased use of locally recruited staff at senior levels. <u>Timing</u> : Phase 1: 6-18 months
<u>Unity of Effort</u>	
Lack of coordination in USG and international civilian programs to implement changes in PRT model	US Congress and agency leaders to give implementers necessary authority; institutionalize information sharing <u>Timing</u> : Continuous
	Coordinated diplomatic and military outreach to international partners to achieve consensus on PRT models and transition <u>Timing</u> : Continuous
<u>Clarity of concept</u>	
Lack of a transition model from PRTs to sustainable development assistance to ensure continuity.	Develop and introduce Development Assistance Teams as natural extension of PRT concept. <u>Timing</u> : Design: 6 months; implementation: 7-60 months
Skills mismatches , lack of skills transition as conditions change	Develop staffing manual relating conditions on ground with skills profiles in transition from Clear to Hold to Build. <u>Timing</u> : Design: 3 months; implementation: 4-60 months
	Enhanced training program focused on governance tools, local conditions, the link between local and national governments
	Implement Civilian Stabilization Corps <u>Timing</u> : 6-60 months
	Implement “hub and satellite” model for specialized skills. <u>Timing</u> : Design: 6 months; implementation: 7-60 months
	Create “fly away” teams to provide technical skills on a sustainable basis <u>Timing</u> : Design: 6 months; implementation: 7-60 months
Lack of benchmarks , performance criteria, outcome-oriented evaluations	Develop protocol for evaluating PRT performance, including baseline data in critical governance areas. <u>Timing</u> : Design: 6 months; implementation: 7-60 months

(U) COIN and “good enough” governance

(U) Broadly writ, USCENTCOM’s primary strategic goal is to create and sustain a level of stability in its AOR that reduces and ideally eliminates opportunities for radicalization and extremism. A basic assumption of current counterinsurgency (COIN) doctrine, one borne out by research on radicalization, is that people are drawn to radical movements and extremism when their governments fail to provide basic needs: local services, preservation of basic property rights, simple dispute adjudication, basic safety and security, opportunities for economic livelihood. It is the vacuum created by poor governance, especially at the local government level, that draws radical elements into a community. If radicalism and extremism are to be defeated, citizens must see a viable alternative in local governments. This proposition is the core of the COIN doctrine. In development terms, COIN is about producing “good enough” local governance that leads to “good enough” stability sufficient to allow engagement to shift from military to non-military assets.

(U) If basic services and security are to reach communities, weak and fledgling central and local governments must be made to work. Central governments typically control national resources, whether from natural resource wealth (Iraq) or donor assistance (Afghanistan). Local governments typically are the delivery mechanisms for services and often the primary link between citizens and the state. If central government is dysfunctional, local governments are starved of resources; if local governments don’t work, there is no mechanism to deliver services, and no connection between people and government. In weak states, the central government’s first priority is budget execution: the delivery of basic fiscal management in a transparent and accountable manner, including moving resources from the center to provinces and districts. Provincial and district governments implement the basic service programs and provide the local security that give citizens hope and patience. Both the center and the periphery need to work under the spotlight of transparency to hold corruption in reasonable check, and create incentives for delivery.

(U) Under the COIN Doctrine, US forces initially “Clear” an area, and immediately begin to improve local living conditions, usually through CERP expenditures, and with mainly military assets. As the Clear phase ends and an area moves into a primarily Hold environment, and later on to primarily Build, USG efforts shift from doing for communities to supporting local governments to provide for their people. This transition, which begins most critically in the Hold phase, is essential if citizens are to see their government as worth supporting.

(U) PRTs were designed to complement and extend military action in achieving basic COIN stability goals and to work in environments beginning with just-post or still-partially kinetic to near permissive. As such, while the stability objective is constant, there is no one blueprint for a PRT, in terms of leadership or staffing or role. To serve the purpose for which they were created, individual PRTs must be designed with local circumstances in mind, and must change as those circumstances evolve. During early phases of COIN operations, PRTs will be primarily military led and staffed, with civilian support helping Civilian Affairs soldiers link efforts to communities, and prepare for the transition from Clear Primary to Hold and beyond. As the environment becomes more and more permissive, PRTs change leadership and composition, becoming civilian led and staffed, and working in support of local governments.

(U) In the early phases of COIN operations, PRTs are extensions of brigades, focused on reconstruction to humanitarian assistance using military resources. As COIN operations transition into support for local government support and locally-led security, PRTs need to evolve into Development Assistance Teams (DATs) operating in districts and communities without a US security presence. DATs continue the work started by PRTs by supporting local government delivery through simply technical assistance, linking communities so that they can learn from each other, facilitating relationships between districts and the center. DATs were not part of the original PRT construct, but planning for them will be essential if COIN security gains are to be sustained. Iraq and Afghanistan will remain fragile states and easy targets for insurgents for many years. Continued support from the US and international community to local governments, along with the complementary development inputs these governments need to succeed—roads, bridges, dams, skill development and training, job creation—will be essential if campaign successes are to be sustained.

(U) Whereas PRTs, especially in early COIN phases, will, as their name implies, operate at the provincial level, DATs will be more decentralized, working at the district, even sub-district levels. PRTs are relatively short-term constructs, whereas DATs need to be built and staffed with longer engagement in mind. As DATs will be primarily in a support role, they will tend to be smaller, staffed by institutional development experts and with fewer embedded technical specialists, and with a heavier reliance on local and regional expertise than traditional PRTs. Technical expertise, when needed, will be drawn from a central pool. This “hub and satellite” model with its reliance on national staff has the advantage of allowing for larger numbers of decentralized teams, while still providing technical input when needed. It is a more sustainable model than the traditional PRT structure because staffing costs are lower and because it is more easily internationalized.

(U) If correctly structured and managed, PRTs and DATs can assess, and plan for, the ground context. For PRT/DATs to deliver on the stability objective, they should, whenever and wherever possible, focus on mentoring local officials and connecting them to the local populations in their jurisdictions through traditional systems and government authorities. Even when a project might be seen as good on its own merits, if it is not connecting to local systems and/or cannot be scaled up, it may ultimately have limited benefits toward stability objectives. The Afghan Ministry of Health model, one of the National Programs that includes the Ministry of Rural Development and the Ministry of Telecoms, is often used as an example of success in achieving both service supply and government connection objectives, despite political and budgetary constraints. Under the MoH model donors provide direct budget support to the ministry, which then contracts out delivery to local NGOs. In this case, budget support starts appropriately at the top, and local assistance is provided by NGOs rather than DATs, but the principles are the same.

(U) The success of PRT/DAT operations rests on four issues: clear goals, unity of effort, clarity of concept and transition, and appropriate people. From a USG perspective, the primary and overriding goal of PRTs/DATs is to accomplish political and economic objectives at the local and provincial levels in support of the theater strategic civil-military campaign plan. This is not a development goal *per se* but it has development overtones. It does, however, require a different mindset than the mindset on which most development interventions are based. Whereas traditional development is about investments and institution building that pay off over decades in

the form of sustainable economic growth and poverty reduction, the “development” objective of PRTs/DATs is much more short-term with emphasis on immediate results rather than sustainability and growth. Over time DATs may shift into a longer term development operating mode, but even they will have to focus initial efforts on short-term results.

(U) Unity of effort requires coherence within PRTs/DATs, between PRTs/DATs and other COIN and USG development assets, and between USG and international assets. Clarity of concept involves understanding how PRTs need to be structured to do their work at each phase of COIN, the transition process between phases, and the signals that say when to change. None of this can work unless the right people, leaders and staff, are in place. Since the role of PRTs and DATs changes with circumstances, so, too, will the required leadership and skills. As an example, initially PRTs will benefit from a staffing that emphasizes the technical knowledge needed to repair and restart local services. After that, as the work shifts to supporting government efforts, language skills, understanding of local governance structures, and experience with local government capacity support in similar situations will take on greater importance. All these issues are discussed in more detail below.

(U) The Record to Date

(U) While there are a number of process reviews, there is little credible PRT evaluation focused on outcomes, and therefore little in the way of guidelines for determining what is working and what is not. The evidence that does exist, often qualitative and/or anecdotal, suggests the following lessons:

- (U) Early projects and expenditures not connected to critical objectives and outcomes. Pressure to spend more/do more led to working in comfort zones, and/or a scattershot approach in a project-oriented model. A tendency to burden PRTs with ever-increasing mandates every 3-4 months, short-term new frameworks for progress.
- (U) Tendency to import foreign models of governance rather than to build on traditional models. PRTs often substituted for local governments, rather than supporting them.
- (U) Lack of local citizen input as part of a community-based approach often meant led to a mismatch between needs and deliverables.
- (U) Short rotations undermine continuity of effort, and relationship building with local populations, traditional leaders, and local government.
- (U) Tendency for PRT structures to lag behind evolving local conditions. PRTs behind the curve rather than leading change.
- (U) Personnel/Subject Matter Experts not been well matched to conditions and needs on the ground.
- (U) No integrated reporting and appropriate timelines/sequencing of activities against which performance can be measured.

(U) The future of PRTs

(U) Recommendations for fixing the problems outlined below are outlined in the table at the beginning of this note. They fall into seven categories:

- (U) **Clarify priorities**, methods, instruments.
- (U) **Strengthen continuity** through leadership and staff overlap, better use of local staff.
- (U) **Simplify approach** to local institution building by building on traditional institutions.
- (U) **Develop transition model** to guide timing of move from one PRT model to the next.
- (U) **Ensure appropriate skills** by developing skills guidelines for each phase of PRT evolution, a training program focusing on how local governments work, mobile technical teams and a hub-and-satellite delivery model.
- (U) **Strengthen unity of effort** by engaging Congress, heads of agencies, and the international community.
- (U) **Develop benchmarks** to underpin PRT performance evaluation.

(U) Here we provide the context behind these recommendations.

(U) In strengthening and preserving their role in delivering on COIN objectives, USCENTCOM will need to clarify the PRT construct, and embed PRTs in a broader counterinsurgency/development agenda. It will as well have to shift PRTs from a military, US-centric to a civilian, international instrument. PRTs are working off of similar guidance and handbooks along different lines of operation, including security and governance, but on the ground they operate in a variety of competing ways, sometimes context-specific, other times based on national agendas, in the end creating a hodgepodge of models among USG and coalition partners, but even within USG-managed PRTs. Command and Control of at least U.S. PRTs on both the military and civilian sides is under review. The military is currently proposing two models for both Red and Yellow areas (based on the UNAMA area designations of Red, Yellow and Green zones), with the former looking like the ePRT concept attached to BCTs. The DAT, a third model for Green zones and handover in the future is needed to round out these discussions.

(U) A joint in-country interagency headquarters for USG development agencies, empowered with required authorities, is needed to achieve greater unity of effort and a whole of government approach in support of stability operations in Iraq and Afghanistan. This headquarters force would be composed of civilian and military experts and planners and enable regular, timely, and collaborative working relationships among them. The exact personnel requirements would be tailored to the US Mission and US Forces Commander's needs. The responsibilities of the headquarters force would be to establish strategic goals, coordinate, assess, plan, implement, monitor and evaluate stability and development operations. This hub would integrate the interagency effort, including coalition partners, and improve PRT training by identifying needs and requirements. Regional hubs could complement this headquarters model. Such a

headquarters structure would provide direction and oversight, but would leave day-to-day decision making authority with PRTs and DATs.

(U) The linkages between this entity and the national government would have to be carefully considered. In Afghanistan, one option would be for the headquarters to exist outside and independent from the Afghan Government, supervising large standalone infrastructure projects and connecting to national programs. A second option would be a Joint Commission model where decision making is shared. A third and preferred option would be for this entity to be the Afghanistan Reconstruction Trust Fund headquarters with a Joint Commission of Afghan Government, Civil Society and International Partners chairing the board and supervising reconstruction, managing large projects and designing and implementing national programs, along the lines of the Afghan Assistance Coordination Authority which existed in 2001-5.

(U) PRT assignments should be matched to local governments roughly correlating with US military assignments down to the battalion level. This will preserve and improve unity of effort at the local level (Figure 1). A core team of two to four civilians dedicated to the two primary objectives of improved governance and meeting local needs will make this staffing model possible while personnel gaps should be minimized by generously overlapping assignments. Technical experts from across the interagency spectrum will be managed in modular units by the interagency headquarters unit and deploy across the operating environment to support specific needs. Examples include “tribal teams” of cultural and anthropological experts, agricultural, health, or rule of law teams (see Figure 2). At all times, these teams would need to be linked to government-driven programs, the National Programs in Afghanistan for example. This structure has two benefits: first, focus on governance will be maintained throughout the spectrum of operating conditions, from non-permissive to permissive; second, flexibility will be created to respond quickly to new conditions and needs. This will enable an easier transition to “normal” development models when stability is achieved.

(U) To achieve this recommended whole of government approach, buy-in at the highest levels must be fostered by engaging key military and civilian decision makers. Support of Congress will be needed to fund creation of the headquarters structure and grant it the necessary coordinating powers, as well as provide more flexible funding mechanisms for stability operations than those that currently exist. Coalition partners must be engaged early in this effort to share PRT best practices and promote coalition unity of effort.

Figure 1

PRT Relationships

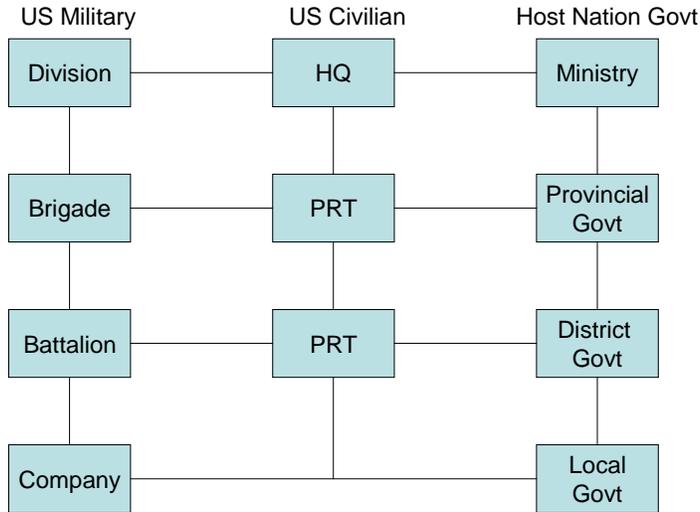
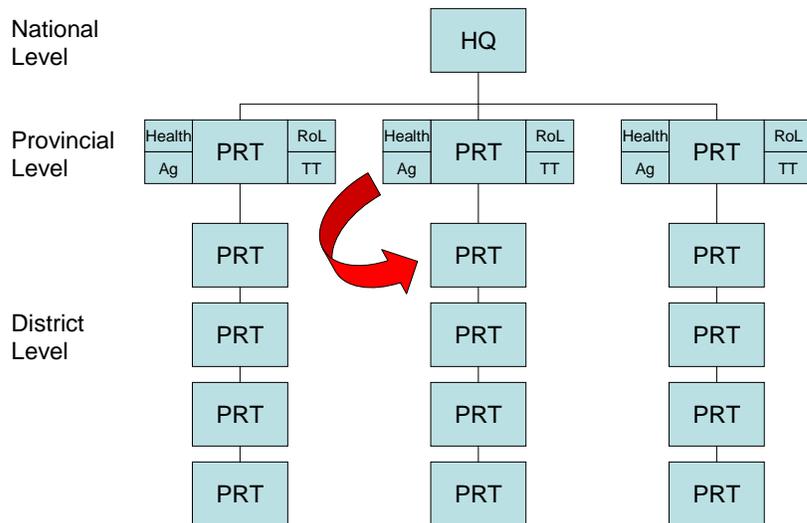


Figure 2

Modular structure of PRTs and supporting teams



(U) Beyond PRTs

(U) A major unanswered question in the COIN Doctrine is what happens when US troops leave? More specifically, what happens when PRTs are closed? If development experience is any guide, sub-national and local governments will remain weak and in need of support and technical assistance. As security conditions improve, the USG will need to shift its local government support focus along two dimensions. First, as US military presence declines, a model of local engagement that does not depend on military presence will be needed. Second, local government support efforts will have to be “internationalized.” The vehicle for achieving both these objectives is the DAT, the development assistance team. DATs are a new element of the counterinsurgency effort that share principles and objectives behind the PRT concept, and some working aspects of PRTs, but are fundamentally different. As are PRTs, DATs are initially focused on development and institutional support that pays off in the short-term, as a means of continuing to build on the security base PRTs and COIN have created.

(U) Over time, DATs move into more conventional, longer term development work, but still at sub-national government levels. DATs are decentralized, but more so than PRTs, operating at district and in some cases sub-district levels. DAT staffing may begin with a heavy US/USG presence, but will shift quickly to a blend of international and, importantly, host-country national staff. DATs will work almost entirely in support of local government delivery through the regular budget process. They will generally have smaller staffs than PRTs, and receive technical support from hubs located strategically around the country. DATs are designed to be sustainable over the medium term, maybe a decade or more, to give local capacity time to develop.

(U) With the addition of DATs to the toolkit, the counterinsurgency model can be sustained once US troops are drawn down. Stabilization efforts can be transformed from primarily US supported to nationally and internationally owned. Broadening the counterinsurgency concept to include DATs also offers up the possibility of using PRT-like constructs in parts of USCENTCOM’s AOR where US troops are not present. For example, although USCENTCOM is not active there, Yemen faces many of the same instability problems found in Afghanistan and Iraq. A USG/international program designed on the same principles that underpinned the PRT concept—to provide support to local governments as a means of increasing the bond between citizens and the state—and implemented in areas of highest instability could deter radicalism and slow, possibly reverse, the trend toward state breakdown. Tajikistan and Pakistan offer other venues in which these ideas could be usefully implemented.

APPENDIX FIVE: IMPROVED BUDGETING AND FISCAL DECENTRALIZATION

- **(U) Tying the Government more closely to its population**

(U) A country's fiscal operations, including raising sufficient revenues to operate the government and the expenditure of financial resources in a way that the population judges to be transparent and fair are key elements in determining the strength of bonds between the Government and its population. None of the countries in the USCENTCOM Area of Responsibility (AOR) are exemplary in this regard, although several have nationalized natural resources (i.e., Kuwait, Saudi Arabia, Iraq, and the UAE) whose revenue streams obviate the need for tax regimes. Others (i.e., Afghanistan) collect such a small amount of tax revenue that the state would be unable to finance its operations without substantial donor largesse, a situation that promotes long-term instability. At the same time, spending regimes across the AOR are almost uniformly opaque, with only marginal legislative input in a few countries and grass-roots participation in none.

(U) A panoply of benefits could accrue from opening up fiscal regimes in the USCENTCOM AOR. Greater citizen involvement, by definition, should allow a better matching between available resources and the wants and needs of the population. Moreover, invested in spending outcomes, the population will be in position to perform a "watchdog" function, limiting avenues of corruption and ensuring that a serviceable output is delivered. Making budget data available to the public will, inevitably, spur debate on the sources and uses of governmental financial resources. Opening up the public debate on the direction their government is taking, as well as providing the hard financial data from which metrics for measuring government efficiency and effectiveness can be developed. For those governments seeking increased donor contributions, bi-lateral concessional lending, or loans from International Financial Institutions (IFIs), the presence of an open budget debate and credible, publicly-disclosed financial data will dramatically improve their ability to secure these types of external financing.

(U) While the benefits outlined above are readily apparent, the path to opening the budget regimes of countries in the USCENTCOM AOR will be difficult. Currently, only Iraq, and to a lesser extent, Afghanistan, have reasonably open financial regimes based on their financial arrangements with the International Monetary Fund (IMF) and the World Bank. We can expect Pakistan to improve its budgetary reporting, given its recently-negotiated IMF facility necessary to stave off default. However, absent this type of external pressure to open a country's financial regime, it will be difficult for the U.S. to find levers to use in promoting more open financial regimes in the AOR. However, in Iraq, a joint-civilian/military budget unit known as the Public Finance Management Action Group (PFMAG) was established to improve budget execution and reporting. This unit supplied critical data from the Government of Iraq (GoI) budget to both USM-I and MNF-I leadership, enabling them to more persuasively advocate for specific expenditures. Remarkably, this unit proved effective at working between the Central Bank, the principal state-owned banks, the Ministry of Finance (MoF), and other units of the GoI to eliminate administrative barriers and facilitate the prompt payment of obligations by acting as an honest broker between governmental units who were deeply distrustful of the Iraqi Government financial system. Support for the PFMAG now extends into a number of GoI units, and there may be other opportunities for counterpart country acceptance of this type of targeted initiative,

provided it is designed to address problems unique to a given country, and it is viewed as playing a positive role in the budget execution process.

- **(U) Fiscal Federalism**

(U) Most of the governments in the USCENTCOM AOR are structured along a strongly centralized model. The result is often development of a ruling clique focused on a capital city, the surrounding region of which receives the bulk of Governmental attention and budgetary resources. Difficult transportation logistics, underdeveloped communication infrastructure, and primitive financial systems only work to exacerbate this problem, and feed feelings of alienation and disenfranchisement when different ethnic or religious groups are present. The traditional path governments have taken to address these issues is some form of “Fiscal Federalism,” be it designed on the U.S., Chinese, Indian, Swiss, or Belgian model. Depending on the model, from a revenue standpoint, Fiscal Federalism alternatives range from direct budgetary transfers from the central government treasury to the sub-national government, to systems where the amount of such transfers are mandated by law, to the whole range of sub-national revenue generation modalities, including the power to tax. Fiscal Federalism also deals with spending by sub-national governments, including their ability to formulate budget, secure spending authority (i.e., approval by the sub-national executive or legislative authority), as well as execute contracts and pay suppliers.

(U) From the U.S. standpoint (with our own federalist system), there is an embedded belief that moving spending authority closer to the people brings benefits – the spending is directed more to the needs and priorities of the electorate. Moreover, a strong argument can be made that local residents can provide superior over-watch on both a formal and informal basis than can the central government authorities. However, just as a country’s central government may fear a loss of control and/or influence by devolving budgetary authorities to sub-national governmental units, so USCENTCOM leadership may harbor similar fears. The Commander USCENTCOM (CDRUSCENTOM) once referred to this as, “feeding centrifugal forces.” From a strategic standpoint, the question has to be answered whether a country will be stronger by providing an intra-governmental outlet for geographic sub-units, or is strong central governmental control needed to “keep a lid” on the often-fractious domestic politics.

(U) While there are no “easy answers,” the examples of Iraq and Afghanistan, the two countries of greatest interest in the USCENTCOM AOR, are instructive. In Afghanistan, there are continual complaints of central government unresponsiveness to the needs of its citizens outside the immediate area surrounding Kabul. Moreover, efforts to build strong local governments have, at best, been marginally successful, despite the best efforts of the Provincial Reconstruction Teams (PRT). This creates a highly conducive environment for al-Qaeda (AQI) and the Taliban to thrive away from the Capital.

(U) For the last 50 years, Iraq had a similarly strong centralized governmental structure. However, beginning in 2006, and in response to the need to accelerate the rebuilding of war-torn provinces, the GoI began making “Provincial Reconstruction Grants.” These came in two forms: Funds directed specifically at rebuilding areas destroyed through kinetic operations; and a second round of grants where funds were allocated according to each province’s pro-rata share Iraq’s

population. Although starting with a very small base (\$1.5 billion), these grants proved extremely popular with the electorate, and they were increased each year through 2008, where they peaked at \$6 billion, representing over 25% of the GoI capital budget. Budget austerity in 2009 (based on the plunge in oil prices) meant cutting provincial grants back to the \$2.0 billion level.

(U) While not an unqualified success, the fiscal federalism implicit in Iraq's provincial budget transfers assisted the development of provincial officials, creating an atmosphere of greater empowerment and optimism. Moreover, the activity connected with provincial budgets facilitated rich dialogue between PRT teams and their counterpart provincial officials. The dialogue expanded to include budget formulation, proposal development and contracting, coordination with the GoI Ministry of Planning and Ministry of Finance, and establishment of a functioning provincial treasury. These are all activities we wish to encourage as the foundation of local governance.

(U) Attempts to push Fiscal Federalism from the outside are unlikely to generate sufficient traction. However, where conducive elements exist in a given country, say revenues from Pilgrims, bridge tolls, or natural resource revenues (i.e. gas wells, or selling water) this can serve as a good base on which to build the governance capacity of sub-national officials.

APPENDIX SIX: ADDRESSING DRIVERS OF RADICALISATION AND EXTREMISM

I. (U) What does the evidence tell us?

(U) A range of hypotheses found in the literature or in debate around this subject have been assessed, and the evidence for and against their underlying assumptions reviewed. In doing this, the focus was not on the actions of individuals, but rather on the broader social processes by which larger numbers of people come to support or condone political violence and its perpetrators. Conflict over competing interests is normal and present in all societies; the specific problem considered here is radicalization which leads to violent extremism.

(U) Although it has often been assumed that poverty and deprivation are major underlying causes of violent extremism, available evidence does not support the assertion that income poverty in itself is a key driver. Rather it is other dimensions of poverty which are more significant, such as powerlessness and social exclusion, insecurity or absence of access to justice, and lack of basic services such as health, education or water and sanitation.

(U) All of these dimensions place severe limitations on people's ability to improve their lives and fulfill their potential, and can form the basis for deeply-held and thereby dangerous grievances. Some (but not all) development interventions are designed to address these grievances; programs should be focused to do so more effectively.

(U) In recent years, for instance, increasing emphasis has been placed on good governance and empowerment of citizens. In applying this, a key objective has been improving the perception by ordinary citizens that the political system can work for them and deliver improvements in their lives, and that their needs and concerns are understood by those in power. If significant numbers of people come to believe that the existing political system is not going to deliver those improvements, they may be prepared to support those who move outside the system and turn to violence. It is therefore important to show that engagement, participation and peaceful political activism can ameliorate grievances and bring the desired improvements. People also need to believe that their democratic choices will be accepted even when inconvenient for powerful players, both domestic and international.

(U) All the evidence and experience shows the significance of local circumstances in determining drivers of radicalization, and therefore conclusions should not be applied mechanistically to all situations. History, politics and culture in a particular country or region provide the context in which individuals and societies form beliefs and take actions. No single cause will exist in isolation, and no one factor necessarily leads to radicalization. Further country-specific analysis is essential to design effective interventions.

(U) With all of that in mind, the evidence tells us that:

- (U) Failure of the state to provide security and justice, and people's experience of predatory and oppressive security sector institutions, are influential drivers towards extremism

- (U) Government failure to provide basic services (health, education, welfare) allows extremist groups to meet these needs and build support and legitimacy as a result
- (U) The growth of religious and ethnic identities (particularly if they are in opposition to loyalties to the state) can be exploited by extremist ideologues, and where inequality and institutionalized discrimination coincide with religious or ethnic fault-lines, there is an increased likelihood of radicalization and mobilization
- (U) Events in Palestine, Iraq, and elsewhere, and a perceived global attack on Islam, give rise to widespread indignation and resentment which encourage support for extremism
- (U) In the absence of peace and security, populations are often ready to accept any entity that offers stability

(U) It also tells us that:

- (U) Ineffective or blocked political participation, widespread corruption of the political process, elite domination, and little hope of change, create frustration which is harnessed by extremist groups
- (U) Organized civil society (and political) groups which fail to achieve change despite attempting to engage with the state, are more likely to resort to extremist tactics and to have support from the wider population in doing so
- (U) The search for personal and group identities among those who feel they have been undermined by rapid social change can increase the vulnerability of the young to radicalization
- (U) People with shared experiences of discrimination and exclusion are more susceptible to a legitimizing “single narrative” which binds together multiple sources of resentment and proposes a simple solution

(U) On some other issues the existing evidence is either insufficient or conflicting, e.g. on ideals of masculinity and honor, on whether women generally play a moderating role against extremism, or on the consequences of limited availability of information. More work is needed to clarify these issues.

(U) So the evidence suggests that many dimensions of poverty which development interventions seek to address are also sources of grievances which can be significant drivers of radicalization. Specific studies funded by the UK in Pakistan, Bangladesh and Somalia, have sought to test these findings in specific country contexts.

(U) Emerging findings from these country studies include:

(U) In the case of Pakistan, activities to counter violent extremism should include: improving the quality of education and of teacher training, to equip students with analytical skills and a questioning attitude which will enable them to challenge extremist rhetoric and sectarian bias support for civil society organizations working in the area of religious tolerance and human rights, particularly at grass roots level.

(U) In Bangladesh (although not in the USCENTCOM AOR) gaps in provision of health, education and credit services are found to have been filled by NGOs rather than militants - NGOs have, in effect, squeezed out the potential for other non-state actors in these sectors.

(U) In Somalia, the prolonged absence of a Somali state and a functional government to provide security and services to its citizens has created conditions in which armed groups with radical ideologies can mobilize support; in such conditions, Islam plays an important organizational and spiritual role, and provides a vehicle to reassert Somali national identity; and clan politics strongly influence the nature of the Islamist movements in Somalia, while the sense of marginalization felt by clans leaves them vulnerable to radicalization.

II (U) How can we respond most effectively?

(U) This body of evidence provides a basis for identifying some specific areas where interventions can be of particular significance in addressing major grievances. In particular, all the evidence tells us that people always place a very high priority on security. By this they mean basic personal safety, the freedom to go about their lives without the risk of violence, and the ability of members of the community to go to their fields, to market, to fetch water, collect firewood, or attend school, without fear of attack.

(U) So interventions to improve the everyday security of ordinary people are a first priority. Other important areas include governance and political participation, access to justice, provision of basic services, education and employment, and communications.

(U) Examples of the types of possible interventions include:

(U) On security and justice:

- (U) Reform of police and other security agencies to work to an agenda driven by the everyday security concerns of ordinary people – so that they are seen as protecting people's security rather than threatening it
- (U) Responding to political unrest by fair treatment under the rule of law, rather than oppressive behavior which causes further resentment and drives radicalization
- (U) Improved, affordable and timely access to justice systems (both formal and informal) which are fair and transparent

(U) On political participation:

- (U) More use should be made of any leverage with partner governments to encourage them to bring civil society organizations into consultative processes, providing a forum and voice for the excluded. Governments will not always respond positively, but there is much greater risk in suppressing such views
- (U) There should be greater engagement with local, indigenous organizations (including Islamic groups) which may conform less to the conventional model of NGOs and may not share our approach to some issues (e.g. gender) but are representative of significant excluded populations

- (U) Encouragement should be given to moving the basis of politics and parties from patronage to issues, and supporting voter awareness and education initiatives (including what should be expected of elected authorities at various levels)
- (U) There should be more work with faith groups on attitudes to accountability and democracy

(U) On communications as a tool for voice and accountability:

- (U) Technological and financial support should be provided for widening access to open media (the internet, mobile telephony, the blogosphere, wikis, etc) as well as conventional media such as radio, TV and newspapers
- (U) Diversity of voices and content should be encouraged rather than supporting particular champions or messages. New voices should be allowed to emerge organically through democratization of content and exerting as little control as possible (while preventing abuses as occurred in Rwanda)
- (U) Although governments are often uneasy about unregulated and diverse media, in the long term an approach based on control and censorship is much more risky in the medium term

(U) On education and employment:

- (U) Moving away from learning by rote towards an emphasis on enquiry, critical thinking, independent judgment, and tolerance
- (U) Increasing provision of skills training to bridge the gap between school and work, and reducing the frustration and loss of self-esteem which can arise from unemployment
- (U) Addressing failings across the whole education system, not only in madrassas, problems related to curriculum, classroom materials, teaching approaches, etc are found across the spectrum of government and private schools

(U) On provision of basic services:

- (U) We must be alert to areas of service failure (whether to geographical areas or particular groups) and support attempts to extend provision accordingly
- (U) “Ungoverned spaces” are a particular concern where the reach of the state is not felt or where its service provision fails, it may be necessary to work through effective NGOs and other providers in the short term (preferably within a framework sponsored by government) while also building state capacity

III (U) What next?

(U) Interventions of this type are generally oriented to deliver change in the long term. Many of the grievances which drive radicalization have built up over decades and a change in perceptions and attitudes will not be achieved overnight. Equally, the levels of participation and ownership by beneficiary populations which are essential to the success of such efforts, take long and painstaking work.

(U) However, there are important actions which we can start taking now to get these processes under way. For instance:

(U) Education, key early steps will include:

- (U) Teacher training in child-centered approaches (and gaining the support of head teachers and parents)
- (U) Improved teaching materials, including those which encourage students to work on their own or in groups
- (U) Establishment (by Ministries of Education) of quality control systems, including standard-setting and linked incentives for teachers

(U) In reforming security and justice systems, early actions might include:

- (U) Introduction of community policing, including (e.g.) local liaison groups, model police stations, information desks for visitors, special facilities for women
- (U) Working with civil society groups on legal aid and legal awareness, speeding up case management, prison decongestion, refurbishment of courthouses, prisons and other infrastructure

IV (U) Conclusion

(U) Radicalization is often spurred by grievances which can be addressed by governments and international agencies, as long as there is the **political will** to do so. It is vital that program design is based on an understanding of local factors and local perceptions, and that interventions are carefully targeted to address specific issues. If governments fail to listen to citizens' concerns and act upon them, they risk those citizens losing faith in politics and turning instead to more violent means of achieving improvements in their lives.

(U) Nonetheless, focusing only on those drivers amenable to development interventions will not be sufficient. It must be recognized that Western policy in Palestine, Somalia and elsewhere also play a major role in increasing radicalization.

(U) There is a clear coincidence of interests between activities which promote general development and poverty reduction, and those which seek to contribute to the mitigation of radicalization leading to violent extremism. However, the solution set is not one and the same. Activities aimed at achieving the latter objective in particular, need to be both based on a strong evidence base and nuanced and shaped according to local circumstances.

APPENDIX SEVEN: COUNTRY GROUP REPORTS

Afghanistan-Iraq Group

~~(S//REL TO USA, FVEY)~~

(b)(1)1.4(d), (b)(1)1.4a, (b)(5)

(b)(1)1.4(d), (b)(1)1.4a, (b)(5)

(U) There are numerous key drivers of instability in Afghanistan. At or close to the top are the **weak government and its ineffectiveness at all levels**. This has led to an overall perception of illegitimacy by a majority of the population; lacking the civil contract between the government and the population, the population continues to 'contract' with negative elements that fill the void. Corruption at all levels is viewed as a major problem, further corroding people's confidence in their government and in their own future. At the operational/implementation level, an important constraint to meeting our objectives has been the **lack of a unified strategy—the synchronizing of military and civilian efforts**. USG has continued to attempt to conduct traditional "development" towards a non-traditional objective, and in a non-traditional situation. Many of the tools, the authorities, the oversight mechanisms, and the mindset that are used are not applicable in this situation.

~~(SBU)~~

(b)(3) 10 USC 130C.

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(U) Key DEG items that need to be accomplished and who should do it:

Afghanistan

- (U) Manage DEG expectations regarding what can be done and in what timeframe; this may include renegotiating the Afghanistan Compact and ANDS benchmarks (see Afghanistan sub-regional plan). (Military and Civilian)

- (U) The military and civilian agencies need improved coordination and unity of effort at all levels and at all stages of operations; one strategy. (Civilian and Military)
- (U) Civilian ‘surge’, to include considering transition of Provincial Reconstruction Teams from military-led to civilian-led; ensuring professional mentoring and advising at the provincial and district level. This includes other resources as well. (Civilian)
- (U) New economic frameworks developed that offer opportunities (vocational training centers, national projects that hire massive numbers). (Civilian)
- (U) Afghan Security Forces must be markedly improved within the next two-five years to allow government legitimacy to become reality and for contributing nations to begin redeployment and adjustment of security forces/military agreements and Afghanistan ‘risk to private business’ diminished. (Civilian and Military)

Iraq

- (U) **Solidify a new enduring security partnership** with the Security Agreement and Status of Forces Agreements as foundations. The U.S. Embassy should begin formalizing programs that are offered to nations in a normal environment. (Civilian and Military)
- (U) A **‘responsible’ SA/SFA transition plan** for both U.S. military and U.S. Interagency partners must be developed in order to demonstrate commitment to Iraq, shift resources to OEF, and remain responsive to the remainder of the USCENTCOM AOR. (Civilian and Military)

(U) USCENTCOM Role:

- (U) **Advocate for flexible funding authorities**
 - (U) Serve as an advocate with the US Congress for more flexible authorities regarding the use of funds, as well as oversight. This can include advocacy for the revision of the U.S. Foreign Assistance Act (the present one was done in 1961)
 - (U) IA needs authorities to spend funds in more creative and non-traditional ways.
- (U) **Provide minimum level of security to enable development**
 - (U) Improve security efforts to allow for development programs. Provide sufficient security to “hold” while “build” takes place.
- (U) **Improve Civil-Military coordination at all stages of operations**
 - (U) Improve civil-military cooperation, in line with increased COIN efforts by the U.S., at all levels of operations from planning to implementation.
 - (U) Assist in connecting development and military efforts to overall USG objective.
- (U) **Governance**
 - (U) Provide support to the elections processes in 2009 in order for elections to proceed securely.

Pakistan (Yemen, Tajikistan) Group

(U) The principal U.S. interest spanning the four states is prevention of state failure that would require U.S. military boots on the ground or complicate or deflect from our efforts to:

- (U) Combat VEOs/transnational terrorism
- (U) Achieve Afghanistan stabilization efforts
- (U) Lessen tension between nuclear powers India and Pakistan
- (U) Stabilize the region

(U) Development, Economics and Governance (DEG) programming can, and to some extent does, address the following state failure issues common to all the countries: 1) development deficiencies writ large, e.g. infrastructure, service delivery, 2) failing economies, including food price and availability problems and 3) weak and/or autocratic governance. These fundamentals are aggravated by conflict drivers to include: 1) burgeoning unemployed youth populations, 2) real and perceived injustice, e.g. need for land reform, 3) return of guest workers and dramatically reduced remittances due to a souring international economy and 4) ethnic and tribal dispute usually focused on resource issues.

(U) ACTION ITEMS

PAKISTAN

A. (U) Subordinate Goals Related to Afghanistan Operations

- (U) Stabilize the FATA/NWFP territory taking it away from VEOs
- (U) Stabilize the Baluchistan/Quetta territory taking it away from VEOs
- (U) Normalize FATA politics as they relate to Pakistan
- (U) Control the border taking it out of play for insurgencies operating in Afghanistan

(U) Tasks

(U) On the border in FATA, NWFP (As related to RC-East)

- (U) Push for a U.N. resolution that would focus international opprobrium on the unacceptable behavior emanating from the safe-havens to set the stage for more direct intervention if Pakistan either can't or won't go after VEOs.
- (U) Conceptualize and commence cross border, theatre specific development operations connecting RC-E and FATA to include mapping, information sharing, program and project implementation
- (U) Determine if the 5 year, \$750 million devoted to FATA is being optimally used, and if not, whether it can be redesigned and redirected for maximum impact through, for example, a major youth oriented employment program
- (U) Develop "clear-hold-build" capability in FATA/NWFP
- (U) Develop the capability to increase the size of development projects throughout FATA to include dams, bridges and roads

- (U) Tee-up for revocation the Frontier Crimes Regulation of 1901
- (U) Continue and expand livelihood and human capacity building efforts in FATA and expand to NWFP
- (U) Provide care for internally displaced people from SWAT valley fighting
- (U) Actively plan for political resolution in the area to include Afghanistan

(U) USCENTCOM Role

- (U) Work with USAID/OTI and other USAID units to help conceptualize how the RC-East/FATA battle space can be dealt with more effectively using DEG tools
- (U) Work in a support role to civilians, make available unclassified maps and unclassified information that shows tribal relationships across border, can track incidents, can be used to record development by type and amount, and that can help guide civilian decision making for small and larger projects
- (U) Train the Pakistan military Frontier Corps on how to “clear-hold-build” and with the Pakistan Government Agents to work under that shield
- (U) Draw attention to IDP problems from fighting in the Swat Valley and Bagaur. Note: General Petraeus has sent a letter to the Department of State for assistance in addressing this issue
- (U) Consider means for refugee relief organizations to have access to refugees who have fled from Bagaur fighting to Afghanistan

(U) On the Baluchistan border

- ~~(SBU)~~ Develop and map an information system that provides a base line for understanding problems and addressing them with DEG resources. We know next to nothing about what is happening there from a DEG perspective.
- (U) Start some small scale programs focused on youth engagement, e.g. jobs, sports, education

(U) USCENTCOM Role

- (U) Working with intelligence agencies, develop an information base on what is happening in Pakistan/Baluchistan
- (U) Share the information with US embassy and USAID Mission Islamabad and Kabul
- (U) Promote a civilian FATA style programming device

B. (U) Subordinate Goals Related to Pakistan

- (U) Keep a civilian government in power
- (U) Strengthen the social contract between the people and government at all levels
- (U) Maintain security of Pakistan’s nuclear capability
- (U) Maintain the cohesiveness of the nation state
- (U) Assist in neutralizing the terrorist/insurgent strongholds (VEOs)

(U) Tasks:

- (U) Perform a conflict driver assessment of core problems to guide additional programming resources that might come from the Biden-Lugar legislation
- (U) Assess the adequacy of the ongoing \$400 million health, education (with major focus on counteracting the *madrassa* mentality, democracy and economic programming to see if it addresses known conflict problems, e.g. ethnic animosities over resource issues, hunger problems
- (U) Determine uncovered gaps in conflict coverage, if any, with a view to addressing them with additional resources
- (U) Assess the adequacy of international efforts including USG to address social contract issues between the Pakistan government at all levels and its people
- (U) Strongly consider launching a land reform program
- (U) Develop a youth unemployment program, giving priority to areas that harbor VEOs
- (U) Improve the social and material well being of the Pakistan people
- (U) Address economic concerns, largely through paying attention to the International Monetary Fund (IMF) lead

(U) USCENTCOM Role:

- (U) Insist that a conflict driver assessment be done to help guide and enrich options for effective DEG programming
- (U) Provide guidance as to the USCENTCOM view of the nature of the U.S. relations with Pakistan, e.g. transactional, strategic. This to guide the focus of DEG funding
- (U) Advocate with the Pakistan government for USG civilian efforts to be fully supported

(U) YEMEN Subordinate Goals

- (U) Neutralize the impact of VEOs
- ~~(SBU)~~ Maintain the cohesiveness of the state, i.e. defeat the southern separatists, prevent state failure
- ~~(SBU)~~

(b)(3) 10 USC 130C, (b)(5)

(U) Tasks

- (U) Perform a base line conflict driver assessment of core problems to determine DEG, C2, CT and Diplomatic-Political programming that might stand a chance in effectively addressing core state failure issues
- (U) Based on the assessment results, perform an analysis of the adequacy of the current DEG related USAID program and other internationally funded efforts to address social well being issues of average Yeminis, particularly in the south
- (U) Determine gaps in coverage between the current DEG program and what is most critical to address, e.g. youth employment, particular communities impacted by workers returning to Yemen due to the slumping world economy, tribal areas that are thought to harbor VEOs, decentralization issues

- (U) Perform a mapping exercise that determines how, and if, areas that harbor terrorists might be addressed with DEG tools.
- (U) Consider augmenting the country team ability to surge to assess needs and what might be done about them, e.g. through S/CRS Advanced Civilian Teams (ACTs)
- (U) Perform a food assessment to determine, in light of the souring world economy, the impact on the average Yemeni

(U) USCENTCOM Role

- ~~(SBU)~~

(b)(3) 10 USC 130C, (b)(5)

(b)(3) 10 USC 130C, (b)(5)

- (U) With a view to prevention, request that USAID perform an assessment to determine potential state failure conflict drivers, the adequacy of current programming to address those problems, any gaps that may exist
- (U) Write a letter to the Secretary of State and USAID requesting consideration of launching an immediate, targeted youth employment program

(U) TAJIKISTAN/KYRGYZ REPUBLIC SUBORDINATE GOALS

- (U) Keep the territorial integrity of both countries in tact
- (U) Protect U.S. Manas airbase throughput option to Afghanistan
- (U) Maintain a conflict free Fergana Valley
- (U) Maintain stability on the Tajikistan-Afghanistan border
- (U) Prevent VEOs from developing inside these countries, and arrest the flow of fighters into the Afghanistan/Pakistan theatre of operations
- (U) Prevent re-emergence of civil war

U) Tasks

- (U) Be attentive to possible DEG opportunities that could avoid conflict and maintain good relations on the Bishkek side of the mountains where Manas airbase is located
- (U) Monitor the Fergana Valley closely with a view to humanitarian intervention to prevent conflict
- (U) Follow up on the Tajikistan ICAF assessment
- (U) Perform a CMM or ICAF assessment in the Kyrgyz Republic, including an assessment of the adequacy of what is being done by the international community
- (U) Continue to monitor potential ‘flash point’ issues, e.g. food security, citizen protest in Tajikistan and the Kyrgyz Republic

(U) USCENTCOM Role

- (U) Draw immediate attention to the food shortage problem in Tajikistan. Note: General Petraeus has sent a letter to USAID/DCHA/FFP.

- (U) Press for an ICAF or CMM assessment to be done in the Kyrgyz Republic and followed up on in Tajikistan
- (U) Fight for civilian programmatic and human resources specifically to address problems in these underserved countries

Iran (Syria) Group

(U) U.S. Interest:

~~(S//REL TO USA, FVEY)~~ (b)(1)1.4d, (b)(1)1.4a, (b)(5)

(b)(1)1.4(d), (b)(1)1.4a, (b)(5)

~~(SBU)~~ (b)(3) 10 USC 130C, (b)(5)

(b)(3) 10 USC 130C, (b)(5)

(U) DEG Situation:

(U) Currently there is no significant or visible DEG program in Syria or Iran. However, there are numbers of pressing DEG issues that is characterizing the sub-region. For example, there is a significant proportion of the population of the age between 15 and 29 years. Iran and Syria will require inordinate development resources and efforts to meet the needs and expectation of their youth or they will become a major source of destabilization not only in their own respective country but in the surrounding countries.

(U) What needs to be done or initiated?

~~(SBU)~~ (b)(3) 10 USC 130C, (b)(5)

(b)(3) 10 USC 130C, (b)(5)

(b)(3) 10 USC 130C, (b)(5)

(U) Who is going to do what?

(U) The above mentioned program will build on the previous and current modest programs that are being implemented by USG agencies. USAID and other agencies have prior experience (especially with Syria) that will enable it to implement programs on short notices. USCENCOM can facilitate the process by: 1) Advocating for the revision of the U.S. Foreign Assistance Act (the present one was done in 1961), which would provide more flexibility in the use of foreign assistance funds and allow the development agencies to respond more rapidly and appropriately if the situation as our relationship with those countries change; 2) Facilitate the provision of financial and human resources from USCENCOM on as needed basis, i.e., Sections 1206 and 1207, and 3) Provide support to development programs through logistical support and technical expertise where relevant.

Egypt (Lebanon) Group

(U) U.S. Interest:

(U) Egypt: 1) Restore Egypt's influence in Middle East Egypt as a significant broker for regional disputes and the Middle East Peace Process (MEPP); 2) Reduce Negative Political Influences (NPI) in Egypt; 3) Realign coalition approach towards Egypt to ensure stability during the post-Mubarak transition period and maintain Egypt's positive influence in the region; and 4) Ensure Egypt continuous support for U.S. foreign policy goals

(b)(3) 10 USC 130C, (b)(5)

(b)(3) 10 USC 130C, (b)(5)

(U) DEG Situation:

(U) Egypt: The situation in Egypt is fluid. Near-term developments will affect the future trajectory of U.S. policies in the region. Examples of such developments include: Egyptian succession the Mubarak regime's handling of Gaza and challenges to that regime's legitimacy. Realign the U.S. and Coalition approach toward Egypt in order to help maintain stability during the post-Mubarak transition period and preserve Egypt's influence in the region. To this end, we must once and for all commit ourselves to the stability of the regime, eliminating conditions on aid. We must also work to establish a joint border regime between the Sinai and Gaza to curb the flow of illegal weapons and contraband while allowing legitimate trade to take place.

(b)(3) 10 USC 130C, (b)(5)

(U) What needs to be done or initiated?

(U) Egypt: 1) Seek elimination or modification of USG conditionality's on human rights/democratic reforms on the present program; 2) Develop assistance programs to deal with increasing poverty levels among a significant portion of the population; 3) Transform US aid to partnership agreement/joint commission framework which will provide a platform for mutual agreement on the level and direction of the assistance program. This could cover all USG assistance to Egypt; and 4) Economic assistance program is mutually negotiated and implemented as a result of establishing a joint approach. The new program should focus on Egypt's sources of possible instability, poverty, and education.

(b)(3) 10 USC 130C, (b)(5)

(U) Who is going to do what?

(U) USCENTCOM; 1) assist in obtaining U.S. Congressional support to eliminating earmarks, reconsidering sanctions against Syria, increase resources to USG agencies, etc.; 2) Facilitate the provision of financial and human resources from USCENTCOM on as

needed basis, i.e., Sections 1206 and 1207; 3) Support Inter-Agency agreements on assistance programs and perhaps take a lead (where possible and appropriate) in the coordination of USG assistance; and 4) Provide Country Team support for the development program by supporting the programs and if needed provide logistical and know-how support.

(U) All USG agencies should allocate adequate resources to deal with the lack a sizable cadre of personnel who have an understanding of the region's languages and cultural nuances and are capable of working within the region. No plan will succeed if supported by well-meaning but inexperienced personnel who lack on-the-ground experience or are unfamiliar with the region.

Jordan (Kyrgyzstan, Uzbekistan, Kazakhstan, Turkmenistan) Group

(U) U.S. Interest:

(U) Jordan is an integral part of the Levant sub-region which is a complicated set of nation states and non-state actors that in part act as proxies for Iran. Jordan is on the periphery of the AOR. Jordan is a temporary home for a massive number of refugees from Palestine and Iraq. As such, Jordan has an uncertain present and far more uncertain future. The probability for continued instability in the region and in Jordan in particular is real and will continue to pose significant challenges for US interests in the AOR and beyond. Jordan remains a close ally of the United States and is supportive of US foreign policy objectives.

(U) DEG Situation:

(U) Currently, the USG has a large economic and military assistance program in Jordan that deals with a number of developmental issues, i.e., economic support, water issues and health, economic reform, and institutional development, etc.

(U) What needs to be done or initiated?

(U) Continue to support Jordan's development as moderate regional broker and positive stable influence in the region. The world-wide economic downturn could impact economic and political stability throughout and in neighboring economies. Any deterioration in the Jordanian economy will give more ammunition to Radical Islamist voices which are on the rise and Jordan is a prime target for the Islamists to pursue their own interests. Support expanded access to potable water sources including through negotiations with Syria; Red to Dead Sea canal; and desalinization and further support Jordanian economic modernization and free trade.

(U) Who is going to do what?

(U) USCENTCOM should consider: 1) Assist in obtaining U.S. Congressional support by eliminating earmarks, reconsidering sanctions against Syria, increase resources to USG

agencies, etc.; 2) Facilitate the provision of financial and human resources from USCENTCOM on as needed basis, i.e., Sections 1206 and 1207.; 3) Support Inter-Agency agreements on assistance programs and perhaps take a lead in the coordination of USG assistance.; and 4) Provide Country Team support for the development program by supporting the programs and if needed provide logistical and know-how support.

Saudi Arabia (United Arab Emirates, Qatar, Kuwait, Oman, Bahrain) Group

(U) Importance to U.S. national interests

(b)(1)1.4(d), (b)(1)1.4a, (b)(5)

~~(SBU)~~ (b)(3) 10 USC 130C, (b)(5)

(b)(3) 10 USC 130C, (b)(5)

(U) Opportunities for expanded DEG involvement

(b)(3) 10 USC 130C, (b)(5)

(b)(3) 10 USC 130C, (b)(5)

(U) Throughout the GCC the rules of the game must become more transparent and access more equitable for all potential entrepreneurs, and the education systems must graduate individuals with skills that match job opportunities. This requires continuing and enhancing the current training and capacity building programs for GCC business and government officials. It also requires consultation with the U.S. private sector, developing relationships with counterparts in the GCC governments that allow discussion of mutual interests, and continuing to make visas more easily available to GCC citizens to visit the United States for education, training, and business purposes.

(U) The United States has relatively strong commercial ties, including free trade agreements (FTAs) with Bahrain and Oman. Their high per capita income precludes USAID development assistance. Indeed, the GCC countries pay for much of our military presence, and they provide donor assistance to other countries in the region and in the Muslim world. With their excessive wealth, rather advanced and well managed public service delivery systems, developed in some cases in less than twenty years, and growing

capabilities and connectivity to the international financial system GCC countries could play an increasingly important assistance role as partners with the United States and the European Community in resolving some of the more pressing development problems in the region. Their assistance both financially and technically in building public services distribution systems in Pakistan and Afghanistan would be helpful. Being food deficit countries, private coupled with country development assistance investments in large agricultural infrastructure projects in Central Asia, Pakistan and Afghanistan would not only be profitable but could provide access to agricultural surpluses, when available. Finally, discussions with the GCC, the European Community and the Central Asian States, Afghanistan and Pakistan over transnational water, transportation, and energy distribution systems which link regional production more effectively with major markets could be a catalyst to overall regional growth and job creation.

(b)(3) 10 USC 130C, (b)(5)

(U) Recommended Short-term DEG Actions

- i) (U) U.S. officials begin developing relationships with GCC counterparts that allow discussion of mutual interests and the opportunity to demonstrate the value of wider participation in society and of transparency and accountability in political and economic activities.
- ii) (U) The U.S. Government open discussions with the GCC member states to ascertain their interest in greater involvement with the United States and the European Community in regional development programs in support of Pakistan, Afghanistan and the Central Asian States.
- iii) (U) U.S. agencies continue to streamline further the process of obtaining U.S. visas for GCC students and government and business officials.
- iv) (U) Consult U.S. corporations with long-standing investments and commercial activity in the GCC on needed skill sets that are insufficient or lacking in the GCC citizenry.
- v) (U) State (Public Diplomacy) and Commerce step up efforts to link U.S. and GCC educational institutions through exchange programs and to promote the establishment of branches of U.S. educational institutions in GCC countries.
- vi) (U) Continue to fund, or replace with a similar program, State's MEPI to allow continuation and expansion of programs, such as commercial law development, adjudicating commercial disputes, and internships with U.S. businesses for young business people (including women).

- vii) (U) Continue to help Bahraini businesses take advantage of the U.S. FTA and expand program to Oman. (Commerce and the U.S. Trade Representative are implementing this program with MEPI funding).
- viii) (U) Include more GCC officials in USAID's regional good governance training programs.
- ix) (U) Hold Trade and Investment Framework Agreement meetings at least once a year with each non-FTA partner, with goal of beginning negotiations on free trade agreements with at least one country.
- x) (U) Expand exchange programs, such as the International Visitors Program and the U.S. Patent and Trademark Office's Global Academy.
- xi) (U) USCENTCOM should expand mil-to-mil engagements with the GCC countries with a focus on strengthening and sharing intelligence information that could increasingly serve to help interdict foreign fighter flows and terrorist network activities, such as finance and logistical flows.
- xii) (U) USCENTCOM should also continue to assist in the professional development of the GCC military and security arms and expand theater security cooperation to address human and infrastructure security, e.g., water and energy.

APPENDIX EIGHT: DEG COUNTRY TYPOLOGY – DEVELOPMENT DATA MATRIX

**IRAQ/AFGHANISTAN
PAKISTAN/YEMEN/TAJIKISTAN**

DEG FACTORS	PAKISTAN GROUP [Instability score = 46]			IRAQ/AFGHANISTAN GROUP [instability score = 42]	
Shared group characteristics	Potentially failing states, safe-havens for VEOs, links to Afghanistan, weak governance, weak economy, youthful population past 2050, significant youth bulge			Active U.S. military intervention, porous border w/Iran, ungoverned spaces, porous borders, active insurgencies, outside state actors, complex tribal dynamics, weak governance, weak economy, youthful population past 2050, significant youth bulge	
Drivers of instability (linked to DEG factors)	Security, governance, economic growth, humanitarian assistance, infrastructure			Security, governance, economic growth, humanitarian assistance, infrastructure	
Foreign assistance by DEG sectors (based on FY08)	High levels – security, education, health Med to low levels – governance, economic growth, humanitarian assistance, infrastructure			High levels – security, governance, infrastructure Med to low levels –health, education, economic growth, humanitarian assistance	
	Pakistan	Yemen	Tajikistan	Iraq	Afghanistan
Democracy & governance					
Gov effectiveness (WB WGI indicators, 2007) -2.5 (worst) to + 2.5 (best)	0.25	-1.0	-1.0	-1.7	-1.3
Regime type or strength of government	Weak	Weak	Authoritarian	Weak	Weak
Transparency (TI 2008 corruption perception index, country rank) 1 = best, 180 = worst	134	141	151	178	176
Rule of Law (WB WGI indicators, 2007) -2.5 (worst) to + 2.5 (best)	-0.9	-0.9	-1.1	-1.9	-2.0

Economic Growth					
GDP per capita USD (2007)	887	973	551	2,585	340
Equity of EG (2007/08 UNDP Human Development Report) Gini index 0 = absolute equality, 100=absolute inequality	30.6	33.4	32.6	Not reported	Not reported
Poverty (UNDP Human Development Report 2007/08) % population living below national poverty line	32.6	41.8	Not reported	Not reported	Not reported
Regulatory quality (WB WGI indicators, 2007) -2.5 (worst) to + 2.5 (best)	-0.6	-0.7	-1.0	-1.4	-1.8
Business environment (WB 2009 Ease of Doing Biz rank) 1 (low = best) 180 (high = worst)	77	98	159	152	162
Remittances 2006 as % of GDP (Data IFAD, WB)	4.8	4.3	36.7	Not reported	29.6
Migration 2005 Emigrants % of total population (data IFAD, WB)	2.2	2.8	12.2	Not reported	6.8
Total Population	176,242,949	23,822,783	7,349,145	28,945,657	33,609,937
Urbanization (% population in urban areas by 2050)	64	60	48	78	51
Youth – population age structure (through 2050)	Very young/youthful			Very young	
Youth bulge (through 2050) Extreme >50% High 40 - <50% Medium 30 - <40% Low <30%	High	Extreme	High	High	High
Youth unemployment rate (proportion of youth ages 15-24 unemployed relative to total youth)	11.7 (2004)	27.7 – 32.6 (estimated for 2005)	Not reported	Not reported (20.4 for Middle East region)	Not reported
Ratio of youth unemployment rate to adult unemployment	2.1 (2004)	2.0 (estimated for 2005)	Not reported	Not reported	Not reported

rate					
Water issues	Trans-boundary issues			Trans-boundary issues	
Access to water UNDP MDG indicators (2006) % population using improved drinking water source	90	66	67	77	22
Access to sanitation % population with access to improved sanitation facility (2006)	58	46	92	76	30
% population undernourished (2002 UN MDG indicator data)	23	37	61	NA	NA
Social Well Being					
Fertility rate (UNDP Human Devlpmt Report 2007/08) Births per woman (2000-05 data)	4	6	3.8	4.9 (from UN World Pop Prospects 2000-2005 data)	7.5 (from UN World Pop Prospects 2000-2005 data)
Infant mortality rate (UN MDG indicators) 0-1 year per 1000 live births (2006)	78	75	56	37	165
Adult literacy rate (UNDP Human Devlpmt Report 2007/08)	49.9	54.1	99.5	M – 59.0, F – 29.0 (Pop Ref Bureau)	Not reported

IRAN/SYRIA
EGYPT/LEBANON/KYRGYZSTAN

DEG FACTORS	EGYPT GROUP [instability score = 23]			IRAN GROUP [instability score = 26]	
	Shared group characteristics	strategic partner, vital to ongoing operations, significant youth bulge			security threat, engagement challenges, economic decline, outdated infrastructure, significant youth bulge
Drivers of instability (linked to DEG factors)	Security, governance, economic growth, humanitarian assistance, education			Security, governance, economic growth, humanitarian assistance	
Foreign assistance sectors (based on FY08)	High levels - security Med to low levels – governance, economic growth, health, education, humanitarian assistance			Low levels - governance	
	Egypt	Lebanon	Kyrgyzstan	Iran	Syria
Democracy & Governance					
Gov effectiveness (WB WGI indicators, 2007) -2.5 (worst) to + 2.5 (best)	-0.4	-0.6	-0.8	-0.8	-0.9
Regime type	authoritarian	democracy	authoritarian	authoritarian	authoritarian
Transparency (TI 2008 corrptn perception index, country rank) 1 = best 180 = worst	115	102	166	141	147
Rule of Law (WB WGI indicators, 2007) -2.5 (worst) to + 2.5 (best)	-0.1	-0.7	-1.2	-0.8	-0.6
Economic Growth					
GDP per capita USD (2007)	1,687	5,516	704	4,137	2,045
Equity of EG (Gini index 0 = absolute equality, 100=absolute inequality)	34.4	Not reported	30.3	43.0	Not reported
Poverty (UNDP Human Devlpmt Report 2007/08)	16.7	Not reported	41.0	Not reported	Not reported

% population living below national poverty line					
Regulatory quality (WB WGI indicators, 2007) -2.5 (worst) to + 2.5 (best)	-0.3	-0.2	-0.4	-1.6	-1.2
Business environment (WB 2009 Ease of Doing Biz rank) 1 (low = best) 180 (high = worst)	114	99	68	142	137
Remittances 2006 as % of GDP (Data IFAD, WB)	3.4	25.2	31.4	Not reported	2.0
Migration 2005 Emigrants % of total population (data IFAD, WB)	3.2	17.4	11.7	Not reported	2.5
Total Population	83,082,869	4,017,095	5,431,747	66,429,284	20,178,485
Urbanization (% population in urban areas by 2050)	62	92	60	84	74
Youth – population age structure (through 2050)	Youthful/transitional			Youthful/transitional	
Youth bulge (through 2050) Extreme >50% High 40 - <50% Medium 30 - <40% Low <30%	High	High/extreme	High	High	Extreme
Youth unemployment rate (proportion of youth ages 15-24 unemployed relative to total youth)	27.1 (2002)	M – 24, F – 14 (1997, from PRB)	20.1(2005)	23.1 (2005)	26.3 (2002)
Ratio of youth unemployment rate to adult unemployment rate	4.8 (2002)	Not reported	1.9 (2005)	3.1 (2005)	6.7 (2002)
Water issues	Shortage/trans-boundary issues				Shortage/trans-boundary issues
Access to water UNDP MDG indicators (2006) % population using improved drinking water source	98	100	89	94	89
Access to sanitation % population with access to improved	66	98	93	83	92

sanitation facility (2006)					
% population undernourished (2002 UN MDG indicator data)	3	3	4	4	4
Social Well Being					
Fertility rate (UNDP Human Devlpmt Report 2007/08) Births per woman (2000-05 data)	3.2	2.3	2.5	2.1	3.5
Infant mortality rate (UN MDG indicators) 0-1 year per 1000 live births (2006)	29	26	36	30	12
Adult literacy rate (UNDP Human Devlpmt Report 2007/08)	71.4	Not reported	98.7	82.4	80.8

DEG FACTORS	JORDAN GROUP [instability score = 11.5]			
Shared group characteristics	strategic partners, active dialogue, regional influence, significant youth bulge			
Drivers of instability (linked to DEG factors)	Security, governance, economic growth, humanitarian assistance			
Foreign assistance sectors (based on FY08 levels)	High levels – security, economic growth Med to low levels – health, education, humanitarian assistance, governance			
	Jordan	Uzbekistan	Kazakhstan	Turkmenistan
Democracy & Governance				
Gov effectiveness (WB WGI indicators, 2007) -2.5 (worst) to + 2.5 (best)	0.3	-0.74	-0.6	-1.4
Regime type	democracy	authoritarian	authoritarian	authoritarian
Transparency (TI 2008 corrptn perception index, country rank) 1 = best 180 = worst	47	175	145	166
Rule of Law (WB WGI indicators, 2007) -2.5 (worst) to + 2.5 (best)	0.5	-1.1	-0.8	-1.3
Economic Growth				
GDP per capita USD (2007)	2,673	815	6,651	5,501
Equity of EG (Gini index 0 = absolute equality, 100=absolute inequality)	38.8	26.8	33.9	40.8
Poverty (UNDP Human Devlpmt Report 2007/08) % population living below national poverty line	14.2	27.5	34.6	Not reported
Regulatory quality (WB WGI indicators, 2007) -2.5 (worst) to + 2.5 (best)	0.4	-1.4	-0.4	-2.0

Business environment (WB 2009 Ease of Doing Biz rank) 1 (low = best) 180 (high = worst)	101	138	70	NA
Remittances 2006 as % of GDP (Data IFAD, WB)	18.9	17.0	6.5	3.4
Migration 2005 Emigrants % of total population (data IFAD, WB)	11.2	8.2	25.0	5.4
Total Population	6,342,948	27,606,007	15,399,437	4,884,887
Urbanization (% population in urban areas by 2050)	86	60	76	72
Youth – population age structure (through 2050)	Youthful/transitional			
Youth bulge (through 2050) Extreme >50% High 40 - <50% Medium 30 - <40% Low <30%	High	High	Medium	High
Youth unemployment rate (proportion of youth ages 15-24 unemployed relative to total youth)	M – 28, F – 50 (2005, PRB)	Not reported (18% for Central, SE Europe and CIS region)	14.5	Not reported (18% for Central, SE Europe and CIS region)
Ratio of youth unemployment rate to adult unemployment rate	Not reported	Not reported	1.9	Not reported
Water issues	Trans-boundary issues			
Access to water UNDP MDG indicators (2006) % population using improved drinking water source	98	88	96	Not reported
Access to sanitation % population with access to improved sanitation facility (2006)	85	96	97	Not reported
% population undernourished (2002 UN MDG indicator data)	7		8	8
Social Well Being				
Fertility rate (UNDP Human Development Report 2007/08) births per woman (2000-05)	3.5	2.7	2.0	2.8

data)				
Infant mortality rate (UN MDG indicators) 0-1 year per 1000 live births (2006)	21	38	26	45
Adult literacy rate (UNDP Human Development Report 2007/08)	91.1	99.0	99.5	98.8

SAUDI ARABIA/UAE/QATAR/KUWAIT/OMAN/BAHRAIN

DEG FACTORS	SAUDI ARABIA GROUP [instability score = 1.8]					
Shared group characteristics	stable geopolitical allies, monarchies, one-dimensional economies, presence of elements supporting transnational terrorist organizations					
Drivers of conflict (linked to DEG factors)	Security, governance, economic growth, infrastructure, education					
Foreign assistance sectors (based on FY08 levels)	Low levels - governance					
	Saudi Arabia	UAE	Qatar	Kuwait	Oman	Bahrain
Democracy & Governance						
Gov effectiveness (WB WGI indicators, 2007) -2.5 (worst) to + 2.5 (best)	-0.2	0.9	0.1	0.2	0.4	0.4
Regime type	all highly centralized, monarchies					
Transparency (TI 2008 corruption perception index, country rank) 1 = best 180 = worst	80	35	28	65	41	43
Rule of Law (WB WGI indicators, 2007) -2.5 (worst) to + 2.5 (best)	0.3	0.7	0.9	0.7	0.7	0.7
Economic Growth						
GDP per capita USD (2007)	15,433	43,387	84,509	40,058	15,773	16,745
Equity of EG (Gini index 0 = absolute equality, 100=absolute inequality)	Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
Poverty (UNDP Human						

Development Report 2007/08 % population living below national poverty line	Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
Regulatory quality (WB WGI indicators, 2007) -2.5 (worst) to + 2.5 (best)	-0.1	0.7	0.6	0.3	0.6	0.9
Business environment (WB 2009 Ease of Doing Biz rank) 1 (low = best) 180 (high = worst)	16	46	37	52	57	18
Remittances 2006 as % of GDP (Data IFAD, WB)	Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
Migration 2005 Emigrants % of total population (data IFAD, WB)	Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
Total Population	28,686,633	4,798,491	833,285	2,691,158	3,418,085	727,785
Urbanization (% population in urban areas by 2050)	90	87	98	99	82	93
Youth – population age structure (through 2050)	Transitional (immigration-youthful subtypes)					
Youth bulge (through 2050) Extreme >50% High 40 - <50% Medium 30 - <40% Low <30%	High	Low	Low	Medium	High	Medium
Youth unemployment rate (proportion of youth ages 15-24 unemployed relative to total youth)	M – 25, F – 39 (2002)	Not reported	M – 8, F – 30 (2004)	M – 16, F – 8 (1995)	Not reported	M – 17, F – 27 (2001)
Ratio of youth unemployment rate to adult unemployment rate	Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
Water issues	shortage					
Access to water UNDP MDG indicators (2006) % population using improved drinking water source	90	100	100	Not reported	82	Not reported

Access to sanitation % population with access to improved sanitation facility (2006)	Not reported	97	100	Not reported	87	Bahrain
Food security						
% population undernourished (2002 UN MDG indicator data)	4	2.5	Not reported	5	Not reported	Not reported
Social Well Being						
Fertility rate (UNDP Human Development Report 2007/08) births per woman (2000-05 data)	3.8	2.5	2.9	2.3	3.7	2.5
Infant mortality rate (UN MDG indicators) 0-1 year per 1000 live births	21	8	18	9	10	9
Adult literacy rate (UNDP Human Development Report 2007/08)	82.9	88.7	89.0	93.3	81.4	86.5

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APPENDIX NINE: MILITARY ROLE IN HEALTH SECTOR DEVELOPMENT

(U) The military's role in health sector development is to conduct medical stability operations when others are unable because of violence or other reasons in order to increase the legitimacy and effectiveness of the host nation government. In particular, counterinsurgency requires increased military presence in the health sector across every logical line of operation (LLO) and at every echelon. Ideally a whole of government approach will be applied to health sector development including civilian expertise, such as public health members of Provincial Reconstruction Teams (PRTs). As stability increases and more civilians begin to execute essential services, the military refocuses on other efforts such as developing host nation security forces. The transition must be well planned to avoid lapse, reduced governmental legitimacy, and resurgence in violence as a result. Throughout full-spectrum operations combat health support remains the top priority.

There is much to complement regarding the military's conduct of medical stability operations in the USCENTCOM AOR. Programs conducted at all levels in Afghanistan and Iraq include tactical innovations, training and mentoring of medical personnel in host nation security forces, and well-thought strategic plans for improving healthcare systems. The USCENTCOM Command Surgeon actively liaises with medical leaders from various countries in the AO and a recent conference united various instruments of national power in medicine to coordinate activities. These are only a few examples of the great effort of military medical personnel to be a non-kinetic tool to accomplish USCENTCOM's strategic objectives. Major obstacles exist, however, that severely limit medical stability operations. Poor unity of effort results from inadequate interagency coordination due to stove-piping, absent structure, and inadequate funding mechanisms. Additionally major differences between Iraq and Afghanistan defy a single approach, including the drawdown of US forces in the former. There is forward movement but work proceeds in a piecemeal fashion due to interagency inefficiencies. This is true not only in the health sector but throughout the entire national security apparatus. Without comprehensive interagency reform, the opportunity for civilian and military medicine "to build a bridge for peace" may be lost.

Recommendations

18 months

1. (U) To achieve a whole-of-government approach, recommend US government (DoS/DHHS) create a robust interagency structure to coordinate medical stability operations and health sector development in Iraq and Afghanistan. Command authority should fall under the respective Chief of Mission. The current Command Surgeon in each country already possesses draft command structures that will be helpful in developing these models. Fully incorporate coalition partners into command structure.

Responsibilities include—

- a. (U) Liaise with other civil-military actors in theatre including military commands and PRT coordination structure in order to achieve unity of effort.
- b. (U) Develop clear objectives in health sector for all echelons linked to USCENTCOM strategic objectives and desired end-state.
- c. (U) Engage all related health interests in host nation countries including Ministries of Defense, Interior, Health, Public Health, Higher Education, etc.

- d. (U) Create interagency doctrine/policy for all echelons regarding medical stability operations in counterinsurgency across all stability sectors. Tab A is a sample draft that should be used until more complete doctrine is developed.
 - e. (U) Assess, plan and coordinate interagency and coalition health sector activities.
 - f. (U) Develop and implement interagency training in medical stability operations in counterinsurgency.
 - g. (U) Develop measures of performance and outcomes to meet end-state goals.
 - h. (U) Develop and implement personnel tracking system for US and host nation medical personnel to ensure personnel are appropriately utilized.
 - i. (U) Establish and maintain an interagency reach back office for medical stability operations and health sector development.
 - j. (U) Facilitate relationships between US and host nation health institutions including hospitals, medical schools and businesses.
2. (U) Recommend US government (DOS/USAID) prepare host nation spending plan that includes a separate budget category for medical stability operations and submit to the United States Congress to request appropriated funding.
 3. (U) Recommend USCENTCOM publish orders and guidance for medical stability operations in operations annex of operations order.
 4. (U) Recommend USCENTCOM promote accomplishments in health nationally and locally in commander's talking points at all levels.

5 years

1. (U) Recommend USCENTCOM support comprehensive national security reform including creation of a joint interagency structure that integrates instruments of national power in the health sector.

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(U) Medical Stability Operations in Counterinsurgency
Jay Baker

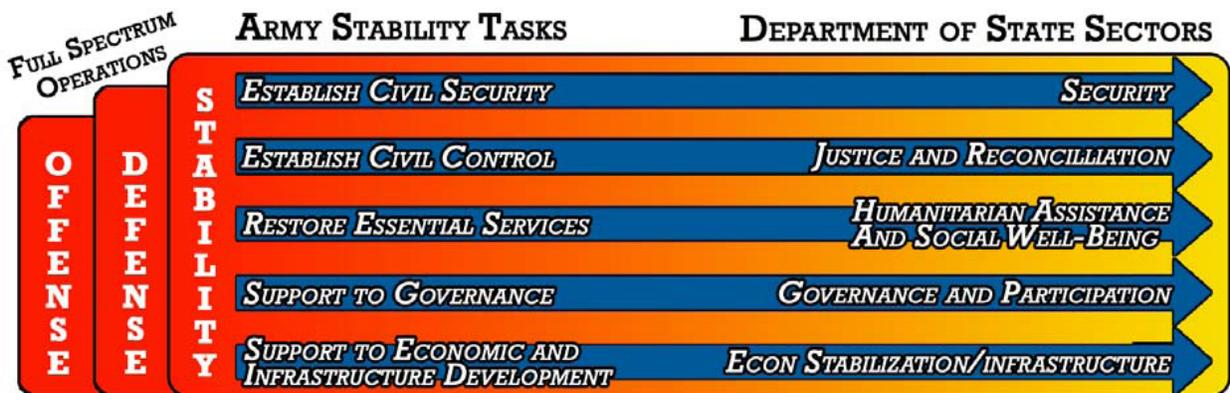
1. (U) Introduction

- a. (U) The role of the military in health sector development in the USCENTCOM area of responsibility is to support and act in the interest of the strategic goals of the United States government (USG), which are stable and friendly governments in the region. Execution will vary depending on each situation, the commander's intent, and often dynamic conditions on the ground.
- b. (U) Health sector development (HSD) actors, including military medicine, may find a role in each of the DOS post conflict reconstruction stability tasks/sectors, which are
 - i. (U) Establish civil security/security
 - ii. (U) Establish civil control/justice and reconciliation
 - iii. (U) Restore essential services/humanitarian assistance and social well being
 - iv. (U) Support to governance/governance and participation
 - v. (U) Support to economic and infrastructure development/economic stabilization and infrastructure
- c. (U) In stability operations, a comprehensive approach should be adopted in order to create unity of effort toward the desired end state. An approach that integrates the myriad actors in HSD, including host nation (HN), interagency, intergovernmental, and nongovernmental, will be most successful if planned and executed at all echelons from USCENTCOM down to the Company level or below.
- d. (U) In stability operations, legitimacy is central to building trust and confidence among the people. Legitimacy is characterized by a government that responds to its citizens. Building institutional capacity, with education and training at the heart of development efforts, enables good governance and grows legitimacy. Thus capacity building is fundamental to success in stability operations.
- e. (U) In stability operations where the USG is decisively engaged, a permissive environment may exist that allows free movement of civilian personnel and resources. In these cases, there will often be a substantial presence of civilians engaged in all spectrums of development including the health sector. Many times this will include HN medical assets, USG actors such as USAID, IGOs such as WHO, World Bank and others, and NGOs such as International Medical Corps.
- f. (U) The role of military medicine in permissive environments may be simply to communicate and coordinate with other actors so that efforts will be efficient and effective. In disaster or humanitarian assistance settings, military medical assets may be deployed but generally military medicine will not to be engaged in development tasks in mature, stable environments.

g. (U) In non-permissive environments such as active insurgency or civil war, civilian actors may be highly constrained and unable to affect HSD due to security issues. HSD may be an essential task to quell the insurgency by creating legitimacy for the HN government. When this is the case, it is more important to do what is needed than who does it. Thus military medical personnel and assets may be required to engage fully in any or all stability sectors as applicable. This is the case in many counterinsurgency operations.

2. (U) Essential stability tasks

- a. (U) Success in stability operations often depends on the commander’s ability to identify the tasks essential to mission success. Review of the essential stability tasks as outlined in FM 3-07, *Stability Operations*, shows that health sector development in counterinsurgency and stability operations is intrinsic to the combatant commander’s logical lines of operation. The precise roles of the military, interagency actors, host nation agents, and others will depend upon the conditions on the ground.
- b. (U) Essential Stability Tasks (EST) help commanders identify those tasks most closely related to mission success and to prioritize and sequence performance of those tasks with available combat power. EST can be considered a subset of the Army Stability Tasks (see figure). EST are the essential tasks required to establish the end state conditions that define success and lay the foundation for success of other instruments of national power. While military medicine may have a role in executing EST, it must not be distracted from providing US forces with combat health support.



Source: FM 3-07, *Stability Operations* OCT 08

- c. (U) In counterinsurgency, commanders link Army stability tasks to logical lines of operation to visualize, describe and direct operations. Success in one line of operation reinforces success in the others. Progress along each line of operations contributes to attaining a stable and secure environment for the host nation.

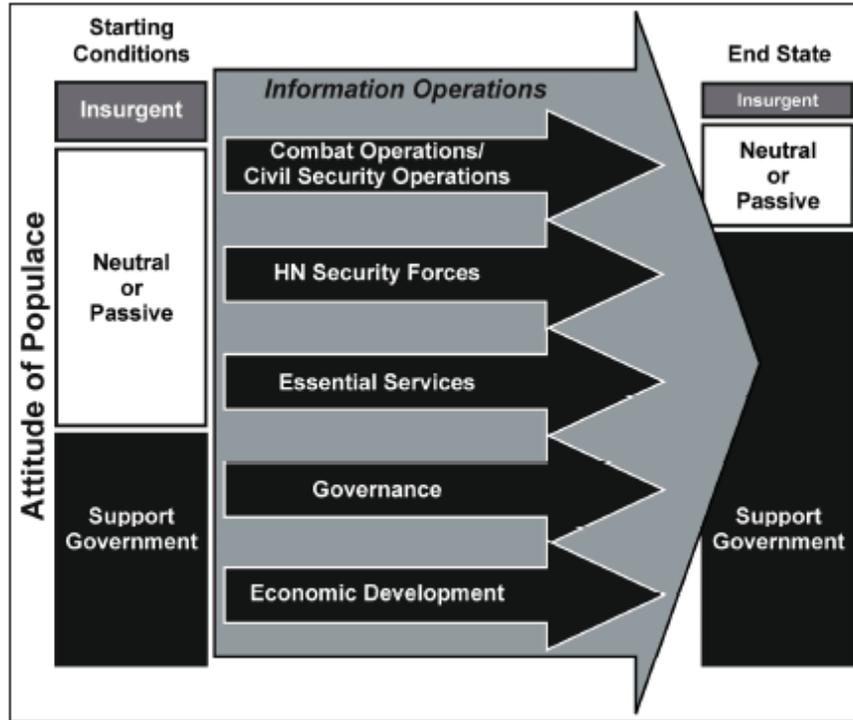


Figure 5-1. Example logical lines of operations for a counterinsurgency
Source: FM 3-24, Counterinsurgency Field Manual

- d. (U) Decisive points enable commanders to seize, retain, or exploit the initiative. Controlling them is essential to mission accomplishment. An example of a decisive point in the health sector in the Tal Afar and Ramadi campaigns in Iraq was to seize and secure the local hospital (Baker, Smith p. 44). This action denied refuge to the enemy and seized initiative for coalition forces by restoring essential services to the local populace.
3. (U) Information operations
 - a. (U) In counterinsurgency, information operations (IO) may be the decisive line of operation by making significant contributions to setting conditions for success in all other sectors. (COIN 5-19) Information operations are deliberately integrated with activities to complement and reinforce the success of operations. Stability tasks that improve the safety, security, and livelihood of the populace helps shape their perception that supporting the operation is in their best interest. (SO 3-74)
 - b. (U) IO is tailored to concerns of the populace and informs the public of successfully completed projects and improvements, not claims or future plans. In Afghanistan, the successes of the Ministry of Health might be exploited where locally applicable. For example, where an improved medical clinic exists, IO might advertise that the infant mortality rate decreased 25% subsequent to MOH improvements. All available media should be used including radio, publications,

town meetings, etc and health successes should be included in talking points of combatant commanders.

4. (U) Establish Civil Security/Civil Security Operations
 - a. (U) Protecting key personnel and facilities is an EST within the security sector (SO 3-18). As discussed above, this was a decisive point in at least two successful counterinsurgency operations. It was further exploited to extend the reach of essential services and for successful information engagement (Smith) in order to build legitimacy for the Iraqi government.

5. (U) Establish civil control/HN Security Forces
 - a. (U) Establishing conditions for the host nation to perform security operations effectively (SO 3-13) is related to the civil security and civil control lines of operation. This includes building host nation capacity and establishing military-to-military programs. Such programs can be implemented in the health sector through mentoring, partnering, training, conducting combat health support operations with HNSF, provider advisors, etc. Characteristics of effective HNSF include flexible, proficient, self sustained, well-led, professional, and integrated into society. This should be a primary goal of developing the HNSF combat health system.
 - b. (U) Due to most developing countries have poor health systems, all levels and branches of the health sector should be targeted from the Ministry of Health and the Surgeons General down to the medic to include all the medical service functions. A tangible benefit to security will be realized as HN personnel will be more likely to stay in new units and fight when they believe they will be properly treated if wounded. Additionally, disease non-battle injuries must be addressed to include training HN medical forces in preventive medicine in order to keep a healthy fighting force.
 - c. (U) The mission to develop HNSF can be organized around these tasks—assess, organize, build or rebuild facilities, train, equip, and advise. (COIN 6-32) As in other LLOs, there must be every effort to create a sustainable program that eventually will be ceded to the host nation itself. Another key task is to support corrections reform, including detainee health. (SO 3-28)

6. (U) Support to Governance
 - a. (U) Effective local governance depends almost entirely on the ability to provide essential civil services to the people. To win hearts and minds, this must occur at the local level. Health care delivery is an essential public service. (SO 3-52)
 - b. (U) HSD presents an opportunity to practice anticorruption as funds disbursed and spent should be used for the public welfare. The Afghanistan Ministry of Health

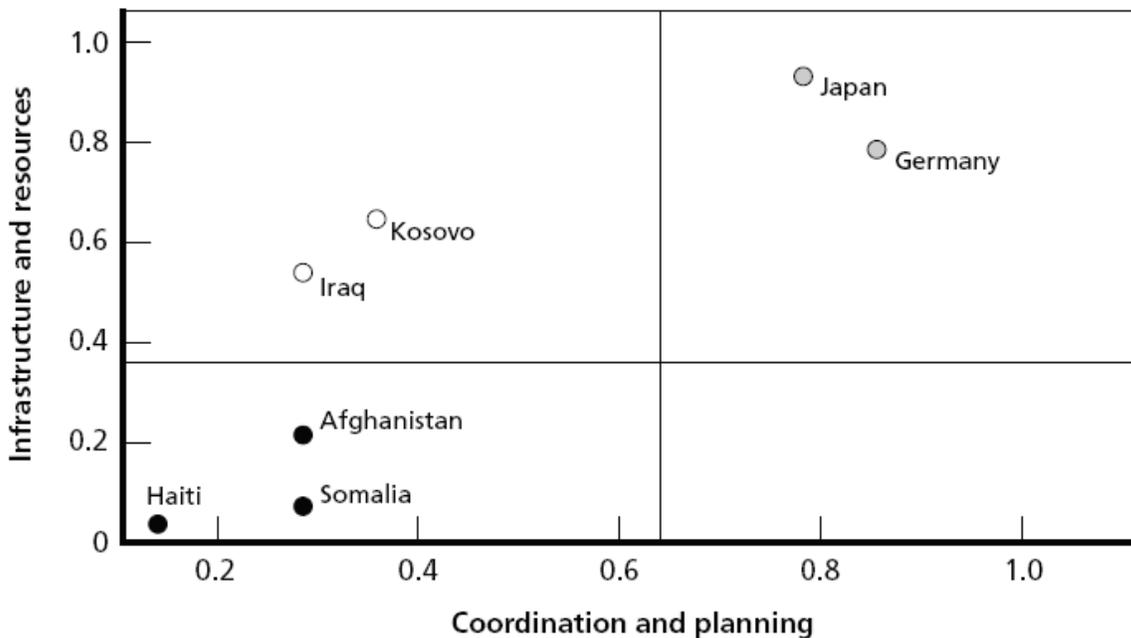
has had particular success in building a relatively successful system of financial use. (SO 3-53)

- c. (U) In Islamic culture, physicians are looked to for leadership and enjoy high community stature and respect. This is evidenced by prominent physician leaders both in friendly governments such as the recent Iraqi Prime Ministers Iyad Allawi and Ibrahim al-Jaafari as well as enemy leaders like Ayman al-Zawahiri. This is also shown by the high number of Iraqi physicians that were assassinated in the early years of the war in Iraq as insurgents targeted ethical leaders who might oppose their barbarity. The natural position of physicians as leaders in Islamic culture should be accessed and exploited at all levels through the common experiences and interests of medicine.
7. (U) Support to Economic and Infrastructure Development,
 - a. (U) HSD figures into economic development as well in both long and short-term benefits. Immediate short-term projects may include local improvements such as facility construction or renovation as well as needed jobs in health care delivery. Local medical contractors, such as pharmacists and medical suppliers, should be sought and patronized at all levels. Microloan projects might finance locally needed commerce in medical materiel. Long-term benefit will be the contribution of the HSD to a robust, prosperous economy. (SO 3-62)
 - b. (U) Where personnel needs are identified, such as the requirement for trained birth attendants, training programs will be necessary to develop the necessary human capital. Depending on conditions, this may be coordinated locally through creative use of resources on hand. In Sinjar, the local hospital readily agreed and trained Iraqi army soldiers and Iraqi border police in combat lifesavers skills when asked to participate.
 8. (U) Restore essential services—Introduction
 - a. (U) Tasks in essential services establish the foundation for long-term development, resolve the root causes of conflict, and ensure the permanence of those efforts by institutionalizing positive change in society. Normally, military forces support HN and civilian agencies with these efforts. When the HN cannot perform its roles, military forces may execute these tasks directly or to support other civilian agencies and organizations. Above all, in stability operations it is key that the military know what is occurring in the essential services line of operation in its area of responsibility.
 - b. (U) When the military is the leading agent in HSD, it will usually be in the COIN environment or otherwise non-permissive conditions. Pre-conflict baseline should be the minimum target in medical stability operations but may surpass this standard depending on the commander's intent and guidance. It is imperative that

these activities are appropriately scaled to local capacity for sustainment. (SO 3-32, 3-33)

- c. (U) Progress in HSD is tightly linked to other sectors including security, basic infrastructure such as power and transportation, education, governance, and economic stabilization. (SH p 283, Amartya Sen, Development as Freedom, p. xii). Thus a commander may infer much about the overall robustness of essential services and development based upon the trajectory of health outcomes, such as infant mortality and infectious disease rates, and other metrics, such as the community's use of health services. In Tal Afar, the Cavalry Squadron Commander, Lieutenant Colonel Chris Hickey, stated, "One indicator... [that the] people's confidence and faith in security and their government had drastically improved... was when the female doctors came back to work and the hospital started seeing women and babies again." (Baker)
- d. (U) Successful health reconstruction in several conflict-related scenarios has been shown to be dependent upon two sets of variables, 1. coordination and planning and 2. infrastructure and resources, including Iraq and Afghanistan as of 2005. Successful health sector development was related to higher levels of both variable sets.

Outcome of Countries in Rebuilding Health



RAND MG321-9.2

Source: (U) Securing Health: Lessons from Nation Building Missions, p. 279

- e. (U) It is more efficient to invest more effort at the beginning of reconstruction rather than later. (SH p. 268) This is related to the military principle of mass. When stability operations become the primary focus, commanders focus combat

power to produce significant results quickly in specific areas. (FM 3-0, Appendix A)

- 9. (U) Restore essential services—Essential stability tasks
 - a. (U) When US forces restore and transition essential services to the HN government, they remove one of the principal causes insurgents exploit. As essential services projects take root, they start to provide tangible benefits for the populace. This action greatly assists the HN government in its struggle for legitimacy. (COIN 8-39, 8-41)

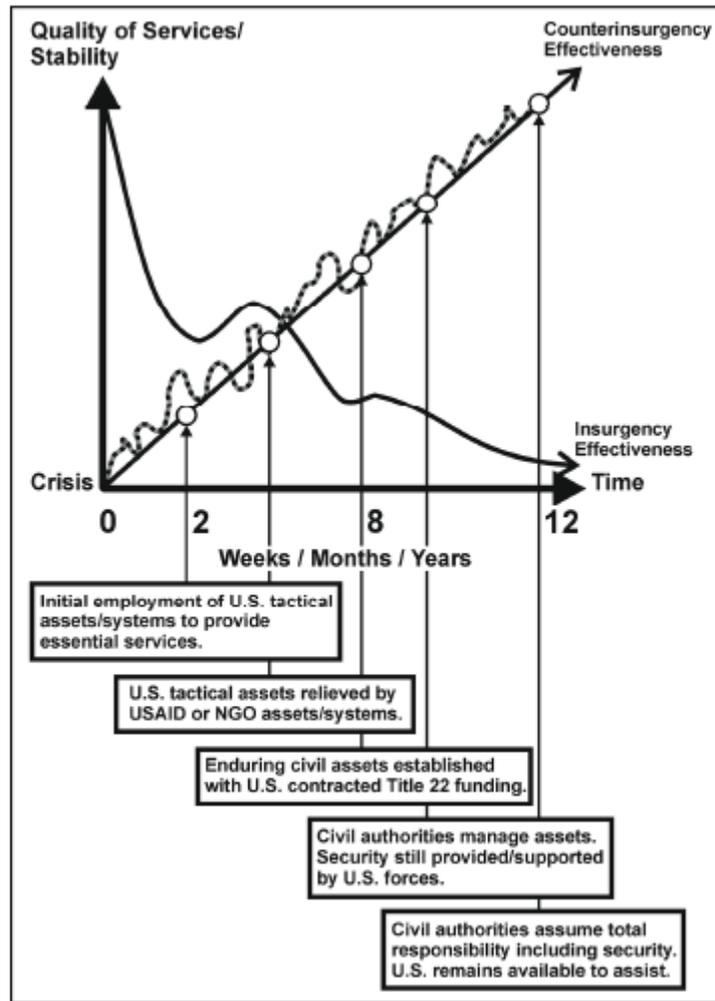


Figure 8-1. Comparison of essential services availability to insurgency effectiveness

Source: (U) FM 3-24, Counterinsurgency, p. 8-15

- b. (U) When civilians are displaced due to military operations, it may become necessary to provide direct medical care if there are not NGOs performing this responsibility. This should be performed according to the medical rules of eligibility in Annex Q of the operations order. When planning large operations, if

appropriate, coordination with the interagency or NGHOs for humanitarian assistance may be necessary to support the population's medical needs. (SO 3-40)

- c. (U) The military contribution to the public health sector, especially in areas of active conflict, enables complementary efforts of local and international aid organizations. This may include assessments of civilian medical and public health system including infrastructure medical staff, training and education, medical logistics, and public health programs. Achieving measurable success requires early coordination and constant dialog with other actors, which also facilitates successful transition from military-led efforts to civilian organizations or the HN. (SO 3-47)
- d. (U) Tasks performed to support public health programs closely relate to the tasks required to restore essential services. In many cases they complement and reinforce those efforts. These may include—
 - i. (U) Assess public health hazards
 - ii. (U) Assess existing medical infrastructure including preventive and veterinary services, and medical logistics
 - iii. (U) Evaluate the need for additional medical capabilities
 - iv. (U) Repair existing civilian clinics and hospitals
 - v. (U) Operate or augment operations of existing civilian MTFs
 - vi. (U) Prevent epidemics with immediate vaccinations
 - vii. (U) Support improvements to local waste and wastewater management
 - viii. (U) Promote and enhance HN medical infrastructure (SO 3-48)
- e. (U) Military activities to support education may include support for medical education, both at local and national levels. (SO 3-49) Close coordination with the HN, interagency, and NGOs is required to assess needs and build sustainable programs. One example from Sinjar, Iraq was utilizing the local hospital and staff to train Iraqi security forces personnel in the Combat Lifesavers program. Besides increased medical skills, closer association between the local hospital leaders and the Iraqi security forces developed interdependence, bred understanding, and increased governmental legitimacy.

10. (U) Restore essential services—Coordination

- a. (U) The most important action in medical stability operations is to coordinate with the other HSD actors in the area. This is the key to success in medical stability operations at **all** levels from the combatant commands down to medical platoons. The local host nation medical authorities are of first importance, including the local hospital and clinic directors as well as provincial representatives of the HN Ministry of Health, and frequently there will be interagency actors such as Provincial Reconstruction Teams with USAID representation, IGOs, NGHOs, and

- possibly private sector actors. (Krueger) Coordination must focus from the ground up in order to address local needs and win the loyalty of the populace.
- b. (U) In active insurgency, there will be fewer actors while in more permissive environments there will be more, perhaps by orders of magnitude. Poor coordination can fragment efforts and weaken health systems by failing to address key priorities, weakening government legitimacy. Through active coordination the necessary visibility to conduct successful stability operations will be achieved.
 - c. (U) It is key to make this association a genuine partnership between counterinsurgents and HN authorities. Do not display the attitude that the USG has arrived to save the day. Appreciate local preferences and continually ask, “How do I know this effort matters to local populace?” Establish a lead actor, preferably a HN agency. If the military is the lead actor due to non-permissive conditions, it should begin planning at the outset how to hand over the lead to a HN or civilian agency as soon as possible. Buy in from the HN must be attained but actions should be executed in a timely fashion to achieve initiative.
 - d. (U) Be transparent with local leaders and other actors and consider the role of women and other cultural factors. Address the purpose of HSD activities, which is to improve stability and *not* a humanitarian mission. While the military sometimes conducts humanitarian missions, such as the disaster relief in Indonesia after the 2004 tsunami, medical stability operations in COIN are conducted for different reasons. Transparency is especially important to prepare for transfer of responsibility and ensure that the original purpose is not lost.
 - e. (U) Actions in HSD must be transparent and seen by the populace in order to win hearts and minds. For example, in rebuilding the health sector in Japan, the USG provided milk to schoolchildren for lunches. The result was increased goodwill by teachers and parents as well as the improved nutrition of Japanese children. Another very visible action was securing the hospitals in Tal Afar and Ramadi. Pick the low fruit while establishing further conditions, e.g. mentoring programs, then utilize information engagement to broadcast achievements, i.e. what was done, not what is intended to do.
 - f. (U) The targeting process links efforts to achieve effects supporting logical lines of operation in the COIN campaign plan. Targeting meetings prioritize targets and determine the means of engaging them that best supports the commander’s intent and the operation plan. Medical stability operations should be nested in the targeting process in order to achieve the commander’s desired effect and should be planned with line expertise and in sufficient detail so that unnecessary dangers are avoided. Remember, in counterinsurgency, every operation is a potential combat operation. Competent leaders can expect insurgents to conduct attacks against restored services.

- g. (U) Remember that the HN government should be winning hearts and minds. The Israeli General Moshe Dayan is famous for saying, “Foreign troops never win the hearts of the people.” All HSD efforts should engage and be attributed to the HN government.

11. (U) Restore essential services—Assessments

- a. (U) Assessment of HN needs should be one of the initial actions, to include both meetings with local leaders to ask what their needs and wants are and independent site assessments. It is paramount that every unit conducts its own assessments as a tool for developing relationships and to understand better what the real situation is. Realistic, measurable standards should be planned to assess and balanced against the need to conduct as comprehensive assessment as possible. Lines of assessment include infrastructure, medical staff, training, education, medical logistics, and public health and veterinary programs. Assessment should also attempt to learn what cultural attitudes may be obstacles to HSD. An example is some Afghans believe all moving water is clean and that liquids should be withheld from children with diarrhea (SH p. 293). Another is the deleterious effect of gender attitudes on women’s health.
- b. (U) One successful method of assessment is to bring a team of experts with appropriate skill sets with specific areas of focus. Charlie med companies have many experts, including additional physicians, dentists, nurses, medical logistics officers, medical equipment repair technicians, ambulance operators, etc that may be utilized. See the table for a successful example.

Group Focus	Group Members	Assessment Tasks
Administration	<ul style="list-style-type: none">● Medical troop commander● Support operations officer● Regimental surgeon● Civil affairs officer	<ul style="list-style-type: none">● Administration of hospital● Communications
Clinical	<ul style="list-style-type: none">● Field surgeon● Regimental nurse● Support operations officer (supply and services)● THT(-)● Interpreter	<ul style="list-style-type: none">● Obstetrics (infant mortality)● Pediatrics● Emergency room● Operating room● Nursing procedures● CL VIII supply procedures● HUMINT
Physical plant and maintenance	<ul style="list-style-type: none">● Seabee engineer● Medical platoon leader● Medical maintenance● Technician● Interpreter	<ul style="list-style-type: none">● Structural integrity of facility● Medical maintenance (identify non-mission capable equipment)● Medical maintenance procedures (identify services and repair part resupply)● Equipment serviceability (identify technology level)
Ancillary Services	<ul style="list-style-type: none">● Medical platoon sergeant● Ambulance platoon NCO● Lab and x-ray technician● Interpreter	<ul style="list-style-type: none">● Laboratory assessment (identify capabilities and hazardous material procedures)● X-ray (Identify capabilities and training)● Ambulance/emergency vehicle fleet assessment (identify non-mission capable vehicles and trauma capabilities)● Ambulance utilization (identify dispatching procedures and partnership with other municipal agencies i.e. Iraqi Police, fire department, etc.)

Table 1. Medical consulting action team groups.

Source: (U) Baker, Medical Diplomacy in Full Spectrum Operations, p. 71

- c. (U) Ongoing and post mission assessments should be conducted to determine success of operation and to inform planning for subsequent missions.

12. (U) Restoring essential services—Actions

- a. (U) To achieve legitimacy, actions should be directed at capacity building and sustainable interventions. It is more appropriate to support a lower level of care that is carried out by HN personnel than to displace by a Western actor. In a permissive environment with adequate number of civilian actors, the military’s role will be simply to coordinate, assess, and oversee medical stability operations as contributing to HN legitimacy.
- b. (U) In particular, the standard Medical Civic Action Program (MEDCAP) is usually not indicated. Chiefly, they undermine the legitimacy of HN institutions by displacing local services with a temporary Western actor. Local healers and leaders may feel loss of face and honor and fail to support counterinsurgents as a result. Additional deleterious effects include unmet expectations by local citizens

due to constraints of superficial treatment, crowds that may result in many turned away without treatment, and rules of eligibility that deny further services unless there is immediate threat to life, limb or eyesight. There may be a place for MEDCAPs and VETCAPs in rural areas without services but government or local medical service should never be displaced.

- c. (U) Where services are disrupted, a more appropriate model is the Coordinated Medical Engagement (CME), a joint coalition activity that depends heavily on HNSF providers. One recent mission in Iraq had 25 Iraqi compared to only two American providers. In this case, a link was established between the government and the populace, enforcing the public's perception of its government's ability to provide. (MNF-I)
- d. (U) When providing medical materiel such as medical equipment, it is important to consider the local ability to maintain materiel donations with parts and repairs. In many cases, standard Western diagnostic equipment will be beyond the scope of the operation and will be deleterious. Where a medical supply market exists, great care should be taken not to disrupt private enterprise. When supplies or services are determined to be important in restoring essential services, every attempt to purchase these on the local market should be made.
- e. (U) Projects should aspire to sustainability and be tied to the long-term development goals of US interagency effort. They should be developed in conjunction with HN governmental and medical leadership to ensure they meet local needs. When the military is the lead, it should begin planning from the onset how to transition projects to non-military actors with every effort to turn over to HN agents. Early and constant coordination is key.
- f. (U) Developing human capital is essential to turn efforts over to the HN. Thus mentoring and training indigenous personnel is critical to sustainability. When US forces restore and transition essential services to the HN government, they remove one of the principal causes insurgents exploit. This action greatly assists the HN government in its struggle for legitimacy.

13. (U) Restoring essential services—Metrics

- a. (U) Due to the close relationship of the health sector with other sectors, it may be useful for the combatant commander in counterinsurgency to track health indicators as a surrogate for the overall effect of coalition efforts on essential services.
- b. (U) It is important not to confuse medical stability operations with health sector development, per se. Assessments in counterinsurgency operations determine: completion of tasks and their impact; level of achievement of objectives; whether a condition of success has been established; whether the operation's endstate was attained; and whether the commander's intent was achieved. (COIN 5-92) Long-

- term success ultimately depends on people taking charge of their own affairs and consenting to the government's rule. (COIN 1-4)
- c. (U) Indicators of counterinsurgency successes in Tal Afar included greatly increased number of patients using the hospital as both inpatients and outpatients. When terror reigned, very few people ventured outside to the hospital and weekly patient census in the hospital decreased by up to 95%. After stability was attained, the patient census rebounded, approaching pre-conflict baseline figures. The Squadron Commander noted, "I could sense people's confidence and faith in security and their government had drastically improved. One indicator was when the female doctors came back to work and the hospital started seeing women and babies again." (Baker, p. 72)
 - d. (U) As part of transition planning, key health metrics should be tracked from the onset to monitor whether essential services are improving. Inputs are the resources used in restoring essential services. Outputs are the first-order results including number of trained personnel and clinics built, etc. Outcomes are the conditions that directly impact the public, i.e. the consequences of activities. Outcomes demonstrate success in health sector development, defined as improvements in water and sanitation conditions, infectious disease rates, mortality and morbidity rates, and food and nutrition conditions. (SH p. 275)
 - e. (U) A performance matrix may be designed in order to link all three variables with broader strategic efforts as demonstrated below.

Table 9.1
Example of Performance Matrix

Key Health Goals	Baseline Conditions	Inputs	Outputs, First 6 Mos.	Outcomes	Broader Development Indicators
Address immediate health needs		Amount of financial assistance	Number and quality of doctors, nurses, and other personnel trained	Life expectancy rate	Level of security
		Number of international advisors		Birth rate	Quality of governance
Develop a cost-effective and sustainable health system	Quantitative and qualitative description of initial conditions	Amount and type of health equipment, drugs, and other consumables delivered	Number and quality of health facilities built or refurbished	Death rate	Economic conditions
				Infant mortality rate	Education levels
Improve overall health conditions			Institutional development and reform of Ministry of Health	Infectious disease rate	Provision of key services, such as power and water
				Malnutrition rate	

Source: Securing Health, p. 296

- f. (U) More tactical and short-term measures might give policymakers some indication of performance, e.g. percentage of children under 1 year that have been immunized; percentage of births with skilled attendance; percentage of the population with access to basic health services, percentage of health facilities that report “stock outs” of essential drugs etc. Health metrics should have HN buy in, with monitoring and evaluation ultimately becoming the responsibility of HN health officials.

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