



**Joint
Advanced
Warfighting
Program**

INSTITUTE FOR DEFENSE ANALYSES

**Planning Economic Activities to
Support Counterinsurgency
Objectives
Volume 1**

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Preface

This two-volume publication was prepared under the task order Joint Advanced Warfighting Program (JAWP), subtask 4B, Guidance for the Economic Element of DIME (diplomacy, information, military, economics), for the Deputy Commander, United States Joint Forces Command (USJFCOM). The task order objective is helping joint force commanders and their staffs to better leverage the economic component of DIME in an irregular warfare (IW) campaign and better counter the capabilities and economic initiatives of the adversary.

Volume 1 covers the task and background; possible economic actions, challenges, and adaptations in Afghanistan; tools to aid planning in IW economic actions, including tools to aid in countering adversary resourcing; three illustrative planning scenarios; and final recommendations. Volume 2 is classified and covers the content and outcomes from an economic planning game conducted in May 2009 at the Institute for Defense Analyses (IDA).

The authors would like to acknowledge the contributions of Dr. Michael P. Fischer-keller, Dr. Ted S. Gold, and Mr. Larry Sampler. Each participated in the economic planning game, reviewed the final documents, and provided the constructive comments that improved this product.

This paper does not necessarily reflect the views of IDA or the sponsors of JAWP.

The Department of Defense established JAWP in 1998 under the senior sponsorship of the Under Secretary of Defense for Acquisition, Technology and Logistics; the Under Secretary of Defense for Policy; the Vice Chairman of the Joint Chiefs of Staff; and Commander, USJFCOM. JAWP's stated purpose is to serve as a catalyst for stimulating innovations and breakthrough change.

The JAWP team is composed of military personnel on joint assignments from each Service as well as civilian analysts from IDA. The main office is in Alexandria, Virginia; a small office in Suffolk, Virginia, facilitates coordination with USJFCOM. A JAWP Board of Directors representing the senior sponsors approves JAWP's work plan for each fiscal year. A member of the Board is designated the primary sponsor for each assigned task.

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Executive Summary

Commanders and their staffs in Afghanistan have an array of economic-related capabilities at their disposal and direction for how to use these economic capabilities. The economic-related capabilities include the following:

- Provincial Reconstruction Teams
- Commander's Emergency Response Program
- Agribusiness Development Teams
- US Agency for International Development programs
- Human Terrain Teams Criminal Justice Task Force – Central Narcotics Tribunal
- New legal authorities: Title 21 US Code, Sections 959 and 960a
- Cashless Payments
- Afghanistan Threat Finance Cell
- Afghanistan's Community Development Councils

The use of these capabilities is intended to advance the objectives of the Commander, International Security Assistance Force (ISAF): to protect the people from insurgents, government corruption, the ISAF itself (at times), and threats to people's survival (for example, by providing food, water, shelter, and clothing), thereby contributing to the end of the violence in Afghanistan.

Planning tools are described and demonstrated that map "hearts and minds," the local economy, the local human and institutional capital, credible and competent local partnerships, and adversary-resourcing networks. Criteria are developed for the type and timing of activities and priorities are set for using economic assets in irregular warfare (IW) situations. The tools are demonstrated by application and production of recommendations for the three Afghanistan provinces.

To improve US-Coalition IW capabilities by applying economic-related actions, the team from the Joint Advanced Warfighting Program (JAWP) at the Institute for Defense Analyses recommends the following actions:

- **Improve near-term use of economic-related capabilities.**
 - US Joint Forces Command to train deploying commanders and staffs in (1) using new economic-related IW capabilities in Afghanistan, (2) mapping the economic terrain (combining local terrain and adversary financing), and (3) using the new planning tools to make good use of the economic-related capabilities.
 - The Secretary of Defense to finalize the action initiated by Directive-Type Memorandum 08-034 (02 December 2008) to (1) formally designate a Department of Defense (DoD) lead agent for DoD Counterthreat Finance (CTF) policy and (2) assign CTF as a specified mission in the Unified Command Plan and provide the resources necessary to accomplish the mission.
- **Explore the use of economic-related capabilities in a single Afghan region,** with the JAWP team in the United States in partnership with a forward-deployed military unit. Provide that unit with reach-back information on economic-related capabilities, economic terrain mapping, and tools for planning economic-related capabilities.
- **Improve longer-term capabilities in IW.**
 - US Army to introduce a branch or military occupational specialty that addresses economic-related capabilities.
 - The Services to establish programs for professional military education that educate potential future commanders on (1) the new economic-related IW capabilities and (2) how to make decisions based on analyses, prepared by their staffs, of the economic and human terrain.
 - The Services to track the civilian skills of military personnel, starting with members of the Reserve Components, for their potential contribution to economic-related capabilities.
 - An FFRDC to (1) assess the effectiveness of current economic-related capabilities in Afghanistan, (2) learn how to better use existing capabilities in Afghanistan and other IW campaigns, and (3) identify capabilities to substantially increase and/or decrease in Afghanistan.

Planning Economic Activities to
Support Counterinsurgency
Objectives
Volume 1

I. Task and Approach

A. Background

In the summer of 2008, as the Joint Advanced Warfighting Program (JAWP) at the Institute for Defense Analyses (IDA) was drawing up its Fiscal Year 2009 work plan, an alumnus of JAWP, Major General Rick Lynch, US Army, paid a visit. He had just brought the 3rd Infantry Division home from Iraq and was en route to his third star and command of an Army corps. When JAWP staff members briefed General Lynch on using simulations to train units at their home stations on “high demand/low density” ISR¹ systems, he acknowledged the need for such training, but said *that* particular problem wasn’t what had kept him awake nights in Baghdad. What kept him awake, he said, was “seeds.” General Lynch explained that his division had used Commander’s Emergency Response Program (CERP) funds to buy a lot of seeds in a year’s time in Iraq, but he didn’t really know if that was the best thing to do with his CERP funds. That conversation prompted a new JAWP task proposed for Fiscal Year 2009, which the JAWP Board of Directors approved as follows:

Help joint force commanders and their staffs better leverage the economic component of DIME² in an Irregular Warfare (IW)³ campaign, to include

¹ ISR – intelligence, surveillance, and reconnaissance.

² DIME – diplomacy, information, military, economics.

³ The Department of Defense (DoD) defines *irregular warfare* as a violent struggle among state and non-state actors for legitimacy and influence over the relevant populations, and distinguishes it from “traditional warfare.” DoD Directive 3000.7, *Irregular Warfare (IW)*, December 1, 2008. The DoD *Dictionary of Military Terms and Abbreviations* has an additional line: “A violent struggle among state and non-state actors for legitimacy and influence over the relevant population(s). Irregular warfare favors indirect and asymmetric approaches, though it may employ the full range of military and other capacities, in order to erode an adversary’s power, influence, and will. Also called IW.” *US Department of Defense Dictionary of Military Terms and Abbreviations*, Joint Publications 1-02, 31 October 2009, http://www.dtic.mil/doctrine/dod_dictionary/ (accessed 05 December 2009).

how to plan for the smart use of available economic assets such as funds from the Commander's Emergency Response Program, Department of State, US Agency for International Development (USAID), the host-nation government, and private direct investment; personnel from US agencies (Agriculture, Commerce, Transportation, and Treasury) and Allied governments; Reservists with specialized economic skills; and US and other government agencies, international organizations (IOs), and non-government organizations (NGOs).

This task directed JAWP to examine the full range of coalition economic-related actions and to identify how a joint force commander and his staff could use them for the best effect in an IW campaign. This language implicitly includes addressing insurgents' efforts to thwart the United States' use of economic actions to provide for the people's security, as well as the insurgents' economic activities to support their campaign. To make this explicit, the task was expanded with the addition of the following language:

Address how adversaries could try to counter the joint force's use of economic power, as well as how US forces should plan to counter adversaries' economic initiatives.

The analysis of how to counter adversaries' economic initiatives includes not only how they spend their resources but also how they make, move, and store them. While the original question stemmed from a division commander's experience in Iraq, the JAWP team chose to concentrate on Afghanistan for two reasons: (1) the struggle in Iraq was becoming noticeably less violent and (2) the level of violence in Afghanistan was rising.

Afghanistan qualifies as an economic basket case when using Paul Collier's criteria,⁴ but this paper is not about economic development. Gerald Meier describes the last 50 years of evolution of thought in development economics, a field with considerable practice, theory, and opportunity.⁵ Only once does the issue of war intrude in his description.

⁴ Paul Collier's *The Bottom Billion* focuses on four criteria ("traps") usually overlooked in favor of poverty and development traps: (1) conflict trap, (2) natural resources trap, (3) trap of being landlocked with bad neighbors, and (4) trap of bad governance in a small country. Collier, *Bottom Billion* (NY: Oxford University Press, 2007), p. 5.

⁵ Gerald M. Meier, *Biography of a Subject: An Evolution of Development Economics* (NY: Oxford University Press), 2005.

Meier cites Adam Smith's original writings, which helped lay the foundation of capitalism, to point to exceptions that take precedence over employing capitalist principles. The primary exception offered is "defence before opulence."⁶ By this Meier means that the common defense of the nation and lives of citizens will take precedence over pursuing economic principles that would ordinarily make economic sense. This paper is about economic-related actions in Afghanistan in the context of "defence [sic] before opulence," that is, in the "violent struggle between state and non-state actors for legitimacy and influence over the relevant population" being waged in Afghanistan.⁷

Economic-related actions in IW are viewed as a form of non-kinetic actions, along with communication actions, diplomatic and political actions, and legal actions. All these forms of non-kinetic actions can be used in IW to complement, supplement, or even supplant for kinetic actions – and in some cases do what kinetic actions cannot do. Therefore, economic-related actions should be viewed as just another means for helping to achieve the same objectives that kinetic and non-kinetic actions are intended to achieve.

B. Economic-Related Capabilities in Afghanistan

Many new economic-related capabilities are in use in the IW campaign in Afghanistan. Some are adaptations from Iraq; others are innovations first used in Afghanistan, including the following:

- Provincial Reconstruction Teams (PRTs)
- CERP
- Alternative Development Program (ADP) (USAID)⁸
- Agribusiness Development Teams (ADTs)
- Human Terrain Teams (HTTs)

The economic-related capabilities also include non-kinetic ways to attack adversary financing, namely, new counternarcotics efforts, use of cashless payments, and the Afghan

⁶ Adam Smith, *The Wealth of Nations*, book 4, chapter 2 (New York: Random House, 1994).

⁷ "Irregular Warfare," definition from the *US Department of Defense Dictionary of Military Terms and Abbreviations*, http://www.dtic.mil/doctrine/dod_dictionary/ (accessed 05 December 2009).

⁸ See USAID ADP website, <http://afghanistan.usaid.gov/en/Program.20.aspx> (accessed 25 March 2010).

Threat Finance Cell (AFTC). They also include an Afghan government initiative that has created around 20,000 Community Development Councils (CDCs) to provide local inputs to planning projects.

This paper is about how, when, and where military commanders and staffs should use the range of economic-related capabilities in Afghanistan. It is not about “economic warfare,” a subject the Pentagon has begun to explore in recent months.⁹ Neither is it about how to grow Afghanistan’s Gross Domestic Product (GDP)¹⁰ or other goals of “development economics,” which are the specialty of USAID.¹¹ Nor is it about which rules to follow when spending the many different kinds of money after deciding on the action to take.¹² Rather it is about helping military commanders and staffs who are untrained in economics to figure out when, where, and how:

- to take the economic-related actions at their disposal (for example, to avoid building schools for which there are no teachers, or hospitals for which there are no nurses); and

⁹ Eamon Javers, “Pentagon preps for economic warfare,” posted April 9, 2009, on politico.com website, <http://www.politico.com/news/stories/0409/21053.html> (accessed 22 September 2009).

¹⁰ GDP is the “total market value of the goods and services produced by a nation’s economy during a specific period of time. It includes all final goods and services—that is, those that are produced by the economic resources located in that nation regardless of their ownership and that are not resold in any form. GDP differs from gross national product (GNP), which includes all final goods and services produced by resources owned by that nation’s residents, whether located in the nation or elsewhere. In 1991, the United States substituted GDP for GNP as the main measure of economic output.” Encyclopedia Britannica Online, <http://search.eb.com/> (accessed 15 February 2010).

¹¹ Development economics covers how to increase a country’s economic growth while at the same time transforming the institutional, political, and socio-cultural structures that embody that country’s economic system. For a brief history of development economics, see Meier, *Biography of a Subject*.

¹² For example, see Multi-National Corps – Iraq (MNC-I), *Money as a Weapon System (MAAWS)*. MNC-I-CJ8 SOP, 15 May 2008, http://www.acq.osd.mil/dpap/pacc/cc/jcchb/Contingency%20Model/Contract%20Actions/Funding%20Docs/MAAWS_May_2008.pdf (accessed 08 January 2010); and US Army, Center for Army Lessons Learned, *Commander’s Guide to Money as a Weapon System: Tactics, Techniques, and Procedures*, No. 09-27, April 2009, <http://usacac.army.mil/cac2/call/docs/09-27/intro.asp> (accessed 08 January 2010).

- to counter the adversaries' economic-related actions (for example, to take down the adversaries' banking system with minimum disruption to the legitimate local economy).

Marine Corps Doctrinal Publication (MCDP) 6, *Command and Control*, says the aim of command and control is to reduce the amount of uncertainty that commanders must deal with—to a reasonable point—so they can make better decisions.¹³ The approach in this paper centers on the idea of *actionable information* to reduce uncertainty and improve decision-making in an IW campaign. This paper describes how to identify data and present information to enable joint force commanders to better recognize the nature of the battle they face. It offers a set of tools to help commanders and staffs plan and execute actions related to economic resources in the IW campaign in Afghanistan.

C. The Challenges

As the JAWP research progressed, it became clearer to the team why addressing these questions was so challenging:

1. IW is different from traditional warfare,
2. economic-related actions are different from traditional military actions, and
3. economic-related capabilities in Afghanistan are different from prior wars.

Each challenge is discussed in detail in the following sections.

1. IW Is Different from Traditional Warfare

IW, and the subject of counterinsurgency (COIN), only recently received new attention after decades of neglect.¹⁴ IW differs from the more familiar traditional warfare both in objectives and in major attributes. The main protagonists in traditional warfare are the *enemy forces* and *US and Allied forces*. The environment within which they struggle includes important factors such as the physical terrain, the enemy government and its population, the host-nation government (HNG) and population, and other international actors.

¹³ US Marine Corps, MCDP 6, *Command and Control*, 4 October 1996, pp. 55–56.

¹⁴ US Army, *Counterinsurgency*, Army Field Manual 3-24, was first published in December 2006.

But in traditional warfare, the objective of the US and Allied forces is to seize key terrain and then defeat (or render ineffective) the main enemy forces.

The main objective in IW is to win the support of the population for a legitimate and effective HNG. What was part of the background environment in traditional warfare now occupies key roles, that is, the population (and their attitudes to different sides in the conflict) and the many parts of the HNG (and their legitimacy and effectiveness in securing the population). See Figure I-1 below.

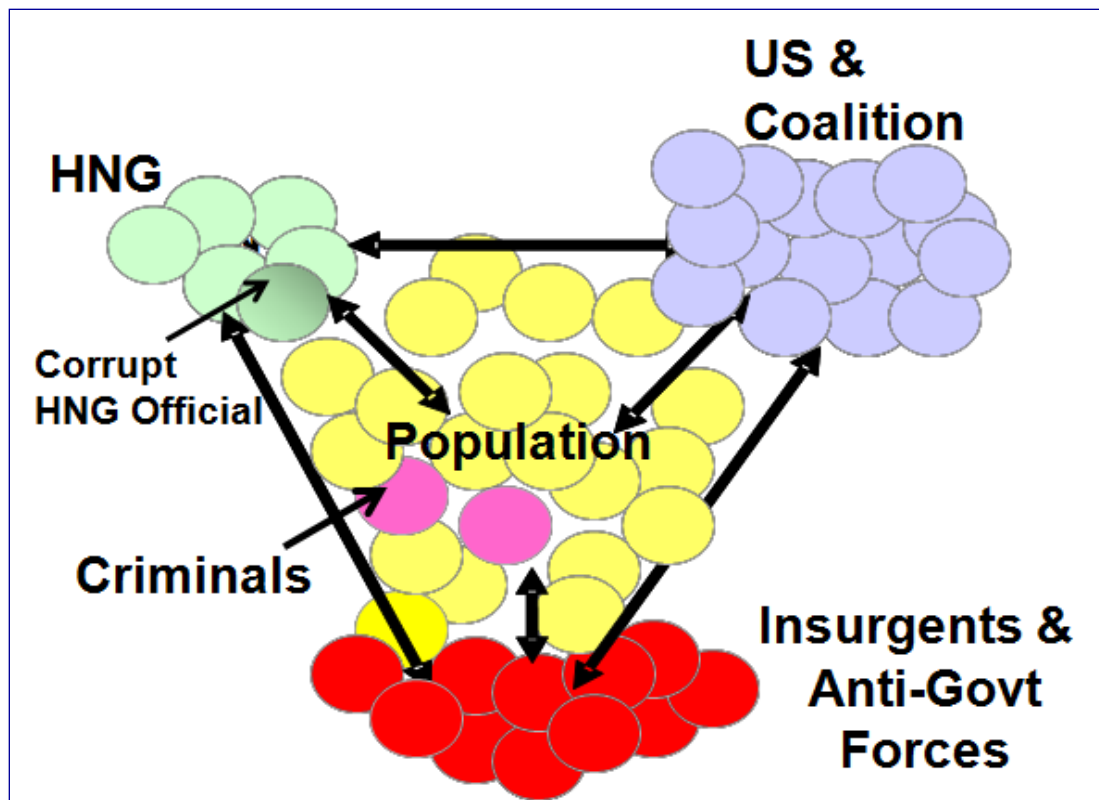


Figure I-1. Traditional and Irregular Warfare

Given these large differences in objectives and critical actors, traditional warfare and IW will necessarily have different attributes (Table I-1 below).

Table I-1. Attributes of Traditional and Irregular Warfare

Traditional Warfare	Irregular Warfare
US & allies vs. enemy and allies	Complex – many US & allies, insurgents, HNG, and other actors
Violent struggle over <i>physical</i> terrain	Violent struggle over <i>human</i> terrain
Military organizations and their actions are dominant	Military and civilian authority, organizations, and activities require tight coupling
Military actions emphasize large units operating in the absence of civilians (or despite their presence)	Military actions emphasize small units operating among the civilian population
Seize key terrain to block enemy movement Defeat enemy forces, or render them ineffective and move on	Establish security (<i>clear</i>), consolidate and stabilize area (<i>hold</i>), and commence reconstruction (<i>build</i>) in an area
Decisive victory over enemy forces	Transition control to a legitimate and effective HNG

Source: Hurley et al., *Improving Capabilities for Irregular Warfare*, Vol. I: Framework and Applications, IDA Paper P-4267, Institute for Defense Analyses, Alexandria, VA, August 2007.

As seen from the different objectives and attributes that characterize traditional warfare and IW, IW is not a lesser included case; rather it is a different form of warfare that resembles traditional warfare in some aspects.

2. Economic-Related Actions Are Different from Traditional Military Actions

Professional military education has typically not addressed the economic aspects of IW, and counterthreat finance (CTF) is a completely new field of endeavor, with the initial Department of Defense (DoD) policy having been published only in December 2008.¹⁵ Staff officers who plan and execute IW campaigns have been trained from pre-commissioning to advanced levels in personnel, intelligence, operations, and logistics;

¹⁵ US Department of Defense, Deputy Secretary of Defense Directive-Type Memorandum (DTM) 08-034 – *DoD Counterthreat Finance (CTF) Policy*, December 02, 2008.

but few have been schooled in how to take actions related to economic activities in an IW campaign. No branch (like Engineers or Military Intelligence) or military occupational specialty addresses economic issues (although Civil Affairs covers some aspects).

Joint doctrinal publications identify well-developed areas of staff functionality, such as Personnel, Intelligence, Operations, Logistics, Engineer Support, and Fire Support. But there is no recognized staff function for “Economic Activities.” For example, Joint Publication 5-0, *Joint Operation Planning*, lists 15 topics for “functional staff estimates” but not one touches on economic activities.¹⁶ Illustrating where economic activity fits into the DoD perspective, the International Security Assistance Force (ISAF) in Afghanistan lists “Reconstruction and Development” as a two-page appendix to a plan annex on “Stability – CIMIC [civil-military cooperation], Governance and Development.”¹⁷

3. Economic-Related Capabilities in Afghanistan Are Different from Prior Wars

Compounding the lack of a well-developed staff function to deal with economic-related actions in IW is the wide range of new economic-related capabilities being used in Afghanistan. Some are adaptations (for example, from Iraq); others are innovations first used in Afghanistan. Ten of these adaptations and innovations are discussed later in Chapter II, “Economic Challenges and Adaptations in Afghanistan.”

D. Using Economic Actions to Secure the Population

An important objective in IW, regardless of the overall goals and strategy, is protecting the population, given the focus in IW on “influence over the relevant population” and the doctrinal view of the population as the center of gravity in IW. This paper takes this objective seriously and asks how economic-related actions could help protect the population. In his 2009 *Initial Assessment*, General Stanley A. McChrystal wrote that

¹⁶ Joint Chiefs of Staff, Joint Publication 5-0, *Joint Operation Planning*, 26 December 2006, pp. III-54 – III-55, http://www.dtic.mil/doctrine/jel/new_pubs/jp5_0.pdf (accessed 21 September 2009).

¹⁷ International Security Assistance Force, *ISAF Operation Order (OPORD) 00X-2009 – OPERATION TOLO*, Revision 1, Appendix 2 – “Reconstruction & Development (R&D) Overview,” in “Annex W – Stability – CIMIC, Governance and Development.”

“protecting the people means shielding them from all threats.”¹⁸ So what are the threats identified in his *Initial Assessment*?

- Explicitly identified are the organized and determined insurgent groups, in particular, three groups who are insurgent enemies: the *Quetta Shura Taliban*, the *Haqqani Network* (HQN), and the *Hezb-e-Islami Gulbuddin* (HiG).
- Explicitly identified is a crisis of popular confidence springing from weaknesses in Government of the Islamic Republic of Afghanistan (GIROA) institutions and the unpunished abuse of power by corrupt officials and power-brokers.
- Explicitly identified are ISAF and actions its forces might take that harm innocent Afghans.
- Implicitly identified, and implied by General McChrystal’s emphasis on “trust and confidence” and “shielding them from all threats,” are threats to survival (for example, what satisfies the lowest rungs of Maslow’s hierarchy¹⁹).

This paper addresses how economic-related actions can help protect the Afghan people from threats such as the insurgents, corrosively corrupt government, the violent actions of ISAF, and the lack of basic needs for personal survival. Examples of such actions (some of which are taking place in Afghanistan) are identified next, to illustrate the wide range of possible actions.

Protect the People from the Insurgents

- Build secured roads and establish connected district security centers, at the right time and under the right conditions, to push insurgents away from the population.
- Use the Afghanistan Threat Finance Cell (ATFC) and counter-narcotic efforts to counter adversary efforts to resource its operations.
- Use funds and people to support the training and equipping of locally organized watchmen operating under local control.

¹⁸ General Stanley A. McChrystal, USA, Commander, US Forces – Afghanistan /International Security Assistance Force – Afghanistan (USFOR-A/ISAF-A), *COMISAF’s Initial Assessment*, memorandum to Secretary of Defense Robert M. Gates, 30 August 2009.

¹⁹ H. Maslow, “A Theory of Human Motivation,” *Psychological Review* 50(4) (1943): pp. 370–96.

- Use funds to pay rewards for tips on improvised explosive device (IED) factories and IED placements, and for information leading to the capture of key insurgent leaders.

Protect the People from Corrupt Government

- Use funds to support Special Drug Courts and the use of statutes such as Title 21 US Code, Sections 959 and 960a²⁰ to end the careers of corrupt government officials.
- Use the ATFC to counter adversary resourcing used to bribe government officials.
- Use funds to develop local human and institutional capital to provide credible partners (for example, *Shuras*, CDCs).²¹
- Expand the use of cashless payment systems to reduce the cash circulating in country.

Protect the people from ISAF

- Use funds to compensate the people for unintended injury and damage.
- Use funds to set up local radio stations and provide hand-cranked radios to keep the locals informed about how to reduce their vulnerability to ISAF actions.

Protect the survival of the people (for example, food, water, shelter, and clothing):

- Insert US human capital into local agriculture through PRTs, ADPs, and ADTs, where security permits.

²⁰ Title 21 US Code, Section 959, “Possession, Manufacture, or Distribution of Controlled Substance,” http://www.law.cornell.edu/uscode/html/uscode21/usc_sec_21_00000959----000-.html (accessed 30 March 2010). Title 21 US Code, Section 960a, “Foreign Terrorist Organizations, Terrorist Persons and Groups,” http://www.law.cornell.edu/uscode/html/uscode21/usc_sec_21_00000960---a000-.html (accessed 30 March 2010).

²¹ *Shuras* – “Variously designated a council of state, or advisers to the sovereign, a parliament (in modern times), and – in certain Arab states – a court of law with jurisdiction over claims made by citizens and public officials against the government.” Encyclopedia Britannica Online, <http://search.eb.com/eb/article-9067570> (accessed 05 January 2010).

- Invest in related physical capital (for example, roads to reduce transportation costs to markets) at the right time and conditions.

Note that the focus here is *not* on advancing economic development programs per se, for example, to guarantee clean water and sanitation, provide medical care, increase electrical power output, increase access to education, or improve agricultural productivity. All these are admirable but remain outside the scope of this effort *unless* these programs contribute directly to the IW campaign. Of course, once violence is reduced and peace becomes the norm, then normal stability operations practices could be put into use as outlined in RAND Corporation’s *Guidebook for Supporting Economic Development in Stability Operations*.²²

E. Contents of the Report

Chapter II summarizes the diverse set of economic innovations and adaptations currently in use in Afghanistan.

Chapter III describes how to map local finance activities, develop criteria for the type and timing of activities, and identify the bases for priorities in the use of economic assets.

Chapter IV describes tools to aid in countering adversary resources. A framework is offered for mapping the resources of adversaries (whether insurgents or criminals) based on how they *make*, *move*, *store*, and *spend* resources. The key stakeholder organizations – the intelligence community, DoD, and law enforcement agencies – are discussed along with their legal authorities for action. Finally, this chapter presents tools for developing actions and establishing priorities for the capabilities currently in use in Afghanistan.

Chapters V, VI, and VII provide illustrative “IW Economic Activity Plans” with recommendations for actions in three key Afghan provinces: Khost in the east, Helmand in the south, and Jowzjan in the north. Many of these actions were suggested in one-on-one meetings with military personnel experienced in Afghanistan and in the 18 June 2009 “IW Economic Planning Game” at IDA. But these chapters are illustrative rather than

²² *Guidebook for Supporting Economic Development in Stability Operations* by Keith Crane et al., RAND Technical Report (RAND Corporation: Santa Monica, CA, 2009).

exemplar because some of the detailed data needed to complete them resides only in theater. These three chapters show how the tools discussed previously in Chapters III and IV can be used in the different circumstances in each province to provide the basis for deciding what actions to take.

Chapter VIII offers recommendations for making better use of current capabilities and for exploring nearer- and longer-term DOTMLPF²³ improvements for future DoD capabilities.

Appendixes A and B contain the bibliography and the list of acronyms and abbreviations, respectively.

Note: Volume 2 is a separate classified volume containing briefings used in the 2009 IW Economic Planning Game hosted by IDA. This game explored the issues raised in IW economic planning in Khost and Helmand provinces. The classified volume also contains an analysis of CERP spending in Iraq.

²³ DOTMLPF – doctrine, organization, training, materiel, leadership and education, personnel, and facilities.

II. Economic Adaptations in Afghanistan

The first part of this chapter discusses the context for planning economic-related activities in Afghanistan, specifically (1) government weaknesses and corruption, (2) poverty and poppies, (3) legacy of the initial NATO approach, and (4) the complex human terrain and its differences across Afghanistan provinces under study. The second part addresses the ten economic adaptations and innovations currently used in Afghanistan, as illustrated in Figure II-1.

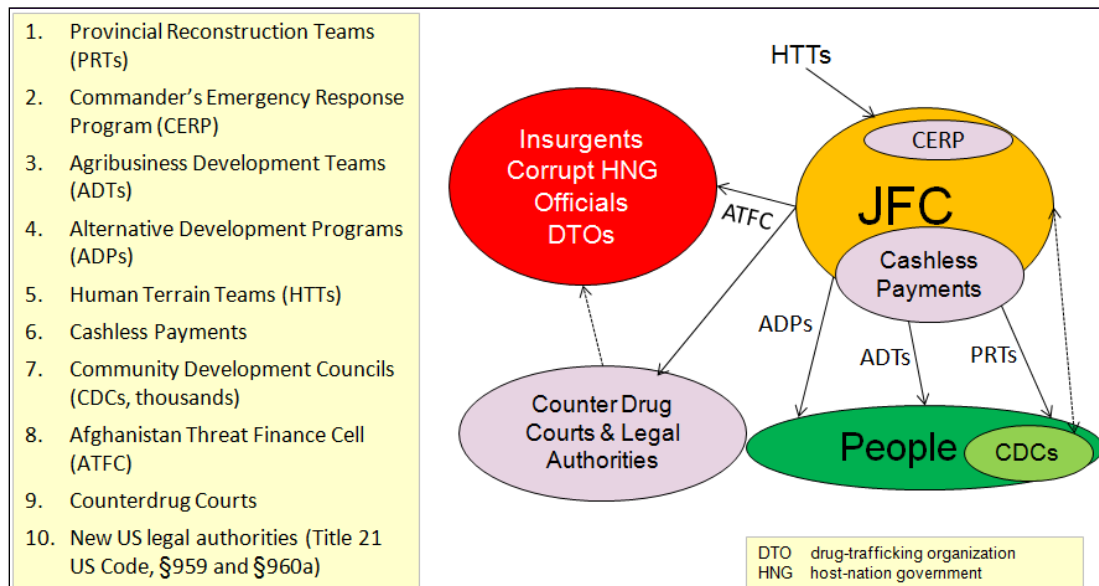


Figure II-1. Economic-Related Assets Available in Afghanistan

A. Characterizing the Situation in Afghanistan

Afghanistan is a complex environment for planning economic-related activities. Four aspects in particular stand out:

- It has a weak and unpredictable government that is unconnected to the people and rife with corruption.

- It has endemic poverty and an economy distorted by the growth of poppies and the production of opium.
- The legacy of the initial NATO approach to development – stability and reconstruction operations – has proven difficult to change despite the growing insurgency and altered operational environment.
- The myriad differences in the human terrain and security environment across the provinces and their districts work against any single approach to economic-related activities.

Each challenge is discussed in detail in the following sections.

1. Government Weaknesses and Corruption

Afghanistan's documents on planning for national development allude to the "Circle of Justice" concept of ninth-century Islamic scholar Ibn Qutayba: "There can be no government without an army, no army without money, no money without prosperity, and no prosperity without justice and good administration."²⁴ In Afghanistan, this *virtuous circle* has become a *vicious cycle*. Good governance has proven elusive, the economy lacks a revenue base, justice is a distant hope in many regions, and Afghanistan still lacks the security, fiscal health and rule of law for the feedback loop to work.

After eight years, President Hamid Karzai still struggles in his second term to form a competent government that can project legitimacy, build capacity, and earn the trust and respect of the population. The latest DoD report on progress in Afghanistan notes that "GIROA is, and will for the foreseeable future continue to be, hampered by lack of capacity, resources, and interagency planning and coordination.... Government corruption saps credibility of the institutions of governance and undermines Afghan and interna-

²⁴ *Afghanistan National Development Strategy Summary Report – An Interim Strategy for Security, Governance, Economic Growth & Poverty Reduction*, Government of the Islamic Republic of Afghanistan (30 January 2006), available online at <http://www.reliefweb.int/rwarchive/rwb.nsf/db900sid/KHII-6LK3R2?OpenDocument> (last accessed 24 November 2009).

tional efforts to build these institutions. Afghan ministries lack resources and are often permeated by corruption, entrenched bureaucracy and weak management.”²⁵

Corruption is an enormous obstacle to progress, with the potential to cripple virtually all governance and development initiatives.²⁶ President Karzai’s government has done little to curb the excesses of corruption; to date, Afghanistan currently ranks 172 out of 180 countries on the corruption perception index of Transparency International.²⁷ The situation has actually worsened in the last few years, and President Karzai and his own family are widely viewed as benefiting greatly from the rampant corruption and illicit economic practices.²⁸

Coalition forces must take the extent, depth, and motivation of corruption into account when planning economic-related activities:

- Workers are susceptible to corruption when they are poorly paid. The ones who have some discretion in their duties (for example, the Afghan police) will take bribes to supplement their income. By paying government workers a living wage and identifying and firing those who continue to take bribes, the Afghan government can reduce corruption and increase confidence in the government.
- A culture that expects preference and benefits for the job holder’s family, tribe, or ethnic group is prone to corruption. *Transparency* helps restrict this to small-scale corruption, making sure no large-scale discrimination occurs against entire ethnic groups or tribes).
- Threats made against officials or their family is a form of extortion. Public officials can resist when it is countered by providing security for all the people involved, including their families.

²⁵ US Department of Defense, *Progress Toward Security and Stability in Afghanistan*, January 2009.

²⁶ Hamid Shalizi, “Corruption Rife in Afghanistan: President,” Reuters, 13 November 2007 <http://www.reuters.com/article/worldNews/idUSISL21150920071113> (accessed 4 September 2009).

²⁷ Shalizi, “Corruption Rife in Afghanistan.”

²⁸ James Risen, “Reports Link Karzai’s Brother to Afghanistan Heroin Trade,” *New York Times*, October 4, 2008, <http://www.nytimes.com/2008/10/05/world/asia/05afghan.html> (accessed 4 September 2009).

- High officials using their office or family connections for personal gain clearly threaten the Afghan government's credibility and effectiveness. Corruption can only be addressed by a government-coalition commitment to identify corrupt officials (a "name-and-shame" campaign) and to remove corrupt officials once they are identified, charged, and found guilty.

2. Poverty and Poppies

Afghanistan is a poor land-locked Central Asian nation with low literacy rate and few developed natural resources.²⁹ Afghanistan continues to be a dependent society, relying heavily on foreign aid and support for such essential services as water, food, sanitation, electricity, and roads.

One of Afghanistan's few resources, the Helmand River Valley agricultural region, has been diverted to poppy cultivation. For locals, poppy is a commodity, a currency, and their access to seed and credit – essentially, a social safeguard in an extremely unsafe world. But this situation is of special concern because drug profits feed both government corruption and the operations of the Taliban. Gretchen Peters, who has studied the Taliban-opium nexus extensively, finds that "it is no longer possible to treat the insurgency and the drug trade as separate matters, to be handled by military and law enforcement, respectively."³⁰ The narcotics trade is an important part of the regional and national economy, with poppy exports representing about a third of the country's GDP.³¹

Coalition and Afghan forces have had little success in making poppy producing areas more secure and less exploitable by insurgents. ISAF efforts at poppy eradication have failed to curb the flow of opium out of Afghanistan, and the United States and Great Brit-

²⁹ These problems are not unique, however, and are found throughout the world in countries trapped in the poverty cycle. See Paul Collier's *The Bottom Billion*.

³⁰ Gretchen, Peters, *How Opium Profits the Taliban* (Washington, DC: United States Institute of Peace, August 2009), http://www.usip.org/files/resources/taliban_opium_1.pdf (accessed 08 January 2010). See also her book on the subject, *Seeds of Terror: How Heroin is Bankrolling the Taliban and al Qaeda* (New York: St. Martin's Press, 2009).

³¹ United Nations statistic quoted in "From Insurgency to Insurrection," *Economist* website, 20 August 2009, http://www.economist.com/displaystory.cfm?story_id=14265001 (accessed 4 September 2009).

ain – both of whom currently operate in Helmand – are divided on an eradication policy (as are the Afghans). The United States now opposes it as a waste of time while Britain says it will continue eradication operations.³² ADPs – such as the Food Zones initiative begun last fall to encourage Helmand farmers to grow wheat instead of poppy – have not yet had an observable impact.³³

3. Legacy of the Initial NATO Approach

After the initial collapse of Taliban rule, NATO's efforts focused primarily on stability and reconstruction.³⁴ NATO countries adopted a development-centric approach and contributed their troops and resources accordingly. They applied more than 60 “national caveats” that restrict the operational use of their military forces, for example, preventing their participation in COIN and counternarcotics missions.³⁵ Some donor countries have specific missions (for example, Italy for Rule of Law). All control the allocation of their funding and resources, steering their funds toward preferred development projects such as schools, power plants, and roads.

With the resurgence of the Taliban and the growth of the insurgency since 2005, it has proven difficult to transition from the reconstruction model favored by most NATO countries and international agencies to one that focuses on the classic COIN approach

³² Nicole Winfield, “US Announces Big Shift in Afghanistan Drug Policy,” Associated Press, 27 June 2009; Ben Farmer, “Britain to Continue Poppy Eradication in Afghanistan Despite US Reversal,” 28 June 2009, *Telegraph* (United Kingdom), 28 June 2009, <http://www.telegraph.co.uk/news/worldnews/asia/afghanistan/5674309/Britain-to-continue-poppy-eradication-in-Afghanistan-despite-US-reversal.html> (accessed 4 September 2009).

³³ United Kingdom, Foreign and Commonwealth Office, “Counternarcotics,” <http://www.fco.gov.uk/en/fco-in-action/uk-in-afghanistan/Counter-Narcotics/afghanistan-cn-food-zone> (accessed 4 September 2009).

³⁴ Steven Bowman and Catherine Dale, *War in Afghanistan: Strategy, Military Operations, and Issues for Congress*, CRS Report R40156, Congressional Research Service, 03 December 2009, p. 33, <http://www.au.af.mil/au/awc/awcgate/crs/r40156.pdf> (accessed 31 December 2009).

³⁵ Joseph S. Nye, “NATO after Riga,” Project Syndicate, 2006, <http://www.project-syndicate.org/commentary/nye40> (accessed 08 January 2010). See also James Sperling and Mark Webber’s *NATO: from Kosovo to Kabul*, http://www.chathamhouse.org.uk/files/13915_85_3sperling_webber.pdf (accessed 08 January 2010).

based on security and better governance (with supporting economic-related actions). At the 2006 Summit³⁶ in Riga, Latvia, NATO emphasized a “comprehensive approach” (what DoD would consider as “whole of government”) and called for better integration of political, military, and economic elements.³⁷ The Summit reaffirmed the development focus by declaring that “[t]here can be no security in Afghanistan without development, and no development without security.”³⁸

But security in many provinces is still elusive and many provinces have not progressed far down the path to good governance and economic development due to disruptive actions by the Taliban and criminal groups. Continuing to focus on economic development does not work when the people are no longer secure. In semi-permissive areas (that is, areas that are not always safe), economic-related actions must operate in support of security rather than economic development.

4. Complex Human Terrain: Differences Across Provinces

In Afghanistan, differences abound between provinces and among their districts. These differences are tied to the physical, political, and human landscapes. Each province has its own singularities that must be understood by Afghan, coalition, and international agency planners as they plan the application of economic-related activities for a particular area. Although many provinces share similarities in the extremely circumscribed role of women and the poor standard of living, each has a unique ethnographic and tribal profile (primarily Pashtun vs. non-Pashtun mix) which strongly affects the potential for insurgent activity.

A strong case has been made that the diversity is too great to work on Afghanistan’s problems at the national level. GIRoA and ISAF need to work problems at the province

³⁶ NATO Riga Summit, 28–29 November 2009, <http://www.nato.int/docu/comm/2006/0611-riga/index.htm> (accessed 06 January 2010).

³⁷ Text of Riga Summit Declaration, 29 November 2006, http://www.nato.int/cps/en/natolive/official_texts_37920.htm (accessed 4 September 2009).

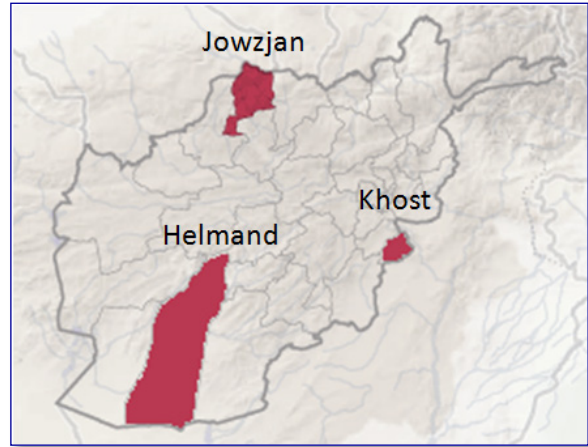
³⁸ Text of Riga Summit Declaration, 29 November 2006.

and district levels (and even sub-district and village levels in some areas).³⁹ This paper considers three provinces with very different human and economic environments (Figure II-2).

Helmand in the south, with a totally Pashtun population, has been an unstable province in Afghanistan due to the poppy trade and Taliban resurgence there. British and US forces have taken economic initiatives to build the infrastructure only to see it destroyed soon after, along with the trust of the local population, by ongoing fighting or by Taliban retaliation.

Jowzjan is the warlord-controlled province in the mostly stable north, with Uzbeks as the largest ethnic group. It has received a much smaller portion of Coalition economic-related actions, perhaps because of its relative security.

Khost in the east, with a totally Pashtun population, has experienced both progress and instability in recent times. The United States devoted considerable kinetic and non-kinetic effort towards improving security and agriculture in all the districts. The actions in Khost showed how to do were acclaimed as the model for a successful COIN in Afghanistan, but they also demonstrated how forces for instability – such as the *Haqqani* network – can derail both security and economic activities.



Source: USAID, Afghanistan provinces map, adapted from <http://afghanistan.usaid.gov/en/Provinces.aspx> (24 March 2010).

Figure II-2. Helmand, Khost, and Jowzjan Provinces

B. Economic Adaptations and Innovations in Afghanistan

The United States has given almost \$38 billion in foreign assistance to Afghanistan since 2001. More than half has gone toward security, about one-third to development and other

³⁹ Thomas H. Johnson and M. Chris Mason, “All Counterinsurgency is Local,” *Atlantic*, October 2008, <http://www.theatlantic.com/doc/200810/afghan> (accessed 4 September 2009).

humanitarian programs, with another 5% (roughly) for support of governance.⁴⁰ Soaring security costs reflect the massive efforts to grow the Afghan National Security Forces (ANSF), which is composed of army and police.

US and Coalition forces have made use of many new economic-related capabilities in Afghanistan. Some are adaptations from our own experiences in Iraq; others are innovations first used in Afghanistan. Some are ways to use the large foreign assistance funds, and others are organizations (US and Afghan) intended to improve the effectiveness of economic-related actions. The new economic-related capabilities include the following:

- PRTs
- CERP
- ADTs
- USAID ADPs
- HTTs
- Criminal Justice Task Force – Central Narcotics Tribunal
- New legal authorities: Title 21 US Code, Sections 959 and 960a
- Cashless Payments
- ATFC
- Afghanistan’s CDCs

These capabilities, which are discussed next, should be viewed as being useful to Coalition non-kinetic efforts – but none of them has been rigorously analyzed for their effectiveness.

1. Provincial Reconstruction Teams

Afghanistan is the birthplace of the PRT concept.⁴¹ In late 2002, the United States established the first PRT in Paktia province.⁴² PRTs filled the urgent need for a stabilizing de-

⁴⁰ Curt Tarnoff, *Afghanistan: U.S. Foreign Assistance*, CRS Report R40699, Congressional Research Service, 14 July 2009, <http://www.fas.org/sgp/crs/row/R40699.pdf> (accessed 04 September 2009).

⁴¹ A PRT “is an interim civil-military organization designed to operate in semi-permissive environments usually following open hostilities. The PRT is intended to improve stability in a given area by helping build the host nation’s legitimacy and effectiveness in providing security to its citizens and delivering essential government services.” US Army, Center for Army Lessons Learned, *PRT Playbook: Tactics, Techniques, and Procedures*, Center for Army Lessons Learned Handbook no. 07-34 (September 2007), p. 1.

velopment presence in semi-permissive areas while maintaining a small military footprint. PRTs allowed the United States and other international community civilians to begin economic activities during the early phase of OPERATION ENDURING FREEDOM (OEF). This enabling function is still central to the PRT program today. The PRT concept operationalizes stability and reconstruction as interagency efforts as envisioned under National Security Presidential Directive 44 (NSPD-44).⁴³

PRTs are hybrid organizations designed to be flexible within their respective provincial operating environments and responsive to local needs. Neither solely a combat organization nor a development agency, PRTs are expected to function in an environment where security has not yet been achieved.⁴⁴ The American PRTs execute projects for local governance and community development, focusing on improving physical capital and using CERP funds or USAID funds. The end-state for a PRT is when a permissive environment has been created, and the PRT can be replaced by the HNG and its actions supported by the United States and international aid agencies and NGOs. Table II-1 provides a sample of recent projects undertaken by PRTs. Note that the focus is on investments in physical facilities (physical capital) with little or no investment in human or organizational capital.

⁴² Some sources say February 2003 was when the name changed from “Joint Regional Team” during OEF. The PRT and ePRT concepts were later adopted for use in Iraq.

⁴³ George W. Bush, president, National Security Presidential Directive 44, *Management of Interagency Efforts Concerning Reconstruction and Stabilization*, 7 December 2005, <http://www.ndu.edu/ITEA/storage/716/nspd-44.pdf> (accessed 30 March 2010).

⁴⁴ US House of Representatives Committee on Armed Services, Subcommittee on Oversight & Investigations, *Agency Stovepipes vs. Strategic Agility: Lessons We Need to Learn from Provincial Reconstruction Teams in Iraq and Afghanistan*, April 2008, p. 24, http://armedservices.house.gov/pdfs/Reports/PRT_Report.pdf (accessed 4 September 2009).

Table II-1. PRT Funding Examples

“Sample of responses to survey question 5.1, ‘What major projects did your PRT conduct?’ ”

Sample Projects in Iraq and Afghanistan	Description
Agriculture	Agribusiness, drainage ditches, cold storage, irrigation, soil testing labs, farming cooperatives, flood protection walls, veterinary services, solar meat chillers, poultry industry development, fish farms, wind farms
Education	School construction and repair, teacher training colleges, trade and vocational schools, literacy courses, small business development programs
Power	Erecting electrical poles, distributing fuel, initiating hydro-electric projects, promoting power networks, renovating electrical grids and power facilities
Transportation	Construction of airfields and airports, roads, bridges
Governmental capacity	Rebuilding district centers and government buildings, conducting village assessments and town halls, budget execution and economic capacity building, training and mentoring
Healthcare	Building clinics and hospitals, providing medical supplies, creation of a central sterile supply, public health projects
Rule of law	Building courthouses, establishing major crimes court, establishing federal appeals court
Water projects	Retention walls, wells, dams, micro-hydro projects, solar water treatment facilities, water compact units
Finance	Microfinance assistance, bank construction
Media	Reorganization of district media center, founding newspapers, purchasing radio station equipment
Police assistance	Building police stations, building police outposts along major roads, providing police with radio communications
Other essential services	Founding orphanages, building public works stations, establishing social welfare trailers, rebuilding sewer systems, initiating work for food programs, providing humanitarian aid

Source: US House of Representatives Committee on Armed Services, Subcommittee on Oversight & Investigations, Appendix C, “Provincial Reconstruction Team Surveys,” in *Agency Stovepipes vs. Strategic Agility: Lessons We Need to Learn from Provincial Reconstruction Teams in Iraq and Afghanistan*, April 2008, http://armedservices.house.gov/pdfs/Reports/PRT_Report.pdf. (accessed 4 September 2009).

PRTs work with governmental agencies and NGOs. Their purpose is to “extend the reach of the GIRoA by helping to facilitate GIRoA Ministries, international organizations, and NGOs to carry out their assistance programs to the civilian population.”⁴⁵ But some international aid agencies see PRTs as militarizing aid and as impeding progress by supplanting local processes and institutions. A report of 11 NGOs to the NATO Summit in April 2009 described PRTs as the “wrong tool for the task” and criticized the COIN approach to development: “The PRTs’ hearts and minds approach to assistance, drawn from counter-insurgency doctrine, is not only at odds with accepted principles of development, but, given that it is so often ineffective and unsustainable, it is highly unlikely to achieve its intended security objectives.”⁴⁶

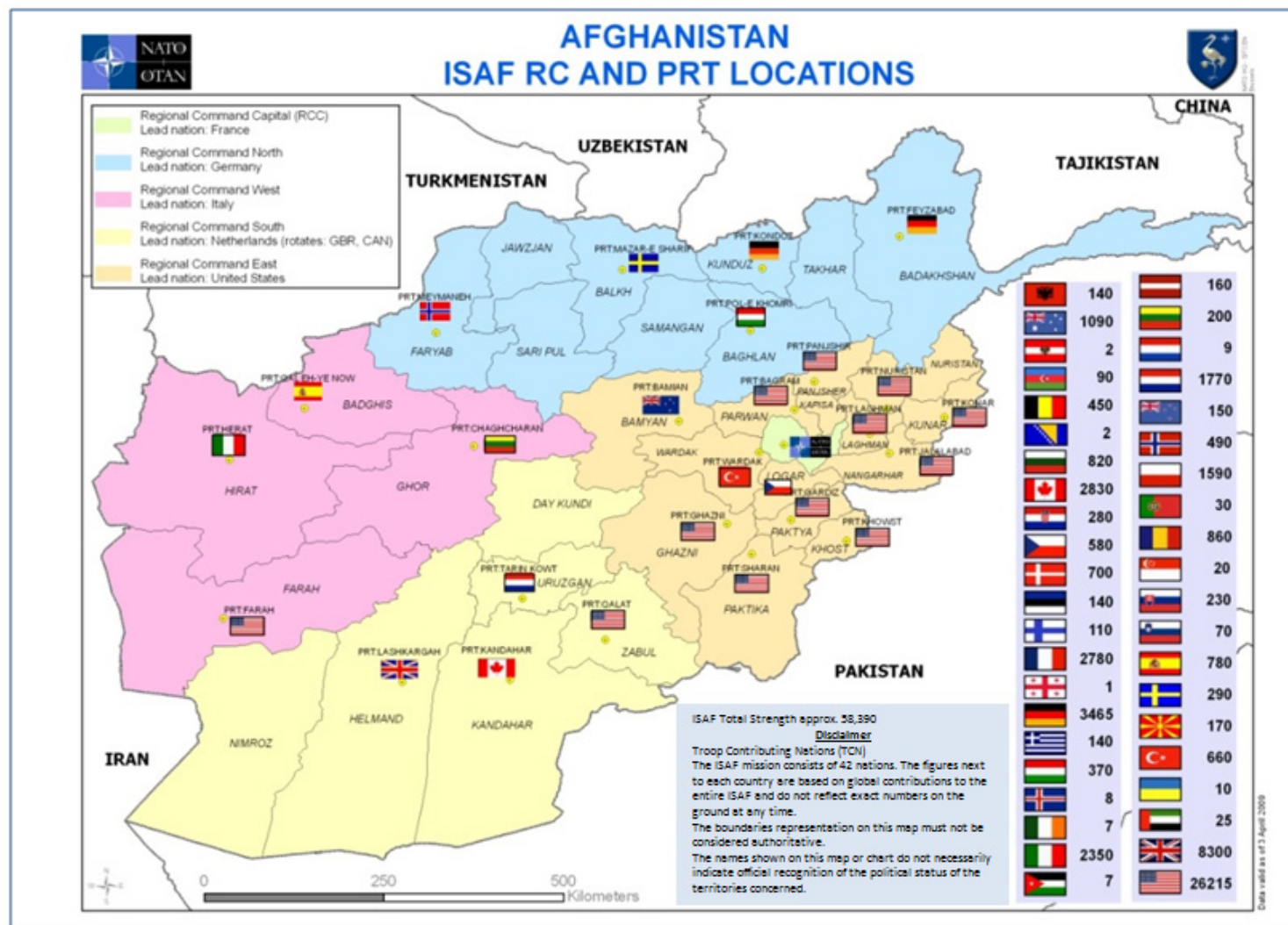
In January 2009, 26 PRTs (12 under US lead) were operating in Afghanistan under ISAF command (see Figure II-3, next page). There is no set standard for organizing and operating a PRT, resulting in different approaches and operating doctrine: “Due to the widely differing regional circumstances, as well as different capabilities and approaches of PRT lead nations, a ‘one size fits all’ PRT concept is neither appropriate nor possible. Specific strategies, objectives, priorities, and funding are the purview of each nation.”⁴⁷ And although there are differences, “...all lead nations acknowledge that greater emphasis must be placed on the integration and harmonization of PRT core functions and objectives to ensure they are properly aligned with Afghan Government priorities as enunciated in the Afghanistan National Development Strategy (ANDS).”⁴⁸

⁴⁵ US Department of Defense, *Progress toward Security and Stability in Afghanistan*, January 2009, p. 74.

⁴⁶ ActionAid et al., *Caught in the Conflict: Civilians and international security strategy in Afghanistan*, 3 April 2009, [http://reliefweb.int/rw/RWFiles2009.nsf/FilesByRWDocUnidFilename/MVDU-7QR4ZD-full_report.pdf/\\$File/full_report.pdf](http://reliefweb.int/rw/RWFiles2009.nsf/FilesByRWDocUnidFilename/MVDU-7QR4ZD-full_report.pdf/$File/full_report.pdf) (accessed 4 September 2009).

⁴⁷ US Department of Defense, *Progress toward Security and Stability in Afghanistan*, January 2009, p. 74.

⁴⁸ US Department of Defense, *Progress toward Security and Stability in Afghanistan*, January 2009, p. 74.



Source: NATO, International Security Assistance Force, map of ISAF Regional Commands (RCs) and PRT locations, http://www.nato.int/isaf/docu/epub/maps/graphics/afghanistan_prt_rc.pdf (accessed 4 September 2009).

Figure II-3. ISAF PRT Locations, January 2009

The US approach to its 12 PRTs in Afghanistan uses the “whole-of-government” approach with 1,021 military personnel and 35 civilians (Table II-2 below).

Table II-2. US PRT Manning, January 2009⁴⁹

PRT	Military		US State Dept. (Civilian)		USAID		USDA	
	Auth	On Hand	Auth	On Hand	Auth	On Hand	Auth	On Hand
Konar	89	89	1	1	1	1	1	1
Bagram	63	63	0	0	2	1	1	1
Farah	99	99	1	1	1	1	1	1
Paktya	88	88	1	1	1	1	1	1
Ghazni	88	88	1	1	1	1	1	1
Nangarhar	88	88	1	1	1	1	1	1
Khowst	88	88	1	1	1	1	1	1
Lagham	88	88	1	1	1	1	1	1
Nuristan	88	88	1	1	1	1	1	1
Panjshir	55	55	1	1	1	1	1	1
Qalat	99	99	1	1	1	1	1	1
Paktika	88	88	1	1	1	1	1	1
Total	1021	1021	11	11	13	12	11	12

USDA – US Department of Agriculture

Source: US Department of Defense, *Progress Toward Security and Stability in Afghanistan*, January 2009, p. 87

Some members of the military are specialists in civil affairs, information operations, military police and engineering – specialties that directly help in economic activities. US civilians on a team, usually part of a “managing board” of co-equals with the US Navy or US Air Force PRT commander, represent USAID and the US Departments of State and Agriculture. An ADT is assigned in some provinces. Other NATO countries take a different approach to PRT composition. The British PRT in Lashkar Gah, in Helmand

⁴⁹ US Department of Defense, *Progress Toward Security and Stability in Afghanistan*, January 2009, p. 87.

province, is under the command of a United Kingdom (UK) Foreign Office official with a two-star equivalent rank and has 80 civilian and 40 military staff.⁵⁰ In Kunduz in the north, the German PRT is large, with over 300 personnel and a sharp division between a robust civilian development component and a small, military unit with highly restrictive rules of engagement.⁵¹

All PRTs share the common goal of aiding the HNG build its own capacity to provide security, rule of law, justice, infrastructure, and services such as education and health care. As a recent report by the Strategic Studies Institute (US Army War College) explains, “For the PRTs, development is a means of turning Afghans away from the insurgency and thereby creating a stable environment in which the Afghan government can exert its authority.”⁵²

2. Commander’s Emergency Response Program

CERP is designed to be “quick impact,” easy to allocate, and useful for both large- and small-scale projects. “Although originally established for purposes such as condolence payments, repair of property damage resulting from US military operations, and urgent humanitarian or reconstruction needs, CERP is now employed on a more routine basis to demonstrate goodwill and create a favorable local reaction.”⁵³ For example, road building in Afghan provinces is often locally popular, providing quick payoffs through employment and the building of local relationships.

⁵⁰ Source: United Kingdom in Afghanistan, Foreign and Commonwealth Office, PRT Helmand, “Overview of Provincial Reconstruction Team,” <http://ukinafghanistan.fco.gov.uk/en/working-with-afghanistan/prt-helmand/overview-prt-helmand> (accessed 4 September 2009).

⁵¹ Robert Perito, Congressional testimony, *The U.S. Experience with Provincial Reconstruction Teams in Iraq and Afghanistan*, <http://www.usip.org/resources/us-experience-provincial-reconstruction-teams-iraq-and-afghanistan> (accessed 4 September 2009).

⁵² Carter Malkasian and Gerald Meyerle, *Provincial Reconstruction Teams: How Do We Know They Work?*, Strategic Studies Institute, US Army War College, 25 March 2009, p. 6, <http://www.strategicstudiesinstitute.army.mil/pubs/display.cfm?pubID=911> (accessed 4 September 2009).

⁵³ US House of Representatives Committee on Armed Services, Subcommittee on Oversight & Investigations, *Agency Stovepipes vs. Strategic Agility*, April 2008, p. 22.

CERP also enables commanders on the scene – commanders in charge of PRTs and maneuver battalions, for example – to work with Afghan leaders at the provincial and district levels to select projects based on community needs. PRT personnel attend *shuras* and work with provincial officials and local development councils to identify project plans. However, one of the continuing criticisms of this ad hoc approach is the lack of “unity of spending” and the need for a more coherent plan for how CERP funds work with other development funds from USAID. This results in “a confusing array of ‘pots of money’ with differing authorities and limitations.”⁵⁴ To address this problem, representatives from the State Department since 2008 have worked with US PRTs to develop one- and three-year CERP spending plans for their provinces.

3. Agribusiness Development Teams

Afghanistan is an agrarian country, with 80% of the population involved with agriculture either directly or indirectly. Three decades of conflict have degraded long-standing local agricultural infrastructure, such as the *karez*, a traditional irrigation system. Prior to the Soviet invasion in 1979, Afghanistan was a net food exporter.⁵⁵ Today, it imports food and the population remains vulnerable to food shortages. The 2007–08 wheat harvest was poor due to below-normal precipitation, but 2009 was on target to be a “bumper” crop year, largely due to good rainfall.⁵⁶

As important as agriculture is to Afghanistan’s future, agriculture receives a tiny fraction of the development money flowing into Afghanistan. The NGO Oxfam estimated in 2008 that only \$300 million to \$400 million of the \$15 billion in aid went to agricul-

⁵⁴ US House of Representatives Committee on Armed Services, Subcommittee on Oversight & Investigations, *Agency Stovepipes vs. Strategic Agility*, April 2008, p. 32.

⁵⁵ For the purposes of this discussion, the Soviet era began with the night invasion on 24 December 1979 and ends with the complete Soviet withdrawal on 15 February 1989. (“Soviet invasion of Afghanistan,” Encyclopedia Britannica Online, 07 January 2010, <http://search.eb.com/eb/article-9473843> (accessed 07 January 2010).)

⁵⁶ US Agency for International Development (USAID), Famine Early Warning Systems Network (FEWSNET), “Afghanistan Food Security Outlook,” July to December 2008, http://www.fews.net/docs/Publications/afghanistan_OL_Q3Q4_final.pdf (accessed September 2009).

tural development.⁵⁷ Moreover, USDA's contribution to stimulate growth through technical assistance to agriculture accounts for only 1% of US total aid.⁵⁸

For Afghanistan's economic revival, reducing its dependence on food imports is important. A recent US initiative to help is a 2007 innovation centered upon ADTs. The National Guard runs the program, currently providing teams from seven Midwestern states, and is committed to sustain them for the duration: "ADTs are made up of Guard members who have a civilian background in farming or a related agriculture business, and they are using those skills to teach Afghan farmers sustainable farming practices."⁵⁹

According to Major Shawn Gardner, operations and training officer for Indiana's 1-19th ADT, "The tactical mission is to help the local farmers learn to establish some farming techniques that have been lost through several generations of war, and with that, the strategic mission is to help them have a better understanding and appreciation of their provincial government."⁶⁰

ADTs in Afghanistan have (roughly) 58 experts from the Army National Guard with knowledge of agronomy, agriculture marketing and processing, livestock management, pest management, and soil and water science.⁶¹ Their mission is "to provide training and advice to Afghan universities, provincial ministries, and local farmers with the goal of

⁵⁷ James Warden, "Agricultural Development Team Working to Boost Afghanistan's Crop Yield." Reprinted in Afghanistan Online, Economy. <http://www.afghan-web.com/economy/agriculture.html> (accessed 8 January 2010).

⁵⁸ Tarnoff, *Afghanistan: U.S. Foreign Assistance*, 14 July 2009, p. 2.

⁵⁹ Jon Soucy, "Missouri Guard's Agricultural Mission Grows in Afghanistan, 23 December 2008, <http://www.defenselink.mil/News/newsarticle.aspx?id=52447> (accessed 4 September 2009).

⁶⁰ US Army website, "Agribusiness Teams Plant Seeds for Economic Growth in Afghanistan," 12 February 2009, <http://www.army.mil/-news/2009/02/13/16900-agribusiness-teams-plant-seeds-for-economic-growth-in-afghanistan/index.html> (accessed 4 September 2009).

⁶¹ US Army website, "Agribusiness Soldiers Train for Upcoming Mission at Purdue University," 19 November 2008, <http://newsblaze.com/story/20081119141348zml.nb/topstory.html> (accessed 4 September 2009).

providing increased stability and improved opportunities for Afghanistan's reemerging agribusiness sector.”⁶²

In addition to working with USAID and Afghan universities in-country, ADTs also can reach back for support to universities in the United States.

4. USAID Alternative Development Program

In December 2004, USAID began the program for alternative development to help wean the Afghan economy off poppy growth by helping Afghans develop a lawful agricultural industry. The goal of the program is to “increase commercial and agriculture opportunities, improve agricultural productivity, promote sustainable natural resource management, create rural employment and improve family incomes and well being.”⁶³ Specifically, the program targets the core poppy-producing areas in the south: Helmand, Kandahar, and Uruzgan; the eastern provinces of Nangarhar, Laghman, Nuristan, and Kunar; and the northern provinces of Badakhshan and Takhar.⁶⁴

This USAID program has six components:

- **Comprehensive Development:** A sustainable economic development program in the heavy poppy-growing areas. The program seeks to help Afghans produce and market high-value crops such as fruits and vegetables. In addition, the program devotes resources to “providing sources of credit, developing new markets, improving infrastructure, and removing administrative constraints that hinder business growth.”⁶⁵

⁶² US Army website, “Army National Guard (ARNG) Agribusiness Development Team (ADT),” 2009 Army Posture Statement, http://www.army.mil/aps/09/information_papers/arng_agribusiness_development_team.html (accessed 4 September 2009).

⁶³ USAID, Alternative Development Program, <http://afghanistan.usaid.gov/en/Program.20a.aspx> (accessed 21 September 2009).

⁶⁴ The program targeted core poppy-producing areas in the southern provinces of Helmand, Kandahar, and Uruzgan; the eastern provinces of Nangarhar, Laghman, Nuristan, and Kunar; and the northern provinces of Badakhshan and Takhar.

⁶⁵ USAID, Alternative Development Program.

- **Extending Financial Services and Credit:** An effort to restore or create banking and credit services to farmers to finance buying seeds, fertilizer, and equipment.
- **Community Initiatives:** A program to support the United Nations Development Program's Good Performers' Initiative that provides priority funding and projects to communities that give up poppy production.
- **Boosting Income for Women:** An initiative to improve the skills and economic opportunities of women.
- **Preserving the Environment:** An effort to help Afghans stave off the long-term effects of environmental degradation on agriculture.
- **Institutional Development:** A program to link Kabul University agriculture and veterinary schools with US land-grant universities to share technical expertise. The program also has USDA technical advisors to train and advise Afghans on livestock health, sanitation, rangeland management, forestry, and biodiversity conservation. Finally, it helps the Afghanistan Ministry of Agriculture to promote the farmer associations, credit, and trade organizations that help get products to market.⁶⁶

5. Human Terrain Teams

HTTs are an innovation developed in Afghanistan that migrated to Iraq. HTTs provide ethnographic research to help combat-brigade commanders better understand the indigenous population in their area of operations.⁶⁷ HTTs are five-member teams with a team leader, a cultural analyst, a regional studies analyst, a human terrain research manager, and a human terrain analyst.⁶⁸ The cultural analyst and regional studies analyst are civilian academics with social science backgrounds, principally cultural anthropology. While

⁶⁶ USAID, Alternative Development Program, <http://afghanistan.usaid.gov/en/Program.20a.aspx> (accessed 21 September 2009).

⁶⁷ Steve Featherstone, "Human Quicksand for the U.S. Army, a Crash Course In Cultural Studies," *Harpers Magazine* (September 2008) <http://www.harpers.org/archive/2008/09/0082170> (accessed 10 September 2009).

⁶⁸ Jacob Kipp, Lester Grau, Karl Prinslow, and Captain Don Smith, "The Human Terrain System: A CORDS for the 21st Century," *Military Review* 86, issue 5 (September–October 2008): pp. 12-14.

HTTs are not strictly a tool for economic development, they do provide a necessary contextual understanding of the population. Commanders use the socio-cultural data supplied by HTTs to inform operations and build trust and relationships with the local populace. Not all ISAF regional and brigade commanders or PRT commanders have access to HTTs.

By mapping the contours of the local human terrain, HTTs can aid in economic planning by helping the commander discover a community's economic drivers, including those in the "gray" economy.⁶⁹ HTTs can also inform coalition forces about local customs and conditions, particularly ethnic rivalries and religious attitudes, before a PRT embarks on reconstruction projects. For instance, it is important to know *where* to build, for example, wells that local women can visit without restriction and schools that children (including girls) can attend within proper tribal boundaries.

In February 2007, the first HTT in Afghanistan was deployed to Khost Province. As Steve Featherstone, an embedded reporter noted, the HTT "consulted with PSYOP [psychological operations] on a media campaign to discourage Afghans from becoming suicide bombers. HTT helped pinpoint the most effective *medium* (radio), a *target demographic* (fifteen- to thirty-year-old men), *time slot* (after dark, since most Afghan men work the fields during the day), and even *specific tastes* ("they love drama").⁷⁰ While these actions were done as part of PSYOP, HTTs are available to provide the same type of analysis to aid a commander in applying economic tools. The effects of HTTs in Afghanistan are only sparsely recorded.

Gathering human terrain data is not without a price. HTTs are controversial in some circles – some academics claim that the teams represent the "militarization" of anthropology. Two HTT members have been killed in Afghanistan. One was killed in May 2008, the victim of an IED attack while on a mission to investigate the causes behind a tribal

⁶⁹ Lieutenant Colonel Jack Marr, Major John Cushing, Captain Brandon Garner, and Captain Richard Thompson, "Human Terrain Mapping: A Critical First Step in Winning the COIN Fight," *Infantry* 97, issue 1 (January/February 2008): p. 12.

⁷⁰ Steve Featherstone, "Human Quicksand for the U.S. Army."

dispute in the violent Sabari district of Khost, a province on the eastern border across from Pakistan.⁷¹

6. Criminal Justice Task Force – Central Narcotics Tribunal

In January 2005, the government of Afghanistan established the Criminal Justice Task Force – Central Narcotics Tribunal “to investigate and prosecute serious drug-related offenses from all over the country....” at the urging of the Afghan Supreme Court, the Attorney General, and the Minister of Interior.⁷² The Criminal Justice Task Force – Central Narcotics Tribunal comprised 35 Counter Narcotics Police investigators, 28 prosecutors from the Attorney General’s office, and 14 Supreme Court judges.⁷³

After several months of training, the Task Force became operational in July 2005. The members of the Task Force are vetted by the US Department of Justice (DoJ) and subject to continual mentoring by six DoJ prosecutors and two DoJ criminal investigators.⁷⁴

⁷¹ Pamela Constable, “Researcher’s Death Intensifies Scrutiny of U.S. Cultural Program in Afghanistan,” *Washington Post*, February 18, 2009, http://www.washingtonpost.com/wp-dyn/content/article/2009/02/17/AR2009021703382_pf.html; *see also* US Army, US Army Training and Doctrine Command, Office, Chief of Public Affairs, Public Communications Branch, Fort Monroe, Virginia, “Human Terrain Team Member Killed in Afghanistan,” May 9, 2008, <http://humanterrainsystem.army.mil/Bhatiapress.pdf> (accessed 08 January 2010).

⁷² Government of the Islamic Republic of Afghanistan, Criminal Justice Task Force website, <http://www.cjtf.gov.af/en/aboutus.html> (accessed 18 September 2009).

⁷³ Government of the Islamic Republic of Afghanistan, Criminal Justice Task Force website.

⁷⁴ US Department of State, Bureau of International Narcotics and Law Enforcement Affairs, “Update on Counternarcotics in Afghanistan,” (August 2008), <http://kabul.usembassy.gov/media/inl-ap-factsheet-8-27-08.pdf> (accessed 14 September 2009); US Department of State, Bureau of International Narcotics and Law Enforcement Affairs, *Afghanistan’s Narco War: Breaking the Link Between Drug Traffickers and Insurgents: A Report to the Committee on Foreign Relations United States Senate* (10 August 2009), p. 11.

Under the Afghan counternarcotics laws, the task force is responsible for investigating and prosecuting those who

- cultivate opium, cannabis, or coca;
- produce or manufacture narcotics;
- possess or traffic in narcotics or precursor chemicals; and
- import equipment used to manufacture narcotics.

The task force is also responsible for investigating and prosecuting government officials associated with drug-related corruption and bribery.⁷⁵ To aid the task force, in March 2009, GIRoA built the Counter Narcotics Justice Center to detain medium- and high-value counternarcotics targets. The center also has a barracks for the 70 corrections officers.

In 2008–2009, the task force worked 236 cases, convicting 259 defendants (of 393 total defendants) to at least a minimum 10-year prison sentence. The majority of these convictions were low-level traffickers; however, the number of mid-level traffickers convicted increased from 12 in 2007–2008 to 21 in 2008–2009.⁷⁶ In August 2009, the task force, with the assistance of UK police and lawyers and a series of telephone intercepts, made its biggest arrest and conviction with Haji Abdullah who ran Afghanistan’s third biggest drug-trafficking organization (DTO). Abdullah received a 20-year prison sentence and \$10 million fine.⁷⁷ The British in particular considered Abdullah a high-value target. According to the UK Foreign and Commonwealth Office, Abdullah’s organization is responsible for trafficking 1,700 kilograms (kg) of heroin, 4,100 kg of opium, and pre-

⁷⁵ Government of the Islamic Republic of Afghanistan, Criminal Justice Task Force website, <http://www.cjtf.gov.af/en/aboutus.html> (accessed 18 September 2009).

⁷⁶ United Kingdom, Foreign and Commonwealth Office, “Rule of Law,” <http://www.fco.gov.uk/en/fco-in-action/uk-in-afghanistan/rule-of-law1/> (accessed 22 September 2009); United Kingdom, Foreign and Commonwealth Office, “Counternarcotics,” <http://www.fco.gov.uk/en/fco-in-action/uk-in-afghanistan/Counter-Narcotics/> (accessed 14 September 2009); US Department of State, Bureau of International Narcotics and Law Enforcement Affairs, *Afghanistan’s Narco War*, p. 11.

⁷⁷ United Kingdom, Foreign and Commonwealth Office, “Counternarcotics”; US Department of State, Bureau of International Narcotics and Law Enforcement Affairs, *Afghanistan’s Narco War*, p. 11.

cursor chemicals in a four-month period (the heroin alone had a UK street value of \$180 million).⁷⁸

7. New Legal Authorities: Title 21 US Code, Sections 959 and 960a

Two US federal law-enforcement statutes codified in Title 21⁷⁹ are helping to prosecute high-profile drug traffickers with links to Afghan insurgents:

- **Section 959, “Possession, Manufacture, or Distribution of Controlled Substance.”**
- **Section 960a, “Foreign Terrorist Organizations, Terrorist Persons and Groups.”**

Enacted into law in October 1970,⁸⁰ Section 959 is a conspiracy law that gives federal law-enforcement agencies the authority to investigate and charge drug traffickers on extraterritorial⁸¹ offenses that have “a nexus to the U.S. even though the drugs in question have not actually entered the United States.”⁸²

Section 960a, passed in March 2006, is also an extraterritorial statute that enables the federal-law enforcement agencies to investigate and prosecute narco-terrorists when a drug-law violation can be linked to an act of terrorism or a terrorist organization. Section 960a has one important provision that makes it a potent law: “there is no requirement for

⁷⁸ United Kingdom, Foreign and Commonwealth Office, “Counternarcotics”; for a longer description of the Abdullah case, see Jon Boone, “Afghan Opium Baron Gets 20 Years as UK Anti-Narcotics Strategy Pays Off,” *Guardian* (11 August 2009).

⁷⁹ See US Code Title 21, Chapter 13, Subchapter II, Sections 959 and 960a.

⁸⁰ While Section 959 has been public law since 1970, it was not widely used until the 1990s when DEA made a concerted effort to expand its extraterritorial operations.

⁸¹ “Extraterritorial – (of a law or decree) valid outside a country’s territory... denoting the freedom of an ambassador or other embassy staff from the jurisdiction of the territory of residence.” New Oxford American Dictionary, http://www.oxfordreference.com/views/MAIN_ADVANCED_SEARCH.html?authstatuscode=202 (accessed 07 January 2010).

⁸² Thomas M. Harrigan, *Confronting Drug Trafficking in West Africa*, testimony before the US Senate Committee on Foreign Relations, Subcommittee on African Affairs (23 June 2009), p. 7.

a nexus to the U.S. for the underlying drug offense, a concept that is particularly important in cases involving heroin from Afghanistan....”⁸³

Under these two statutes, the US federal-law enforcement agencies have effected many high-profile arrests of Afghan drug barons. Two recent examples were Haji Bagcho, arrested under Title 21 US Code, Section 959, “Possession, Manufacture, or Distribution of Controlled Substance,” and Haji Juma Khan, arrested under Title 21 US Code, Section 960a, “Foreign Terrorist Organizations, Terrorist Persons and Groups.”

The Drug Enforcement Administration (DEA) indicted Bagcho under Section 959 and arrested him in June 2009 with the assistance of the GIRoA Attorney General Office, Ministry of Foreign Affairs, Ministry of Interior, and Criminal Justice Task Force.⁸⁴ In October 2008, DEA arrested Khan using Section 960a charges, alleging the drug kingpin supported the Taliban with the proceeds from his DTO.⁸⁵

8. Cashless Payments

Electronic funds transfer (EFT) refers to a computer-based system to conduct financial transactions. EFTs can be a cheap, efficient, and safe way to move money that, in its physical form, is heavy, often filthy, and bulky. EFTs reduce the need for US and Coalition soldiers in Afghanistan to escort cash by removing cash from the battlefield. The US Army estimates that it costs about \$32 per payment in cash to a contractor in Afghanistan, but that it would cost only \$2.50 per payment using EFT. In 2010, the Army is

⁸³ Thomas M. Harrigan, *Confronting Drug Trafficking in West Africa*, p. 8.

⁸⁴ DEA press release, “Alleged Afghan Narcotics Trafficker Ordered Detained Pending Trial on U.S. Drug Charges” (29 June 2009); CBS News, “War on Taliban Shifts to Drug Lords,” June 24, 2009, http://www.cbsnews.com/stories/2009/06/24/cbsnews_investigates/main5110868.shtml (accessed 22 September 2009); Terry Frieden, “Reputed Afghan Drug Lord Held For Trial in U.S.,” CNN News (29 June 2009).

⁸⁵ DEA press release, “Afghan Drug Kingpin Charged with Financing Taliban Terrorist Insurgency,” (29 June 2009). See this paper’s Chapter IV, Section G’s case studies, for more details.

planning to institute EFT in Afghanistan to pay its contractors and estimates that it would save \$20 million per year.⁸⁶

Moreover, EFT may be a means to reduce corruption in Afghanistan. For example, EFT enables the Combined Security Transition Command – Afghanistan (CSTC-A) to direct-deposit salaries to the Afghan National Police (ANP) and reduce cash disbursement siphoning. The pay-by-list system, where one person collects and distributes money to the force, is vulnerable. By the time the money reaches the force, so much has been siphoned off for bribes (or to outright robbery) that the police are not paid their full salaries. EFT is supposed to help reduce this problem by directly depositing salaries to ANP officers' bank accounts; however, it has not been fully implemented across the entire force.⁸⁷

9. Afghanistan Threat Finance Cell

Fighting the drug traffickers who help finance the Taliban and similar groups is one of the priorities of the new strategy in Afghanistan. Military officers now regard it as part of the mission.

— *Afghanistan's Narco War: Breaking the Link Between Drug Traffickers and Insurgents: Report to the US Senate Committee on Foreign Relations*⁸⁸

Prior to the wars in Iraq and Afghanistan, few mechanisms were available for integrating interagency financial intelligence (FININT) activities, particularly for IW. Since 2003, the US Government has moved to create interagency mechanisms to coordinate these activities. In 2004, the US Treasury Department established the Office of Terrorism and Financial Intelligence to track the flow of terrorist funds. Recognizing the importance of exploiting intelligence to track and target adversaries, US Central Command (USCEN-

⁸⁶ US Army Times, website, "Army Going Cashless in War Zones," *Army Times* (28 August 2009), http://www.armytimes.com/news/2009/08/army_cashless_082609w/ (accessed 08 January 2010).

⁸⁷ Staff Sgt. Beth del Vecchio, USA, "CSTC-A Team Contributes to Development of Police Force," CSTC-A Public Affairs Press Release, 29 July 2008), <http://www.af.mil/news/story.asp?id=123108515> (accessed 4 September 2009).

⁸⁸ US Department of State, Bureau of International Narcotics and Law Enforcement Affairs, *Afghanistan's Narco War*.

TOM) led the development of various threat finance cells in the combatant commands, starting with the creation of the Threat Finance Exploitation Unit in August 2004.⁸⁹

A critical step forward in operationalizing this interagency threat finance initiative was the creation in 2005 of the Iraq Threat Finance Cell (ITFC) based in Baghdad and co-led by USCENTCOM (US Central Command) and the US Treasury Department.⁹⁰ ITFC is an operational intelligence fusion center helping to coordinate COIN FININT activities in the Iraq Theater of Operations and beyond.

ITFC's primary mission is to disrupt the flow of financing to adversaries, although this cell also conducts financial intelligence training for Iraq forces.⁹¹ While ITFC's missions typically involve classified information, its success in denying resources to insurgents and diminishing kinetic attacks has been publicly lauded by military commanders and others as a model for successful interagency collaboration.⁹² ITFC was instrumental in dismantling what was believed to be the top Al-Qaeda financial network in Iraq in 2007 and identifying other critical nodes, tactics, and individuals for the military and others to target.

⁸⁹ To pursue threat finance activities in Iraq and other high-threat theaters, every combatant command within DoD has been directed to establish a dedicated counterthreat finance capability.

⁹⁰ Statement of Brigadier General Robert H. Holmes, Deputy Director of Operations, United States Central Command, before the House Armed Service Committee, Subcommittee on Terrorism, Unconventional Threats, and Capabilities (26 February 2008): "Operationalizing interagency activities within CENTCOM is accomplished through the Effects Synchronization Committee. The ESC is composed of a series of working groups and bi-weekly secure video teleconferences with DIA, DoJ, Treasury, DHS, and DOS. ESC accomplishments include developed of a criminalization process tied to INTERPOL as well as assisting in financial sanctions, Department of State demarches, interagency information sharing, rewards programs, and enabling effective strategic communications."

⁹¹ In Afghanistan, the US Treasury Department, in partnership with USAID, is providing financial investigative techniques training to judges. "U.S. Treasury and USAID Provide Financial Crimes Training for Afghan Judges," USAID Press Release 22 November 2008, <http://afghanistan.usaid.gov/en/Article.470.aspx> (accessed 4 September 2009)

⁹² "[In 2007,] Col. Stephen Twitty, commander of U.S. forces in Mosul and surrounding Nineveh province, said the dismantling of insurgent financing networks is the primary reason that violent attacks here have dropped from about 18 a day last year to about eight a day now." Amit R. Paley, "Iraqis Joining Insurgency Less for Cause Than Cash," *Washington Post* (20 November 2007).

Building on the success of the ITFC,⁹³ in August 2008 the National Security Council⁹⁴ recommended and has since authorized the creation of the ATFC to target insurgent financing in Afghanistan. DEA, DoD, and the US Treasury Department co-chair the ATFC in various capacities. Established in early 2009 with only about 15 people in theater, ATFC is expected to grow by the end of 2009 to more than 60 people representing various agencies including the Federal Bureau of Investigation (FBI), Defense Intelligence Agency (DIA), and others. While still a relatively young organization, ATFC is already helping to synchronize intelligence collection efforts in Afghanistan focused on threat financing.

As part of its effort to interdict insurgent financing, the ATFC will focus not only on disrupting DTOs but also on other sources of illicit funding such as extortion and kidnapping, and investigating corrupt politicians.⁹⁵ One official responsible for setting up ATFC recently testified that “[t]here is a growing realization that the way to attack the Taliban is to go at the financial network behind the insurgency.”⁹⁶ To execute this agenda, the ATFC is establishing offices at each of ISAF’s regional commands (RCs). Here, DEA agents and ATFC analysts will work to expand the existing network of DEA informants and to conduct undercover investigations.⁹⁷

⁹³ Statement of LTG David P. Fridovich, Director, Special Operations Command Center for Special Operations before the House Armed Services Subcommittee on Terrorism, Unconventional Threats, and Capabilities (11 March 2009); the National Security Council (NSC) created the ITFC in 2005, with the US Department of the Treasury and the US Central Command as co-leads. The ITFC “performs financial intelligence analysis concerning insurgent and terrorist elements in Iraq...[it] collects, processes, and disseminates financial intelligence to support efforts to detect, identify, and disrupt insurgent and terrorist elements.” (US Department of the Treasury, Office of Intelligence Analysis, Mission and Position Descriptions, <http://www.treas.gov/offices/enforcement/oia/docs/oia-brochure.pdf> (accessed 4 September 2009)).

⁹⁴ NSC is charged with coordinating national security and foreign policy matters across US Government agencies.

⁹⁵ Josh Meyer, “DEA Boosts Its War in Afghanistan,” *LA Times* (14 July 2009), <http://articles.latimes.com/2009/jul/20/world/fg-dea-afghan20> (accessed 14 January 2010).

⁹⁶ US Department of State, Bureau of International Narcotics and Law Enforcement Affairs, *Afghanistan’s Narco War*, p. 13.

⁹⁷ Josh Meyer, “DEA Boosts Its War in Afghanistan.”

10. Afghanistan Community Development Councils

Afghanistan CDCs are part of community-directed reconstruction at the sub-district and village level. They are part of the National Solidarity Program (NSP), a 2002 initiative by the Afghan government to direct reconstruction and gather development input in communities throughout the country. The Ministry for Rural Rehabilitation and Development directs the program. Its funding comes through the World Bank, the Afghanistan Reconstruction Trust Fund, and direct aid from other countries. NGO facilitating partners act as advisors on community mobilization, organize elections, and help CDC representatives prioritize projects for their Community Development Plans.

CDCs can provide a local partner for Coalition economic initiatives.⁹⁸ With CDCs, the projects are decided by the indigenous peoples themselves. CDCs demonstrate how grassroots programs can work in Afghanistan in support of the higher national goals of the NSP and live up to its CDC motto of “For the People, With the People, By the People.”⁹⁹ The NSP’s goals are threefold:

- to build social cohesion between the population and the government, and between various groups within the population (horizontal as well as vertical integration);
- to develop governance by implementing the practice and the responsibilities of standardized governance structures and mechanisms; and
- to improve the people’s socio-economic standards, with the end-goal of giving communities the opportunity to gain invaluable experience at governance.¹⁰⁰

As of April 2009, the CDC program was in many Afghan provinces¹⁰¹ and their 359 districts. About 22,000 Afghan CDCs, and 26,882 projects have been completed (out of

⁹⁸ Provincial Development Councils and District Development Councils put together development plans based on the community-level plans. Many of these are available on line at the Afghanistan Ministry of Rural Rehabilitation & Development, “National Area-Based Development Program,” <http://www.mrrd.gov.af/NABDP/>.

⁹⁹ Government of the Islamic Republic of Afghanistan, Ministry of Rural Rehabilitation and Development, “National Solidarity Program,” <http://www.nspafghanistan.org/default.shtm> (accessed 4 September 2009).

¹⁰⁰ Briefing by a senior NSP expert to the IDA team, 23 January 2009.

48,183 approved by PRTs).¹⁰² The funds dispersed through September 2009 were about \$600 million.¹⁰³ While the numbers are impressive, the empowering nature of the CDC is the key to the program's success and popularity. Local stakeholders propose, prioritize, and implement local projects, and as a result, they take responsibility for their own local governance. As an added benefit, insurgents also note the local "buy-in" and are much less likely to destroy infrastructure, such as schools, recommended to be built by CDCs.¹⁰⁴

Despite the positive signs, for there are still many challenges:

- There are no systematic efforts for holding elections for CDC members, now slated for every three years.
- Women do not get equal representation and/or participation on the councils.
- PRTs often fail to coordinate development projects with CDCs.
- Local security impacts on participation, for example, Helmand has a lower level of CDC participation than the more secure provinces in the north and west.

CDCs are *not* official government organs but they do perform important community-level functions of dispute resolution, labor assignment, and provisions for those most in need, thus performing traditional village-level Afghan governance in accord with traditional Afghan customs and way of life. Researcher Hamish Nixon found that CDCs car-

¹⁰¹ Government of the Islamic Republic of Afghanistan, Ministry of Rural Rehabilitation and Development, "National Solidarity Program Coverage," http://www.nspafghanistan.org/reports_and_publications/maps/NSP_CDC_Coverage_Map/200905-NSPCDCCoverage.pdf (accessed 4 September 2009).

¹⁰² Government of the Islamic Republic of Afghanistan, Ministry of Rural Rehabilitation and Development, "Monthly Program Report: Sawr 1388 (21st April to 21st May 2009)," http://www.nspafghanistan.org/reports_and_publications/monthly_reports/NSP_Program_Report_April_09_Sawr_1388.pdf (accessed 4 September 2009).

¹⁰³ Government of the Islamic Republic of Afghanistan, Ministry of Rural Rehabilitation and Development, National Solidarity Program, "NSP Milestones," http://www.nspafghanistan.org/about_nsp/nsp_milestones.shtm (accessed 08 January 2010).

¹⁰⁴ Gregory Warner, "The Schools the Taliban Won't Torch" *Washington Monthly*, December 2007, <http://www.washingtonmonthly.com/features/2007/0712.warner.html><http://www.washingtonmonthly.com/features/2007/0712.warner.html> (accessed 4 September 2009).

ried the necessary legitimacy with the population across the country: “On the one hand, it is because they are an elected *shura*, and on the other hand the decision is more acceptable because they are many and not one.”¹⁰⁵

CDC projects act as a form of *ashar* (traditional Afghan communal labor), while councils that earn local trust may also manage the local communal collection box for those in need or distress. In some areas, however, it has taken time for villages to accept the role of the CDCs, particularly the requirement that women serve on them, and to overcome negative opinions based on unfulfilled aid promises of the past.

¹⁰⁵ Hamish Nixon, *The Changing Face of Local Governance: Community Development Councils in Afghanistan*, Afghanistan Research and Evaluation Unit (AREU), Working Paper Series, Kabul, Afghanistan: AREU, 2008, at http://www.areu.org.af/index.php?option=com_docman&task=doc_details&gid=569&Itemid=26 (accessed January 14, 2010).

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III. Tools for Planning IW Economic Actions

This chapter describes tools that can aid in economic planning for IW. They give a commander “pictures” of the economic and human terrain from different perspectives, providing a basis for selecting the type, priority, and timing of economic-related actions. Just as no commander in a major combat operation would plan military actions without a map of the political and physical terrain, so no commander in IW should plan economic-related actions without a map of the economic and human terrain. For the commander and staff in Afghanistan, the relevant map is most likely at the provincial or district level, but sometimes at the municipality or village level as well.

Six types of tools are discussed in the following sections. The first performs a simple evaluation of the population’s attitudes. The second provides a framework for mapping the local economy. The third and fourth tools permit simple evaluations of prospective economic programs by seeing if the human and institutional capital needed for an effective partnership is available. The fifth addresses factors that influence the timing of economic initiatives. The sixth tool, the use of roads, provides a special case applicable to problems in Afghanistan.

A. People’s Attitudes

A simple but useful way to map population attitudes is applying two questions that address an individual’s concerns about security and religious, social, economic, or political preferences. The first question, the vertical axis of the map (see Figure III-1), relates to people’s security: *If choosing between the HNG-Coalition and the insurgents, which one provides or guarantees a person’s security?* If the insurgents can present a credible threat to an individual or his family, then that person moves strongly to the insurgents’ end of the vertical axis.

The second question, the horizontal axis of the map, relates to people’s preference: *How do they compare their religious, social, economic, and political values with those of the government and insurgents, that is, which side do they want to win?* If people have a

strong preference for the insurgents, they would map far out on the insurgents' end of the horizontal axis.

These two questions can provide a two-dimensional map of the key attitudes of a population in an entire province, district, village, or an urban neighborhood. A simple version of the map can be represented by just the four corners of the map. In this version, depicted in Figure III-1 below, the map is represented by a 2 x 2 matrix and each question is treated as if it has a specific answer (that is, HNG-Coalition *or* insurgents) rather than being a preference (that is, between HNG-Coalition *and* insurgents) along continuous axes.

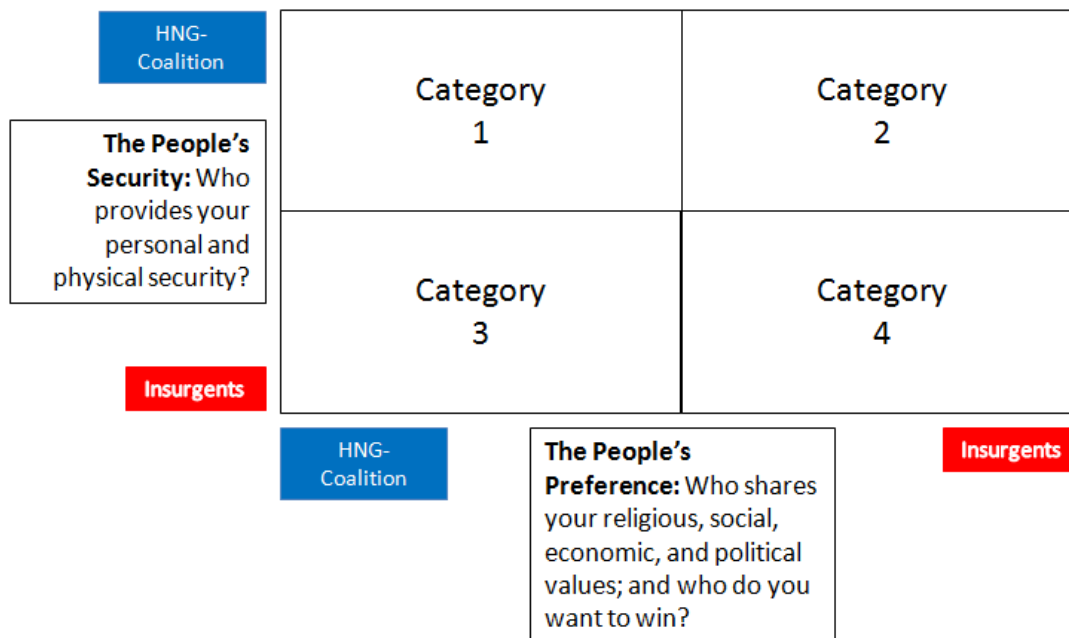


Figure III-1. People's Attitudes Matrix

The 2 x 2 matrix provides four categories for grouping people's attitudes:

- **Category 1:** These friendly populations likely feel safe enough to aid openly the HNG-Coalition, giving it access to the single most powerful ISR tool in IW – the population and the intelligence they can provide on the insurgents.¹⁰⁶ This

¹⁰⁶ “No amount of technical equipment, secret agents, organizational genius or funds can substitute for the intelligence provided by the people.” US Army, Office of the Deputy Chief of Staff for Military
(Continued)

greatly enhances HNG-Coalition operations, requiring fewer forces to secure a given geographic area. The insurgents cannot operate effectively in this population. This population is a precious resource to be protected by the HNG-Coalition through maintaining security and by providing economic development as needed, and, above all, by doing no harm.

- **Category 2:** This population is wary and respectful of the HNG-Coalition's power but wishes the insurgents success. Maintaining control of such an uncooperative population would take a heavy allocation of security resources, and even then, some low level of insurgent presence would likely persist. The timeline to change this population's affinity for the insurgents depends on the underlying reasons:
 - If the population's resentment stems from poor HNG performance, then it may be possible to improve service delivery in a matter of months with short-term fixes, followed up by longer-term improvements and reforms.
 - If dislike for HNG-Coalition results from the identity of government leaders (for example, the appointed provincial or district governor comes from a different ethnic or religious group), then a change in the appointed leadership could provide a rapid change in attitude.
 - If the preference for the insurgents stems from resentment of the already heavy Coalition security footprint, then substituting HNG forces could help produce a positive change over time.
- **Category 3:** This population desires HNG-Coalition success, but feels too vulnerable to support the HNG-Coalition. The insurgents probably have enough presence among this population to convince locals that they are at risk, and so the HNG-Coalition gets little help from that population. Here, infrastructure projects are a poor investment.¹⁰⁷ Missing is the security that, if provided, could move such a population fairly quickly into Category 1. *A sense of security can often be created faster than a sense of affinity.* There is instability in this type of population: if left at the mercy of the insurgents for too long, a sense of aban-

Operations. *A Program for the Long-Term Development of South Vietnam (PROVN)*. March 1966, pp. 5–48, <http://www.dtic.mil/cgi-bin/GetTRDoc?AD=AD377743&Location=U2&doc=GetTRDoc.pdf> (accessed 4 March 2010).

¹⁰⁷

The US Army's *PROVN* study called for a similar redirection of reconstruction assets away from insecure areas; pp. 61–62.

donment could quickly erode the preference for the HNG-Coalition and turn it to distrust.

- **Category 4:** This population does not respect the HNG-Coalition's power nor does it share its values. It is a safe haven for the insurgents and a good candidate for isolation by the HNG-Coalition forces if security resources are limited. Moving such a population into Category 3 would take lots of effort in de-legitimizing the insurgents with the local population (for example, exploiting the violent mistakes the insurgents will inevitably make). Moving the population into Category 2 would take many security resources. If resources are scarce, then it could be sufficient to use just enough resources to minimize insurgents' ability to leverage this base for operations elsewhere.

B. Mapping Economic Activity: Make, Move, Store, Spend

The starting point for planning coalition IW economic actions is developing a “map” of the environment in which the economic actions would take place. The map can help the HNG-Coalition commander identify critical features and patterns in the economic terrain, which he may then choose to exploit, reinforce, and/or disrupt. A commander in IW cannot expect to plan *smart* economic actions without a map of the local economy.

The map of the economic activity – whether at the provincial level or the village level – has to be simple to produce and intuitive in its use if the commander and staff are expected to update it and rely on it. A proposal for how to do this is a *make, move, store, and spend* (MMSS) framework.¹⁰⁸ This framework covers four basic categories of activities:

- **Make:** Describes how groups of people within a province, district, or village earn money or acquire assets.
- **Move:** Addresses how people transfer different assets.
- **Store:** Focuses on how people preserve or invest their assets.

¹⁰⁸

The framework here is an adaptation of one developed to map adversary-resourcing networks (later discussed in detail in Chapter IV). No doubt better tools exist for mapping an economy but the advantage of this framework is its ease of use by commanders and staff officers not trained in economics. It provides a logical way to group disparate bits of information so the larger “picture” – the local economy – can be discerned.

- **Spend:** Depicts how people expend their assets, whether money or commodities.

Table III-1 (next page) illustrates an MMSS framework of the six important components of the economy of Khost Province: agriculture, livestock, poppies, smuggling, construction, and remittances. Just as no map of the political and physical terrain tells a commander what military actions to take, so no map of the economic terrain can tell a commander what economic actions to take. The MMSS framework helps a commander and staff ask the right questions that can guide the decision making on economic-related actions.

Consider **Agriculture:** Wheat is a primary agricultural product in Khost. How it moves reveals that Afghans do not process it into flour – it needs to cross the border into Pakistan where, after being processed, it is exported back to Afghanistan. This suggests projects to pursue, for example, (1) building more wheat-processing capability in Khost and training human capital to work in and maintain the plant; or (2) building more efficient means (for example, better roads) to move wheat and flour to and from Khost.

Consider the relationship between **Construction** and overseas **Remittances:** The influx of international aid has made construction a prominent industry in Afghanistan. It is a labor-intensive industry that requires specific skills such as masonry. To provide more people in Khost with these skills, a commander could establish a trade school to raise the local human capital. This occurred in Kunar province where USAID, in cooperation with the PRT, built the Kunar Construction Center. Projects that improve this kind of human capital can provide immediate payoff in the form of skilled human capital. These trained and experienced workers also represent a safety net that will enable Afghans to continue to care for their families even when international aid money disappears and the number of construction projects in Afghanistan shrinks. By providing a readily available pool of cheap but well-trained labor for construction projects outside Afghanistan – for example, in the United Arab Emirates – Afghans working abroad can send part of their earnings back home to Khost.

Table III-1. Mapping the Economic Framework of Khost Province¹⁰⁹

Make	Move	Store	Spend	
Agriculture (46%) How: Labor intensive, dirt farming via drip irrigation systems (e.g., wheat, maize, alfalfa; fruit, nuts)	- Product (harvested wheat by foot, truck, donkey) - Food - Seed - Flour (imported)	- Seed - Product - Money (<i>hawalas</i>, banks, cash)^a	- Food (cash, commodity trade) - Personal luxury - Transportation equipment	- Farm equipment - Seed - Labor - Bribes
Industry (38%) How: Small-scale factories (brick production, stone crushing, soft drinks, ice, iodine salt, carpenteries) ¹¹⁰	- Raw materials - Industrial output (foot, truck)	- Inventory (on site, warehouses) - Raw materials (on site)	- Infrastructure - Labor - Materials	- Transportation - Bribes
Smuggling (?%) How: Any item that earns money	Goods (e.g., cigarettes, chromite, lumber, people, weapons) (any means available)	Goods (safe houses/places along historical trafficking routes)	- Food (cash, commodity trade) - Personal luxury - Transportation equipment	- Labor - Protection - Weapons - Bribes
Construction (4%) How: Foreign reconstruction funds	- People (truck, plane) - Supplies (truck, plane)	Supplies (work site)	- Food (cash, commodity trade) - Personal luxury - Transportation equipment	- Supplies - Labor - Protection - Bribes
Remittance (8%) How: Sent from overseas labor	Money (<i>hawalas</i>, wire transfer, bank, cash)	Money (<i>hawalas</i>, banks, cash)	- Food - Personal luxury - Transportation equipment	- Farm equipment - Seed - Labor - Bribes

^a The hawala is an informal value-transfer system developed in India that parallels traditional banking systems. The hawala works by transferring money through trust-based networks that do not “involve the immediate movement of any negotiable instrument nor are actual funds immediately transmitted anywhere. An ancient system that actually predates banking, it works in an analogous manner to a more formal system of ‘wiring’ money.” (James Casey’s “Dealing with Hawala: Informal Financial Centers in the Ethnic Community,” *FBI Law Enforcement Bulletin* (February 2007), p. 1.)

¹⁰⁹ Percentages shown in parentheses indicate the percentages of households in the province that derive some income from the associated activity. Figures are from the Ministry of Rural Rehabilitation and Development National Surveillance System, which tries to track this data: <http://www.mrrd.gov.af/nss-vau/index.htm>. It references the 2007–08 National Risk and Vulnerability Assessment (NRVA) data at <http://www.mrrd.gov.af/nss-vau/Final%20NRVA%202005%20Report%20-%202028%2007%202007.pdf>.

¹¹⁰ United Nations High Commissioner for Refugees, e Centre, “Bulletin: Information Update: Afghanistan 1–15 August 2004,” <http://www.the-ecentre.net/news/bulletin/index.cfm?fuseaction=view&id=277>; see also Afghan Ministry of Rural Rehabilitation and Development, *Khost Provincial Profile*, <http://www.mrrd.gov.af/nabdp/Provincial%20Profiles/Khost%20PDP%20Provincial%20profile.pdf>, (accessed 31 August 2009).

C. Human and Institutional Capital

While investment in physical capital typically gets the most attention during development, human and institutional capital are often critical to enable the use of the physical capital. In Afghanistan, there are examples of schools having been built without trained administrators or teachers, and hospital clinics constructed without adequate staff (for example, nurses or doctors).

Human capital refers to the skills, knowledge, and values present in the population. It includes not only the skills needed to perform a particular job but also the knowledge needed for skill acquisition (that is, literacy). The set of useful skills that can be taught via the spoken word and pictures alone to illiterate students is rather limited.

Different human capital shortfalls typically have different remedy timelines.

- **Skills** tend to come quickly with training and practice. The training time required will vary greatly by the skill, but the narrower the scope and the greater the chance to rehearse, the shorter the training time.
- **Knowledge** needed to shape thinking can take years of education.
- **Values** take the longest time to imbue. Deeply embedded in culture, they can take decades or generations to change.

An important factor related to human capital is its *mobility*. If conditions in a given area are poor enough, the native human capital may choose to leave. Alternatively, human capital can be imported. PRTs provide a form of human and institutional capital to support the planning and implementation of economic activities. Other forms include the use of US personnel to oversee construction efforts and the use of US and World Bank financial experts to oversee financial and banking development in Afghanistan.

Institutional capital is the body of organizations with the structures, values, and credibility to be effective contributors to activities. These can be governmental or private sector. Examples could be a long-established and successful company with expertise in a particular area (for example, natural resource extraction), managing a school board, or creating a judicial system respected by the population and known for fairly enforcing the rules of commerce. These institutions provide the structures in which people can operate.

A useful way to evaluate the readiness of a local area to implement a particular physical capital improvement is to first survey the availability of supporting capital (see Figure III-2 below).

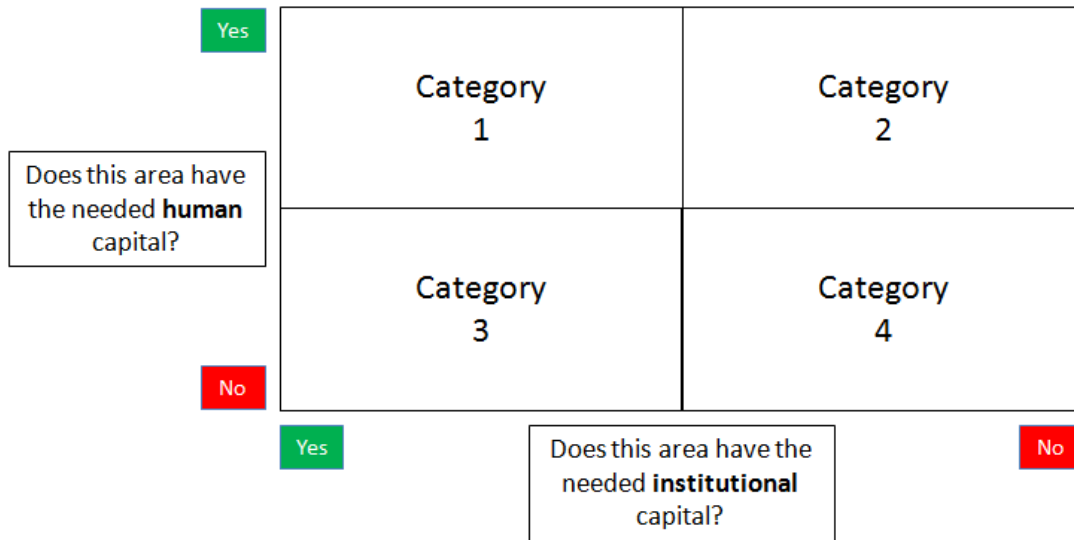


Figure III-2. Availability of Capital

This 2 x 2 matrix provides four categories of capital availability:

- **Category 1:** If an area is well equipped with both the human and institutional capital needed, or if neither one is needed for a particular project, then it would be a Category 1. This area offers good prospects for investments in physical capital.
- **Categories 2 and 3:** Either the human or institutional capital needed for a project to succeed is lacking. Generally, a shortfall in institutional capital is more difficult to remedy, but some shortfalls in human capital can be seriously problematic as well. The particular nature of the shortfalls should be assessed, and a plan to remediate them put in place, before proceeding with the physical infrastructure improvements.
- **Category 4:** Both the human and institutional capital needed for the physical improvement to be self-sustaining are lacking. This can be a show-stopper unless an integral part of the investment in physical infrastructure is an investment into creating the requisite human and institutional capital.

The general principle should be *always support investments into physical capital with the needed human and institutional capital*. If that is not possible, then find ways to invest in

and develop, or to import, the needed human or institutional capital, or find other ways to invest.

D. Credible Local Partners

A special type of human capital is the local partner who can join, and preferably lead, the economic action. Experienced military commanders at all levels continue to assert that development projects must have a local partner, if not actually be led by a local. Local partners do not have to hold the highest governmental office in the locality; Afghan CDCs can provide a source of potential partners for the IW effort (as well as a key source of human capital). *But not having a local partner in a project is a near-guarantee of failure.*

Anecdotal evidence strongly suggests that time and resources should be spent to develop adequate local partners before proceeding to invest in and build physical capital. If the calculation is that adequate partners cannot be nurtured, developed, and protected, then the economic development project should not be pursued. Military commanders, as well as USAID officials, need to commit to finding adequate partners and enabling them to lead any economic initiative.

The partnership matrix in Figure III-3 below is a simple construct to identify availability of adequate partners before engaging in any economic and/or development program.

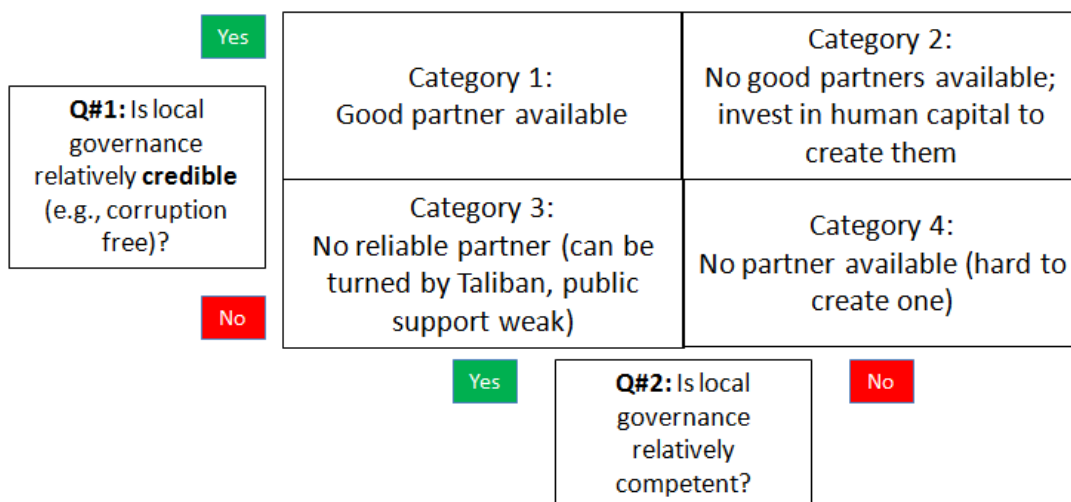


Figure III-3. Partnership Matrix

The matrix identifies partners who are competent and corruption free. Partners who have these characteristics can be expected to provide the best results. If a competent and credible local partner is not available from within the HNG, then other partners should be sought (for example, from CDCs, tribes, Afghan NGOs).

In seeking **competent partners**, several factors are involved:

- The prospective partners should be native to the local region and knowledgeable of its people, tribes, and stakeholders.
- They need to be able to communicate the project and its benefits to the population, including tribal leaders, religious leaders, and local political figures.
- They need organizational skills to arrange resources so they can come together to accomplish the tasks required by an appropriate schedule, all of which are, again, negotiated locally.
- Finally, a commitment to see the effort through and ensure the HNG is successful in the economic endeavor is critical.

In seeking **credible partners**, several factors are involved:

- Corruption is often considered a normal aspect of daily life in Afghanistan, for example, a policeman seeks bribes to meet the daily survival needs of his family or where a common expectation is that an official will show favoritism (and give jobs) to members of his family or tribe.
- However, certain types of corruption are so corrosive that they must be seen as intolerable, for example, when government officials are involved in helping criminal or insurgent organizations; or when political or economic power or family connections are used to illegally accrue huge sums and extensive power for personal gain. Local partners to be credible must be free of criminal entanglements and not seen as enriching themselves at the expense of the people.

Consider the four possibilities from the 2 x 2 matrix shown in Figure III-3:

- **Category 1:** If partners can be found who are competent and credible, then an economic investment can proceed.
- **Category 2:** If a willing and credible partner is not competent, then a commitment to training, education, and time is needed to develop the missing human capital.

- **Category 3:** If potential partners are competent but not credible (that is, they are corrupt), the return on investment will depend on the type and degree of corruption and level of constraint that the HNG or Coalition forces can bring to bear on this potential partner.
- **Category 4:** If potential partners are both incompetent and not credible (for example, the corruption is serious and corrosive), then the economic investment in physical capital should be avoided.

E. Timing of Economic Initiatives

The appropriate timing for any particular economic initiative will depend on several factors:

- **The time needed to develop the local human and institutional capital.** If it exceeds the time to complete the physical investment, then it must be initiated first and initiation of the physical investment delayed accordingly.
- **The time needed to identify and develop credible (that is, not corrupt) local partners.** The economic initiative should not go forward until this occurs. Once effective non-corrupt local partners are available, they will need time to discuss project options with all stakeholders and identify priorities before they can lead a project.

Timing can also affect the impact of an economic initiative. Research based on the use of CERP funds in Iraq shows that an economic initiative has the greatest effect (as measured by its contribution to reducing violence) when it is initiated just as major violence levels have been sharply reduced and when HNG and US troops jointly secure a locality. This timing in the use of CERP funds and the introduction of PRTs seems the best for influencing the people in the direction of the national government and away from insurgent forces. This argues for planning economic initiatives where major increases in security are being sought (for example, in an area subjected to a “surge” or main offensive) and implementing them as soon as the violence has dropped significantly.

Timing can also depend on events that are outside a military commander’s control. For example, it is important to plan initiatives where and when they will contribute the most to keeping down violence in the period leading up an election.

A final timing issue is related to project completion. Any unit that labors in an area will be trying to finish its tour with a series of successful project completions. Any

goodwill that results will leave with the unit. A way to help the incoming unit is for the departing unit to let the newcomer complete the remaining projects shortly after arriving on the scene. In this way, credibility (even if undeserved) will be transferred to the new arrivals (who need it more).

The ISAF strategy of “clear, hold, and build” is a tacit acknowledgement that the timing of economic actions is important in IW: *clear the area of insurgent violence before building the physical infrastructure*. After clearing, ISAF and ANSF must establish a permanent presence so the insurgents cannot return to disrupt further development efforts.

F. Special Case from Afghanistan: Roads

At the local level, roads are popular high-profile development projects throughout Afghanistan. PRTs and other aid agencies, especially USAID, have focused their efforts on road construction from the earliest days of the stability and reconstruction phases.¹¹¹ Roads can play an important local role in the security and stabilization of outlying areas, enabling Afghan and Coalition forces to more easily reach potential trouble spots. However, the same roads may make it easier for insurgent forces to move more quickly as well if they are not secured by HNG-Coalition forces. Ambassador Karl W. Eikenberry, former commander of US forces in Afghanistan, once observed that where the roads end, the Taliban begins.¹¹²

Roads build important community relationships and connect the government with the people. In Kunar province in 2006, as reported by David Kilcullen, road-building programs in the Pech and Kunar valleys “made policing, meetings with community leaders, and visits to local *shura* and *jirga* meetings much more possible.”¹¹³ Local leaders play a key role as “human capital” administrators by making road construction part of a

¹¹¹ For example, USAID has contracted the building of the \$100 million Khost-to-Gardez road from Khost province to the interior of Afghanistan. Afghanistan Infrastructure and Rehabilitation Program website, <http://www.irp-af.com/?pname=open&id=45&type=html&c=5>, last accessed 31 August 2009.

¹¹² Quoted in Kenneth Katzman, *Afghanistan: Post-Taliban Governance, Security, and U.S. Policy*, <http://us.gallerywatch.com/docs/PHP/US/CRS/RL30588.pdf>, (accessed 31 August 2009).

¹¹³ David Kilcullen, *The Accidental Guerrilla* (Oxford: Oxford University Press, 2009), p. 105.

larger development effort. Other local human capital includes the workers and security forces needed during the construction. Most of the unskilled workers should live within 10 kilometers of the road they are building, if only to provide a sense of local ownership of the project.

Carter Malkasian and Gerald Mayerle looked at Kunar province in 2008, and found that roads continued to have a transformative effect by mobilizing the local population in support of development: “In Kunar, road projects in two major river valleys led to a rise in local community political participation and local resistance to insurgent activity. Tribes in at least five different districts responded to attacks on projects—roads, bridges, and schools—by coming out of their homes and shooting at insurgents.”¹¹⁴

Kilcullen concluded that roads needed to be part of a larger political approach for success. Moreover, the actual *process* of building roads has both short- and long-term benefits such as linking the people of Kunar with their government and its security forces, and increasing the flow of intelligence about Taliban operations. After an initial upsurge in violence by insurgents fighting the construction of roads, there was a drop-off in IED emplacements and effectiveness: it is much more difficult to place IEDs on paved roads than dirt, gravel, or cobblestone ones. In addition, coalition forces gained a maneuverability advantage from the roads, with ease of movement and increased speed. Road construction, as a result, forced the Taliban into the surrounding hills where their normal movements could be interdicted with much less risk of hurting local people.

While roads remain an important tool in economic development in Afghanistan, the security of roads is still a major concern for GIRoA and ISAF. Violence plagues many road projects as insurgents target roads and local workers. Brigadier General Frank McKenzie, a senior staff member to General McChrystal, Commander, ISAF, recently noted that “[t]he government of Afghanistan needs to demonstrate it can have a road network and can keep it open. The insurgents recognize that and are working against it.”¹¹⁵

¹¹⁴ Malkasian and Meyerle, *Provincial Reconstruction Teams: How Do We Know They Work?*, p. viii.

¹¹⁵ Peter Wonacott, “Afghan Road Project Shows Bumps in Drive for Stability,” *Wall Street Journal*, 17 August, 2009, <http://online.wsj.com/article/SB125046546672735403.html> (accessed 4 September 2009).

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IV. Tools Aiding in Countering Adversary Resourcing

This chapter discusses tools that can counter adversary resourcing, including a framework that demonstrates the following:

- how adversaries (whether insurgents or criminals) “make, move, store, and spend” resources;
- the legal authorities for action assigned to DoD, the Intelligence Community, and law enforcement agencies; and
- an approach for developing courses of action (COAs) and establishing priorities.

A. Mapping Adversary Resourcing: The MMSS Framework

An adversary requires resources to function. Threat finance cells, for example, ATFC, have the difficult task of mapping adversary-resourcing networks in order to understand how these networks operate and to identify their vulnerabilities. Placing seemingly disparate pieces of information into a structured framework can help identify patterns of activity, disclose missing elements of information, and, ultimately, map the adversary’s resourcing network. This map can help a commander develop effective COAs to stop adversary actions planned against coalition forces and to target the adversary’s resources or sponsors.¹¹⁶ *Adversary-resourcing analysis* uses an integrated investigative approach that is applicable whether the adversary operates within a country, province, district, or village. The investigation’s principal objective is to identify and eliminate major sources of resources.

¹¹⁶ For example, during interrogation of even a low-level detainee, certain questions can lead to discernible patterns of behavior that a commander can use to develop an attack on the larger organizational structure: for example, (1) how the individual is paid; (2) what type of payment is received (that is, cash, commodity); (3) where and how often payment is received; and (4) whether receipts are required for reimbursement.

An adversary-resource network can be mapped using the same conceptually simple framework that was used to map local economic activity – based on the adversary’s need – to *make, move, store, and spend* resources.¹¹⁷ Limiting the mapping to just these four categories still allows an analyst to understand how an adversary-resourcing network operates. In addition, these categories can prioritize the additional information needed to better understand the network’s operations and help discern targetable patterns.

The analysis of how an adversary makes, moves, stores, and spends resources can be split further into the *assets* and *methods* that are *internal* or *external* to the network; for example:

- the Taliban generates funds *internally* from legitimate businesses, extortion,¹¹⁸ trafficking in commodities, and involvement in the narcotics trade, among other activities.
- *Externally*, the Taliban receives funds from the Middle East, Pakistan, and other state and non-state sponsors.¹¹⁹

¹¹⁷ The MMSS mapping framework outlined here is derived from Steve Kiser’s RAND dissertation where he defined an adversary’s financial framework as *earning, storing, spending* and whether those functions were performed *internal* or *external* to the adversary organization (Steve Kiser, *Financing Terror: An Analysis and Simulation for Affecting Al Qaeda’s Financial Infrastructure*, RAND dissertation (September 2004). Kiser based his framework, in part, on the US Government Accountability Office (GAO) framework outlined in a report, *Terrorist Financing: U.S. Agencies Should Systematically Assess Terrorists’ Use of Alternative Financing Mechanisms*, GAO-04-163 (November 2003), <http://www.gao.gov/new.items/d04163.pdf>. A similar framework used by noted threat finance experts Matthew Levitt and Michael Jacobson assesses how adversary can *raise, store, and spend* funds (*The Money Trail: Finding, Following, and Freezing Terrorist Finances*, Policy Focus #89, Washington Institute for Near East Policy, (November 2008).

¹¹⁸ “In Farah province, local officials report that the Taliban are taking up to 40 percent of the money coming in for the National Solidarity Program, one of the country’s most successful community reconstruction projects, which has dispensed hundreds of millions of dollars throughout the country over the past six years.” Reportedly, the Taliban engage in “high-level negotiations” with major contractors. A shadowy office in Kabul houses the Taliban contracts officer who examines proposals and negotiates with organizational hierarchies for a percentage.” Jean MacKenzie, “Funding the Afghan Taliban,” *Global Post*, August 7 2009, <http://www.globalpost.com/dispatch/taliban/funding-the-taliban>.

¹¹⁹ MacKenzie, “Funding the Afghan Taliban.”

- Additionally, the analysis of adversary networks using these categories can show whether the resourcing is done through *licit* or *illicit* means.

See Table IV-1 below for an example of Taliban resource network.

Table IV-1. Depiction of Taliban's Resourcing

Threat Entity	Source	Make		Move	Store	Spend	
Taliban	Internal	• Drug trafficking • Tax on trafficking routes • Extortion	• Kidnapping • Criminal Activity • Legitimate Business	• Courier • <i>Hawala</i> • Drugs	• Cash • <i>Hawala</i> • Storage facility • Labs	• Weapons • Explosives • Operating Costs • IO • Personal Gain	• Bribes • Buy off local support • Training camps • Royalties to <i>Quetta Shura</i>
	External	• Direct Donation • Intelligence Services	—	• Courier • <i>Hawala</i> • Drugs • Commodities	• Cash • Banks • Commodities	• Weapons • Explosives • Operating Costs • IO • Personal Gain	• Welfare/Morale • Bribes • Buy off local support • Training camps

IO – information operations

Make: The first category, *Make*, describes how an adversary raises money or acquires resources. Methods such as state sponsorship, charities, and direct donations from wealthy individuals are well-known examples. However, adversaries (for example, Taliban and DTOs) also form marriages of convenience with, or begin to act like, organized criminal enterprises. Their illicit activities include, but are not limited, to the following:¹²⁰

- counterfeiting
- credit card, insurance, and mortgage fraud
- drug trafficking

¹²⁰ This list is derived from Rachel Ehrenfeld, “The Narco-Terrorism Phenomenon,” in *Confronting Terrorism Financing*, conference proceedings from the American Foreign Policy Council (Lanham, MD: University Press of America, 2005), p. 15. For a recent example of large-scale insurance fraud, see Blaine Harden, “Global Insurance Fraud By North Korea Outlined,” *The Washington Post Foreign Service* (18 June 2009).

- extortion
- identity theft
- kidnapping
- pirating of videos, compact discs, tapes, and computer software
- prostitution
- smuggling
- trafficking in people and other commodities

Move: After an adversary acquires resources, it often *moves* them to operational cells or to safe areas to protect or invest these assets for future needs.¹²¹ The most frequently used and cited mechanisms for moving resources are cash couriers; remittance systems; informal value transfer systems, such as the *hawala* or *hundi*;¹²² stored value cards; digital currency (for example, PayPal); online gambling; commodities trading; wire transfers; and the formal banking, insurance, and financial systems.¹²³ When using these mechanisms, adversaries will try to exploit loopholes, inconsistencies, and other vulnerabilities in legitimate systems to move or protect their assets.

Store: Adversaries *store* resources to preserve them for future uses. How an adversary stores resources depends on the nature of the asset, environmental factors, and timing and accessibility considerations. For example, if the resource is cash, the adversary might choose to store it in a relatively “liquid” form by investing it in stocks or bonds, or holding it in a bank, *hawala*, or online account (for example, PayPal). There are many ways to store resources in less liquid forms like in legal businesses (for example, construction companies, shops, restaurants, and bars), in real estate shell companies, and in other front companies.

¹²¹ Operational cells can sometimes secure their own resources. For example, the operational cell responsible for the London subway bombing on 07 July 2005 was largely financed by one member defaulting on a personal loan and overdrawing his bank accounts. Financial Action Task Force, *Terrorist Financing* (29 February 2008), p. 14, <http://www.fatfgafi.org/dataoecd/28/43/40285899.pdf> (accessed 27 July 2009).

¹²² For a description of the *hawala*, see Table III-3’s note *a*, page III–6.

¹²³ This list is derived from Wesley J. L. Anderson, *Disrupting Threat Finance: Using Financial Information to Disrupt Terrorist Organizations*, Joint Special Operations University Report 08-3 (April 2008), p. 16.

Spend: While carrying out attacks is certainly one expense, an adversary has additional expenses, such as bribes to government officials, social expenditures, or buying personal items. Operating expenses include, but are not limited to, the following:¹²⁴

- bases or housing
- bribery
- communications and media
- daily expenses of network nodes
- documentation (for example, forged identification cards or travel documents)
- food
- intelligence gathering
- medical
- recruitment
- securing popular support
- training camps
- weapons and explosives

If an adversary increases its operating tempo, its expenditures will increase. Some analysts believe a useful strategy to counter an irregular adversary is to force it to increase its operating tempo while simultaneously attacking its resource network, essentially pushing the adversary towards bankruptcy.

Identifying undesired consequences. By using the MMSS framework to map an adversary's resource network, a commander may begin to discern patterns of activity and behavior that can aid in identifying and targeting critical nodes and vulnerabilities.¹²⁵ Mapping the provincial or area economy (depicted earlier in Table III-1, page III-6) can also provide a basis for understanding second- and third-order consequences of such targeting. For example, closing a *hawala* that supports an adversary may also eliminate a legitimate financial institution for the indigenous population. In one case in Afghanistan,

¹²⁴ This list is derived from Rachel Ehrenfeld, "The Narco-Terrorism Phenomenon," p. 14.

¹²⁵ *Critical Node* – An element, position, or command and control entity whose disruption or destruction immediately degrades the ability of a force to command, control, or effectively conduct combat operations; (US Department of Defense Dictionary of Military Terms and Abbreviations, JP 1-02). *Critical Vulnerability* – An aspect of a critical requirement which is deficient or vulnerable to direct or indirect attack that will create decisive or significant effects (US Department of Defense Dictionary of Military Terms and Abbreviations, JP 1-02).

a *hawala* was shut down for supporting the Taliban, a move that almost shattered the local economy.¹²⁶ Where tribes in the border areas rely on smuggling for livelihood, a crackdown could force them into other activities (for example, kidnapping or murder for hire) that a commander would find even more harmful.¹²⁷ Using the MMSS framework to map both adversary resourcing and the area economy can help identify undesired consequences and help avoid the inadvertent loss of support from the local population.

B. Identifying the Roles of the Intelligence Community, DoD, and Law Enforcement Agencies

Once a resourcing network is mapped, the commander and staff can begin developing COAs to counter it. Three types of organizations are generally involved in interdicting adversary resources and enforcing the laws that govern the making, moving, storing, and spending of these resources: the Intelligence Community, DoD, and law enforcement agencies. These organizations have some common capabilities¹²⁸ but each one brings unique tools and authorities to the problem and each one has distinct advantages and disadvantages.

- The Intelligence Community focuses on exploiting all types of data sources, including human sources, to understand each adversary. The advantages of the intelligence community are the resources those agencies bring (money and

¹²⁶ JAWP team interviews, interview with a senior DEA official familiar with operations in Afghanistan (9 June 2009). Absent a formal mechanism to replace this service in area, the second- and third-order consequences could be disastrous. For consideration, a *hawala* could have an ombudsman who could facilitate the removal or exposure of a *hawaladar* engaged in illicit activity.

¹²⁷ The smuggling between Afghanistan and Pakistan is largely the result of Pakistan's protectionist customs fees and centuries-old traditions. To avoid these fees, smugglers leverage the Afghan Transit Trade Agreement that allows goods to pass duty free from the port of Karachi in Pakistan into landlocked Afghanistan. In what is specifically referred to as the "U-turn scheme," legal goods are driven over the border into Afghanistan duty free, whereupon the trucks are offloaded and sent back to Pakistan empty. The goods are then carried back to Pakistan illegally where they are sold for far less than the legally imported goods (Frederick Balfour, "Dark Days for a Black Market: Afghanistan and Pakistan Rely Heavily on Smuggling," *Business Week* (15 October 2001).

¹²⁸ For example, the various law enforcement agencies have intelligence-gathering capabilities and, in some instances, as with DEA and FBI, are participants in the Intelligence Community.

technology), their authority to build the story about an adversary, and their ability to conduct covert actions. The major limitation here is the lack of a large action arm that can dismantle a large and dispersed adversary like the Taliban.

- DoD brings vast amounts of money and technology, and has the large action arm capable of facing a large, dispersed enemy like the Taliban. A major limitation of the military in countering adversary resourcing is its limited capability to investigate adversary resourcing and to interdict resource networks. This is rooted in the absence of an agreed-to integrated strategy to coordinate counteradversary resourcing within DoD (discussed in the next part of this chapter).
- Law enforcement agencies (federal, state, local) are intimately familiar with investigating how criminal enterprises make, move, store, and spend resources and therefore know what questions to ask and information to collect. The major limitation of law enforcement is the time it takes to conduct an investigation to gather the evidence needed for prosecution in a US or an Afghan court. Once a picture is built of the network and the investigation is completed, law enforcement agencies next focus on destroying an organization's operational capacity by (1) targeting its command and control and (2) making as many arrests as possible within a short period.

Successfully countering an adversary-resourcing network will require a commander and staff to work with all three organizations, bringing together their unique capabilities to engage and interdict an adversary. These capabilities are enabled – and limited – by the legal authorities for action, which is discussed next.

C. Using Legal Authorities for Action

The US Congress has provided numerous legal authorities and constraints to guide actions related to countering adversary-resourcing activities. In addition, the president has established authorities and procedures through his executive orders, and the heads of executive departments have issued their own policies and procedures. Of these various authorities, nine of the most relevant are briefly discussed in the following sections.¹²⁹

¹²⁹

For the roles and missions guidance of law enforcement and military authorities, *see* Anderson, *Disrupting Threat Finances*. For the authorities guiding the Intelligence Community, *see* Information on IC [intelligence community] membership available online at <http://www.intelligence.gov/1-members.shtml> (accessed 28 August 2009).

1. Executive Order 13224 – Blocking Property and Prohibiting Transactions

Executive Order (EO) 13224, *Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism*, 23 September 2001, allows the US Treasury Department’s Office of Foreign Asset Control (OFAC) under a declaration of national emergency to freeze the assets of designated international terrorist groups.¹³⁰ This executive order also authorizes the US Government to block the assets of foreign individuals and entities that “provide support, services, or assistance to, or otherwise associate with, terrorists and terrorists organizations designated under the Order, as well as their subsidiaries, front organizations, agents, and associates.”¹³¹

2. Intelligence Reform and Terrorism Prevention Act of 2004

This statute clarifies and expands the criminal act of “providing material support to terrorists.”

1. It establishes jurisdiction over an offense, even if the offense occurred outside the United States, if the offender is brought into or is found in the United States.
2. It clarifies the definitions of several types of “material support” – including training, personnel, and expert advice or assistance – in addition to financial support.

¹³⁰ This EO is pursuant to the International Emergency Economic Powers Act, the National Emergencies Act, Section 5 of the *UN Participation Act of 1945*, and Section 301 of Title 3 US Code.

¹³¹ US Department of State, Office of the Coordinator for Counterterrorism, EO 13224, (23 September 2001), <http://www.state.gov/s/ct/rls/other/des/122570.htm> (accessed 15 August 2009). For a list of the terrorist groups designated under EO 13224, see US Department of Treasury, Office of Foreign Assets Control, “Terrorism: What You Need to Know About U.S. Sanctions,” <http://www.treasury.gov/offices/enforcement/ofac/programs/terror/terror.pdf> (accessed 15 August 2009). See also Terrorism Sanctions Regulations (Title 31, Part 595 of the US Code of Federal Regulations); Terrorism List Governments Sanctions Regulations (Title 31, Part 596 of the US Code of Federal Regulations); and Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of the US Code of Federal Regulations): http://www.law.cornell.edu/uscode/html/uscode31/uscode31_usc_sup_01_31.html.

3. It makes concealing the proceeds of funds a prosecutable offense, in addition to concealing the funds themselves, and it makes it a criminal offense to conceal funds when they are to be used to support terrorism, in addition to when they have been used to support terrorism.
4. It includes a congressional finding that “cutting off terrorist financing is a priority policy of the United States” and declares it is the sense of Congress that “efforts to track terrorist financing must be paramount in United States counterterrorism efforts.”¹³²

3. Currency and Foreign Transaction Reporting Act of 1970

The *Currency and Foreign Transaction Reporting Act* (known as the *Bank Secrecy Act*) and its implementing regulation, 31 Code of Federal Regulations 103, is an anti-money-laundering statute.¹³³ The US Treasury Department’s Financial Crimes Enforcement Network (FinCEN) is responsible for administering this act. Under it, financial institutions must “keep records of cash purchases of negotiable instruments, file reports of cash transactions exceeding \$10,000 (daily aggregate amount), and report suspicious activity that might signify money laundering, tax evasion, or other criminal activities.”¹³⁴ More than 170 crimes are listed in federal money-laundering statutes, for example, “drug trafficking, gunrunning, murder for hire, fraud, acts of terrorism, and illegal use of wetlands.”¹³⁵

¹³² US Government Printing Office, http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=108_cong_public_laws&docid=f:publ458.108.pdf (accessed 6 May 2010).

¹³³ Congress has enacted a few other anti-money-laundering acts to amend the Bank Secrecy Act, including provisions in Title III of the *USA PATRIOT Act* (see 31 USC 5311-5330 and 31 CFR 103); the *Anti-Drug Abuse Act of 1986*, which included the *Money Laundering Control Act* of 1986; and the *Money Laundering Suppression Act of 1994* (Title IV of the *Riegle-Neal Community Development and Regulatory Improvement Act of 1994*).

¹³⁴ Anderson, *Disrupting Threat Finance*, p. 105.

¹³⁵ *Bank Secrecy Act/Anti-Money Laundering Comptroller’s Handbook*, Comptroller of the Currency Administrator of National Banks (December 2000), p. 1.

4. Section 304 of Public Law 102-138 as amended by Public Law 103-236 (Title 22 US Code, Section 2656g)

The Secretary of the Treasury, in consultation with the Attorney General and appropriate investigative agencies, is required to provide to Congress an annual report on the “nature and extent of assets held in the United States by terrorism-supporting countries and organizations engaged in international terrorism.”¹³⁶ OFAC prepares and submits this annual report.¹³⁷

5. Title 21 US Code, Sections 959 and 960a

For federal law enforcement, two statutes are helping to prosecute high-profile drug traffickers with links to Afghan insurgents: Sections 959 and 960a in Title 21 US Code.¹³⁸

- **Section 959, “Possession, Manufacture, or Distribution of Controlled Substance,”** enacted in October 1970,¹³⁹ is a conspiracy law that gives federal law enforcement agencies authority to investigate and charge drug traffickers on extraterritorial offenses that have “a nexus to the U.S. even though the drugs in question have not actually entered the United States.”¹⁴⁰
- **Section 960a, “Foreign Terrorist Organizations, Terrorist Persons and Groups,”** passed in March 2006, is an extraterritorial statute that enables the federal law enforcement agencies to investigate and prosecute narco-terrorists when a drug-law violation can be linked to an act of terrorism or a terrorist organization. Section 960a has one important advantage that makes it a potent law:

¹³⁶ *Terrorist Assets Report: Calendar Year 2006; Fifteenth Annual Report to Congress on Assets in the United States of Terrorist Countries and International Terrorism Program Designees*, Office of Foreign Assets Control, US Department of the Treasury, p. 2.

¹³⁷ *Terrorist Assets Report: Calendar Year 2006*.

¹³⁸ See US Code Title 21, Chapter 13, Subchapter II, Sections 959 and 960a.

¹³⁹ While Section 959 has been public law since 1970, it was not widely used until the 1990s when DEA made a concerted effort to expand its extraterritorial operations.

¹⁴⁰ Harrigan, *Confronting Drug Trafficking in West Africa*, p. 7.

“...there is no requirement for a nexus to the U.S. for the underlying drug offense, a concept that is particularly important in cases involving heroin from Afghanistan....”¹⁴¹

6. Directive-Type Memorandum (DTM) 08-034 – DoD Counterthreat Finance Policy

On 2 December 2008, Deputy Secretary of Defense Gordon England issued DTM 08-034 to establish DoD roles and missions for “countering financing used by illicit trafficking networks to support an adversary’s ability to negatively affect U.S. interests.” Commander, US Special Operations Command, was designated the DoD lead agent. Within 180 days, the Under Secretary of Defense for Policy (USD (Policy)) was to have converted the DTM into a DoD Directive. The DTM also recommended that the next review of the Unified Command Plan consider “Counterthreat Finance,” a specified mission under Special Operations Command. As of December 2009, the USD (Policy) has not converted the DTM, and the combatant commands continue to have conflicting interpretations regarding roles and missions. Thus, DoD remains without a clear, coherent strategy for coordinating counterthreat finance activities among DoD components.

7. USA PATRIOT ACT, 26 October 2001

The USA PATRIOT Act¹⁴² was enacted after the September 11, 2001, terrorist attacks to enhance domestic security and improve counterterrorism coordination. It was designed to “deter and punish terrorist acts in the United States and around the world, to enhance law enforcement investigatory tools, and for other purposes.”¹⁴³ According to FinCEN’s characterization of the act, it includes the following provisions:

- to strengthen US measures to prevent, detect, and prosecute international money laundering and financing of terrorism;

¹⁴¹ Harrigan, *Confronting Drug Trafficking in West Africa*, p. 8.

¹⁴² Its full title is *Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism* (USA PATRIOT Act).

¹⁴³ The full text of the US PATRIOT Act is available at <http://epic.org/privacy/terrorism/hr3162.html> (accessed 17 August 2009.)

- to subject to special scrutiny foreign jurisdictions, foreign financial institutions, and classes of international transactions or types of accounts that are susceptible to criminal abuse;
- to require all appropriate elements of the financial services industry to report potential money laundering; [and]
- to strengthen measures to prevent use of the US financial system for personal gain by corrupt foreign officials and facilitate repatriation of stolen assets to the citizens of countries to whom such assets belong.¹⁴⁴

This act greatly expanded law enforcement’s surveillance and investigative powers. It broadened the definition of terrorism to include domestic terrorism, enabling the surveillance and investigation of political groups, US citizens, and others in the United States as well as abroad.

8. Title 10 US Code, “Armed Forces”

Title 10 provides the legal basis for the roles, missions, and functions of the Department of Defense and its components. It provides for the establishment of combatant commands to perform military missions and prescribes that the chain of command runs from the President to the Secretary of Defense and from the Secretary of Defense to the commander of a combatant command. Title 10 thus provides the legal basis for military action ordered by the President.¹⁴⁵

9. Title 50 US Code, “War and National Defense”

Title 50 is the codified body of law regarding war and defense. Its 43 chapters cover topics ranging from “Interference with Homing Pigeons Owned by the United States” (this one has been repealed) to “Preventing Weapons of Mass Destruction Proliferation and Terrorism.” Specific provisions that address adversary resourcing include the following:

¹⁴⁴ See FinCEN’s assessment of the USA PATRIOT Act, which is available at http://www.fincen.gov/statutes_regs/patriot/index.html (accessed 17 August 2009.)

¹⁴⁵ http://www.law.cornell.edu/uscode/10/u7sc_sup_01_10.html (accessed 06 May 2010).

1. Section 403-5a, which establishes authorities and limitations for assistance to United States law enforcement agencies by elements of the intelligence community and the Department of Defense
2. Section 404m, which requires the Secretary of the Treasury to report to Congress semiannually about operations against terrorist financial networks.
3. Section 404n-1, which requires the Director of National Intelligence to establish within the Central Intelligence Agency a Foreign Asset Tracking Center responsible for conducting all-source intelligence analysis of information relating to the financial capabilities, practices, and activities of individuals, groups, and nations associated with international terrorism
4. Chapter 36, which provides authorities for and limitations on foreign intelligence surveillance, including Section 1861, which provides authorities and procedures for the Federal Bureau of Investigation to access certain business records for foreign intelligence and international terrorism operations.

D. The MMSS Framework: An Analysis of the Taliban

ISAF in Afghanistan faces an amalgam of adversaries, including criminal enterprises (principally DTOs), the Afghan Taliban, the Pakistan Taliban, warlords, and corrupt government officials – the exact combination varies by locale. To illustrate the application of the MMSS framework, the Afghan Taliban in RC-South will be the focus of a brief assessment here.¹⁴⁶ The Afghan Taliban is a suitable focus because it is the most-often cited adversary in Afghanistan.

Applying the MMSS framework to the Taliban reveals a robust resourcing network (see Table IV-1, page IV-3). The Taliban in RC-South is well financed, earning most of its operating funds from the drug trade. Estimates of the Taliban's annual earnings from drugs range from \$70 million to \$125 million to \$500 million.¹⁴⁷ The proceeds the Tali-

¹⁴⁶ There is a growing insurgency in Pakistan also led by the Taliban, but there are important distinctions between the Afghan Taliban and Pakistan Taliban. Moreover, the Taliban, sometimes seen as a monolithic entity, actually contains many groups such as the HQN and the HiG.

¹⁴⁷ The most recent official joint assessment from the Central Intelligence Agency and Defense Intelligence Agency puts the Taliban's profit from the drug trade at \$70 million while updated estimates from new methodologies from the United Nations Office on Drugs and Crime put profits at \$125

(Continued)

ban raises from its partnerships with criminal organizations have enabled the *Quetta Shura*,¹⁴⁸ the Taliban strategic nerve center, to create a merit-based system for operational commanders who receive funds based on the *Quetta Shura*'s assessment of their effectiveness. *Quetta Shura* funds come from multiple sources, the most prominent being external donors such as charities and direct donations from wealthy individuals. There is also speculation that the Taliban receives external support from Iran and Pakistan. Finally, the Taliban is generating substantial revenue by extorting or otherwise corrupting the personnel with the Coalition (for example, USAID or the United Nations) economic development efforts.¹⁴⁹

While this story is not complete because it omits classified intelligence, it does provide insights into the Taliban's resourcing infrastructure. Once combined with classified intelligence, patterns may be discerned and actionable information generated. Acting against some of these sources of funding could help dissuade the adversary from conducting major operations by driving up their costs. It could also force the Taliban to develop new sources that could alienate the local population. For example, cutting the Taliban's resources from drug trafficking would force the Taliban to tax other crops or goods (such as wheat), or increase its extortion of local contracts funded by US PRTs. Forcing the Taliban to tax legal goods, impose fees for other services, or increase its "take" from development projects could work to the advantage of the Coalition if Coalition commanders respond with a targeted information campaign or if the locals get frustrated with the new Taliban taxes.

million (US Department of State, Bureau of International Narcotics and Law Enforcement Affairs, *Afghanistan's Narco War*, p. 10). These official estimates likely understate the profits earned from drug trafficking because they do not account for the Taliban's expansion in the trafficking business, particularly processing and distribution. For a detailed description of the Taliban's expansion into the drug trade and how it is earning them closer to \$500 million, see Peters, *Seeds of Terror*.

¹⁴⁸ The *Quetta Shura* is the inner circle of Taliban clerics and commanders led by Mullah Omar. The *Shura* functions as the Taliban's board of governors, consisting of about 30 members that provide the "intellectual and ideological underpinnings of the Taliban insurgency" (Eric Schmitt and Mark Mazzetti, "Taliban Haven in Pakistani City Raises Fears," *New York Times* (10 February 2009), http://www.nytimes.com/2009/02/10/world/asia/10quetta.html?_r=1 (accessed 29 March 2010)).

¹⁴⁹ "Are U.S. Taxpayers Funding the Taliban?" Reuters (3 September 2009), <http://www.reuters.com/article/newsOne/idUSTRE5823IL20090903> (accessed 18 November 2009).

Finally, if the “\$10-a-day Taliban” is true,¹⁵⁰ the rank and file members of the operational Taliban are less motivated by ideology and more by money, meaning they could just as plausibly be subsidized to do other work such as building roads, doing construction, or farming legal crops.¹⁵¹ Removing local Afghans from the fight helps to isolate the insurgency from the general population since Afghans are not that accepting of foreigners.¹⁵²

E. Comparing Adversaries: Threat and Vulnerability

The information provided by the MMSS framework can be used to paint a rough picture of the various adversaries operating in a commander’s area of operations by the threats they pose and their vulnerabilities.

The threat posed by an adversary can be assessed in many ways. One qualitative measure depends on what the adversary spends its funds. Consider the following options for spending:

- **Locally (district basis)**, to enhance their position and protect themselves.
- **Locally (provincial basis)**, on recruitment to increase their family/tribal positions.
- **Nationally**, to “buy” corrupt Government officials.
- **Internationally**, to impact events and situations in NATO and the United States.

¹⁵⁰ US Department of State, Bureau of International Narcotics and Law Enforcement Affairs, *Afghanistan’s Narco War*, p. 10.

¹⁵¹ In Afghanistan, there is a difference between *operational* Taliban and *strategic* Taliban. Those operating on the ground often act out need for money or, in the cases of eradication, revenge for the destruction of land. These actions are much different from the strategic Taliban in the *Quetta Shura* who are ideologically driven and who are still seeking an Afghan *sharia*-led state that begins in Kandahar and works its way north, capturing Kabul.

¹⁵² For a description of the Afghans’ opposition to foreign fighters, see Masood Farivar, *Confessions of a Mullah Warrior* (New York: Grove/Atlantic, Inc., 2009).

Therefore,

If Threat = Capability x Intent,

Then Amount of Income $\approx$ Capability and Amount Spent $\approx$ Intent.

The organizations that spend locally are less of a threat than those who use their resources to affect provincial or national events and persons; and those are less of a threat to the United States than those who choose to wage war on an international scale.

A *quantitative measure* is the amount of money an adversary can bring to bear on the situation; so estimated annual income becomes a proxy for the magnitude of a specific threat.

The vulnerabilities in an adversary's means of making, moving, storing, and spending their resources can be assessed in many ways; for example:

- Whatever the metrics used, the vulnerabilities are scaled from zero (invulnerable) to one (highly vulnerable). Values on this vulnerability axis can be based on subjective judgments of subject matter experts.
- The plotting of data may be facilitated by setting one adversary as the standard by which all others will be differentiated (perhaps giving it a value of 0.5), as shown in the axis in Figure IV-1 below).

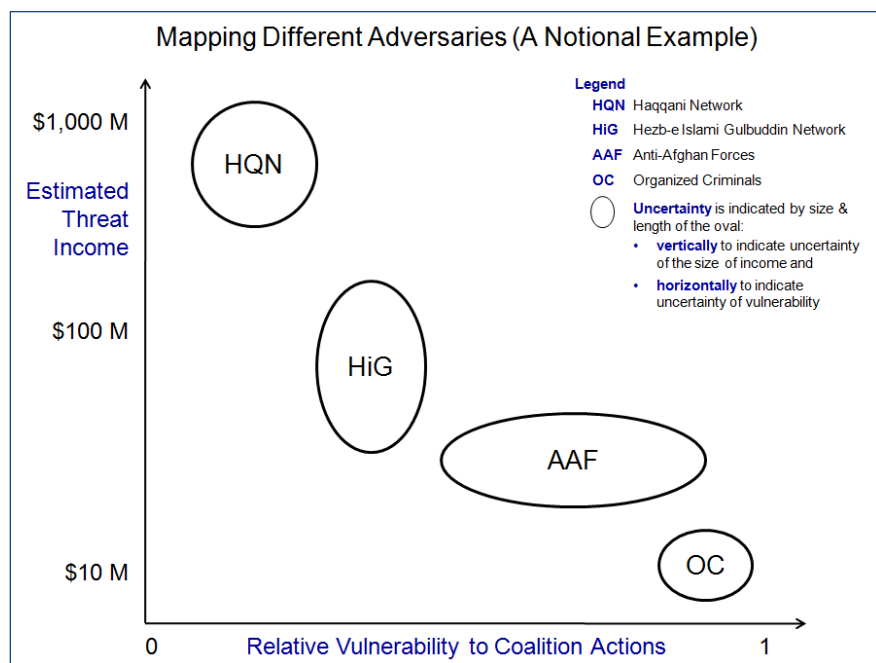


Figure IV-1. Threat (Based on Income) vs. Vulnerability Graph

A simple means to differentiate among adversaries is plotting “threat” vs. “vulnerability” for each adversary in a commander’s area of operations. The shape of the ovals provides a simple way to present the uncertainties in the magnitude of the threat and the vulnerability:

- “HQN” is recognized as the greatest threat, while organized crime poses the least danger.
- “Anti-Afghan Forces” is an interesting case in that it poses a significant level of threat but is relatively vulnerable.
- “Organized crime” is both less threatening and vulnerable than the other adversaries.

Given this analysis, HQN could certainly deserve the highest priority. But if it was important to have early success in eliminating a significant adversary, then giving highest priority to HiG would be justified because its assessed vulnerability is greater than HQN’s. **In sum:** When staffs can identify which adversaries are the greatest (and least) threats, and which are the most (and least) vulnerable, then the commander can choose where to set his priorities for using resources to counter adversary resourcing.

F. Special Situations

1. Countering Local Partner Corruption

A tool identified earlier in Chapter III focused on the availability of local partners – whether or not potential Afghan partners were credible (that is, relatively free from corruption) and competent as well. This tool is important because an Afghan partner is critical for effective economic actions.

The following actions have the potential to reduce corruption:

- Increase deterrence against future bribery by producing intelligence and instituting actions that lead to firing corrupt officials.
- Reduce the funds available to bribe government officials by actions that make it much more difficult for these corrupt officials to access their funds.
- Reduce bribery by arresting and imprisoning the leaders of criminal organizations involved in large-scale bribery.

Consider a province in which some districts offer credible partners so that effective economic actions can be taken in these districts, but adjacent districts offer only corrupt partners. Here it would be smart to attack corruption in the adjacent districts while taking effective economic actions in the districts that have credible Afghan partners. Timing is key: by the time the economic activities would have produced positive economic effects locally, the counteradversary resource actions would have to produced positive counter-reduction effects in the adjacent districts, permitting a credible Afghan partner to come forward in these adjacent districts. In this way, the success from the economic actions taken in one district could be built upon and extended to the rest of the districts in the province.

2. Judging Acceptable Collateral Damage

A question for commanders and staffs is, how much collateral damage can be tolerated in countering adversary resourcing? For example:

- Actions taken to stop contributions reduce the ability to “make” and can affect services provided by legitimate charities.
- Actions taken against “move” can affect *hawalas* that transfer legitimate overseas remittances.
- Actions taken against “store” can affect banks used by legitimate businesses.
- Actions taken against “spend” can affect organizations that provide services and goods to legitimate businesses and the local people.

Understanding the four categories of the 2 x 2 matrix on people’s perspectives can help to make this judgment (see Chapter III). In addition:

- In **Category 1** – where the Coalition-HNG already provides security and the people support the government – the Coalition will want to do no harm. Therefore, a commander would want to avoid collateral damage as much as possible even if it means less aggressive counteradversary-resourcing operations (since security is already under control).
- In **Category 2** – where the Coalition-HNG already provide the security but the people oppose the government – the Coalition want to turn the population towards the government rather than take actions to hurt them. Therefore a Coalition command would want to minimize collateral damage to the local population

even at the cost of less effective counteradversary resource operations (again, because security is under control).

- In **Category 3** – where the adversary holds the security edge but the people support the HNG – the Coalition needs to turn around the security situation as quickly as is practicable but without causing serious harm to the local population. A commander would want to emphasize effective counteradversary resource operations, and could tolerate some short-term collateral damage but not long-term damage that could hurt the friendly population after the Coalition has restored security.
- In **Category 4** – where the adversary provides security and the locals oppose the HNG – the Coalition needs to turn around the security situation. A commander would want to emphasize the most effective counteradversary resource operations, accepting a greater degree of collateral damage if necessary. Harm to the local population is the cost of doing business, but damage inflicted should be followed swiftly by solatium payments (compensation) in an affects to reduce the long-term effects.

In this way, the 2 x 2 matrix mapping people's attitudes can be used by a commander and staff to guide their judgment on acceptable collateral damage in using counter-resourcing actions.

3. Containing Capabilities Related to Nuclear Weapons

A special situation exists where an adversary or criminal organization in Afghanistan has a capability that could be exploited to increase the nuclear weapons threat to the United States, its allies, and its interests. Consider the various capabilities that adversaries or criminal organizations in Afghanistan have that could be useful to Al-Qaeda if it were to seek possession of a nuclear weapon or radioactive materials for a “dirty bomb”:

- A capability to covertly move large sums of money to Pakistan to pay for a stolen nuclear weapon or radioactive material.
- A capability to covertly move a nuclear weapon or radioactive material from the tribal regions of Pakistan to the “-stans” (former Soviet Socialist Republics) or to a Pakistan port on the Indian Ocean.
- A capability to covertly store a stolen nuclear weapon or radioactive material for long periods in Afghanistan.

A command should consider it a high priority to monitor these capabilities and reduce the extent they could be exploited to pose a nuclear threat.

4. Threats Outside the Area of Operations

Commanders and staffs are obligated to identify, prioritize, and handle adversaries that are internal to their areas of operations. The MMSS framework helps commanders and staffs identify adversaries who operate outside their areas of operations. Having this broader perspective can help commanders work with commanders in adjacent areas, thus helping to reduce the “stovepiping” often produced by the boundaries of the areas of operations.

5. Common Capability and/or Vulnerability

A special situation exists when the MMSS framework identifies either a capability or a vulnerability common to more than one adversary group. (For example, the adversary groups use the same method to move resources, the same “bank” to hold liquid assets, or the same method to pay insurgents.) If a commander and staff discern a pattern that identifies a common use or approach across adversary groups, they can identify a common vulnerability that all these groups possess.

G. Case Studies: Haji Bagcho and Haji Jima Khan

1. Haji Bagcho

Haji Bagcho (aka Haji Bagh Chagul) is awaiting trial in the United States after his arrest in late June 2009 in Peshawar, Pakistan. Prosecutors from the District Court for the District of Columbia charged him with one count of conspiracy to distribute heroin in the United States and one count of distribution of heroin in the United States. (A conviction on each count carries a mandatory minimum sentence of 10 years in prison.)

The first count in the indictment is a violation of US Code Title 21, Section 959, “Possession, Manufacture, or Distribution of Controlled Substance.”¹⁵³ US law enforcement officials and GIRoA consider Haji Bagcho to be one of Afghanistan’s largest heroin suppliers, running a substantial network of labs in eastern Afghanistan. They also suspect him of providing direct financial support to the Taliban in exchange for the protection of his labs.

While most of the case detailing Haji Bagcho’s trafficking operation remains in pre-trial discovery and therefore is not available for public information, one of his ledgers captured during the investigation revealed that Bagcho earned profits in excess of \$100 million during an eight-month period.¹⁵⁴ The investigation into Bagcho began in September 2006 with the cooperation of GIRoA’s Attorney General and Criminal Justice Task Force who, in partnership with DEA, orchestrated an undercover operation into Bagcho’s operations.¹⁵⁵

2. Haji Juma Khan

Prior to his arrest in October 2008, Haji Juma Khan was considered by both US and GIRoA law enforcement officials to be perhaps the largest drug trafficker in Afghanistan, moving quantities of morphine base as large as 40 tons, which is enough to supply the US market for more than two years. Charged under US Code Title 21, Section 960a for “conspiracy to distribute narcotics with intent to support an organization engaged in terrorism,” Khan faces a mandatory minimum sentence of 20 years in prison.¹⁵⁶

¹⁵³ *United States of America v. Haji Bagcho*, United States District Court for the District of Columbia, Grand Jury Indictment; “Alleged Afghan Narcotics Trafficker Ordered Detained Pending Trial on U.S. Drug Charges,” US Department of Justice, Office of Public Affairs (29 June 2009).

¹⁵⁴ “Reputed Afghan Drug Lord Held for Trial in U.S.,” *CNN* (29 June 2009).

¹⁵⁵ “Alleged Afghan Narcotics Trafficker Ordered Detained Pending Trial on U.S. Drug Charges,” Department of Justice, Office of Public Affairs (29 June 2009); “Reputed Afghan Drug Lord Held for Trial in U.S.,” Terry Frieden, reporter, *CNN* (29 June 2009).

¹⁵⁶ *United States of America v. Haji Juma Khan*, United States District Court, Southern District of New York, Grand Jury Indictment ; “Afghan Drug Kingpin Charged with Terrorist Financing for Funding Taliban Insurgency,” United States Attorney, Southern District of New York (21 April 2009).

The investigation into Khan began about March 2006 and includes the testimony of at least four co-conspirators who described the operations of Khan's DTO, including one co-conspirator who details payments from Khan's DTO to the Taliban in Baram Chah, Afghanistan.¹⁵⁷ Between his trafficking hub in Baram Chah and his headquarters in Quetta, Pakistan, Khan wove an intricate network of high-level government connections in Afghanistan, Pakistan, and Iran (most likely Turkey and the United Arab Emirates (UAE) as well), the Taliban, and other DTOs to facilitate his organization's operations that are worth an estimated \$1 billion per year.¹⁵⁸ These operations include illicit drug trafficking as well as "legal" front companies, such as his Toyota Land Cruiser import-export business, used to facilitate this trafficking.¹⁵⁹

In October 2008, DEA, seizing an opportunity to remove Khan from the battlefield, used a DEA agent's previous relationship with Khan to lure him out of Afghanistan. Once Khan was airborne, leaving Afghanistan for Indonesia to meet the agent, the US Attorney unsealed Khan's indictment, filed for an Interpol Red Notice (which notifies foreign authorities a person is wanted for arrest), and waited for Khan to land.¹⁶⁰ Upon landing in Indonesia, Khan was detained by Indonesian authorities who had been alerted by the Red Notice. The Indonesians promptly handed him over to the waiting DEA agents. Now under arrest, Khan was escorted by the DEA agents to the Southern District of New York where he is now awaiting trial.¹⁶¹ Khan's opportunistic arrest temporarily disrupted his organization's operations while the DTO altered its operations and resolved the gap in leadership.

¹⁵⁷ Baram Chah is an Afghanistan-Pakistan border town in the Chagai Hills and the central hub for Khan's criminal enterprise. The town also served as a springboard for Taliban attacks as the insurgents transferred weapons and people in and out of Quetta, Pakistan (Declan Walsh, "Flower Power," *The Guardian* (16 August 2008)); *United States of America v. Haji Juma Khan*, United States District Court, Southern District of New York, Grand Jury Indictment.

¹⁵⁸ Gretchen Peters, *How Opium Profits the Taliban*, Peaceworks no. 62, United States Institute of Peace (August 2009); for a detailed description of Khan's operations, see Peters, *Seeds of Terror*.

¹⁵⁹ Peters, *How Opium Profits the Taliban*, p. 26.

¹⁶⁰ For a description of Interpol Red Notices, see <http://www.interpol.int/Public/Wanted/Default.asp> (accessed 25 November 2009).

¹⁶¹ JAWP team interview with senior DEA officials familiar with the case (28 May 2009).

V. Helmand Province: Analysis and Recommended Economic-Related Actions

This chapter describes a COA to take in the Helmand province that gives prominence to economic-related actions. Key aspects of the operational environment in Helmand are summarized first. To develop guidance for actions, an analysis is given of the critical aspects of the economic terrain and human terrain. Finally, Helmand-specific actions are proposed and then contrasted to ongoing actions as of this date.

A. Key Aspects of the Operational Environment

Since 2006, the security situation in RC-South, and Helmand province in particular, has deteriorated. In November 2009, Helmand was the most violent province in Afghanistan. This decline was perpetuated by ISAF and ANSF failing to implement effectively a “shape, clear, hold, build” strategy, especially the “hold and build” in “cleared” areas of the province.

Helmand is located in southwest Afghanistan (Figure V-1, next page). About 94% of Helmand’s 1.4 million people live in rural areas; most are Pashtun, although there is a significant Balochi minority in the southern half of the province. Pashto is the dominant language spoken by 92% of the population.¹⁶² An irrigation system from the Helmand River reaches 70% of the province’s farmland, providing deep fertile soil.¹⁶³

Helmand is the heart of the Afghan drug industry. It produces two-thirds of the country’s opium and is central to opium processing and refining into morphine base or heroin.¹⁶⁴ Of the estimated 205,000 to 236,555 hectares of irrigated land, approximately 50% are devoted to pop-

¹⁶² Afghan Ministry of Rural Rehabilitation and Development, *Helmand Provincial Profile*, p. 2.

¹⁶³ United Nations, *Regional Rural Economic Reintegration Strategies: Provincial Profile for Helmand Province*, p. 1, <http://www.undp.org.af/publications/RRERS/Helmand%20Provincial%20Profile.pdf>.

¹⁶⁴ United Nations Office on Drugs and Crime, *Afghanistan Opium Survey 2007*, p. 21; United Nations Office on Drugs and Crime, *Afghanistan Opium Survey 2008*, pp. 96–97; Program for Culture and Conflict Studies at the Naval Postgraduate School, *Heroin Production in Afghanistan: Helmand, Nangarhar, and Badakhshan* (14 April 2009), pp. 1-2

py growth.¹⁶⁵ The forces opposing GIRoA in Helmand are criminal enterprises (mainly DTOs), Taliban, and corrupt government officials, for example, and all are closely linked to Helmand's narcotics industry. Each one is involved with the opium trade, from poppy growth to processing to distribution, and its derivatives. The groups collaborate opportunistically when it suits their purposes.



Source: USAID, Afghanistan – Helmand province map,
<http://afghanistan.usaid.gov/en/Province.11.aspx> (accessed 24 March 2010).

Figure V-1. Helmand Province Map

The most important criminal enterprise in Helmand is drug trafficking. Major DTOs are, at times, more powerful than the Taliban. These organizations operate like a mafia and often hire the Taliban to service their trade. Major traffickers employ private armies that can be as large as 1,500 men armed with modern small arms and rocket-propelled grenades.¹⁶⁶ To maintain opera-

¹⁶⁵ For the low-end estimate of irrigated land, see Senlis Council (now the International Council on Security and Development) *Helmand Province Profile* (2 June 2006), available online at crisismonitoring.org/index.php?option=com_docman&task=doc_download&gid=56&Itemid=55&lang=it (accessed 2 November 2009). For the high-end estimate of irrigated land, see US Agency for International Development commissioned study by Chemonics International, Inc., *Helmand Market Assessment* (August 2003), http://pdf.usaid.gov/pdf_docs/PNACY284.pdf (accessed 2 November 2009). The estimated land usage for poppy growth comes from the United Nations Office on Drugs and Crime, *Afghanistan Opium Winter Survey 2009*, p. 6.

¹⁶⁶ For a detailed description of how these DTOs operate see Peters, *Seeds of Terror*.

tional control and secrecy, DTOs normally work within their family structure, as well as their tribal structure. However, DTOs will often work with whoever will increase their profit.¹⁶⁷

The Taliban in RC-South is well financed, earning most of its operating funds from the drug trade. Official estimates of the Taliban's annual earnings from drugs range from \$70 million to \$125 million (but unofficial estimates put it as high as \$500 million).¹⁶⁸ From the proceeds raised from its partnerships with criminal organizations, the *Quetta Shura*¹⁶⁹ directs the Taliban and distributes strategic funds based on merit (that is, to those commanders it believes to be the most effective). *Quetta Shura* funding comes from many sources, the most prominent being donors external to Afghanistan such as charities and direct donations from wealthy individuals. There is also speculation that the Taliban receives support from Iran and Pakistan. The Taliban uses its operations in Helmand to gain money, power, and the ability to operate freely there, as it prepares for a strategic offensive in Kandahar province, birthplace of the Taliban and its ideological home.

ISAF's surge strategy in Helmand has been focused on "clearing" the province of anti-Afghan government forces and establishing security. With 11,000 Marines from the 2nd Marine Expeditionary Brigade (MEB) added to the 8,000 British troops already in Helmand, ISAF was able to push troops into areas previously untouched by international forces. An effective partner-

¹⁶⁷ DTOs will collaborate with other DTOs of a different tribal base, or other groups such as the Taliban. Two prominent examples of this are Haji Bashar Noorzai who led a major DTO within the Noorzai tribe that became one of the original sponsors of the Taliban; and Haji Juma Khan, who kept the leadership of his DTO within his family while spreading the organization throughout the Brahui tribesman and supporting the Taliban. (For a detailed description of how these DTOs operate, see Peters, *Seeds of Terror*).

¹⁶⁸ The most recent official estimate released in a joint assessment from the Central Intelligence Agency and Defense Intelligence Agency put the Taliban's profit from the drug trade at \$70 million while updated estimates from new methodologies from the United Nations Office on Drugs and Crime put profits at \$125 million (US Department of State, Bureau of International Narcotics and Law Enforcement Affairs, *Afghanistan's Narco War*, p. 10). These official estimates likely understate the profits earned from drug trafficking because they do not account for the Taliban's expansion in the trafficking business, particularly processing and distribution. For a detailed description of the Taliban's expansion into the drug trade and how it is earning them closer to \$500 million, see Peters, *Seeds of Terror*.

¹⁶⁹ Led by Mullah Omar, *Quetta Shura* is the inner circle of Taliban clerics and commanders, consisting of about 30 members, and functions as the Taliban's board of governors who provide the "intellectual and ideological underpinnings of the Taliban insurgency" (Eric Schmitt and Mark Mazzetti, "Taliban Haven in Pakistani City Raises Fears").

ship with ANSF is an essential part of ISAF's approach; however, the capacity to produce the required Afghan National Army troops has been lacking. For example, when the 2nd MEB arrived in Helmand, its commander, Brigadier General Lawrence Nicholson, thought an almost equal force of ANSF would partner with his 11,000 Marines, but as of the beginning of July 2009, his force had been able to partner with only 500 Afghan soldiers.¹⁷⁰

B. Analysis of Helmand

This section uses the tools discussed previously in Chapter III to briefly analyze the critical aspects of (1) the human terrain, namely, the people's attitudes, the human and institutional capital available, key organizations and leaders, and the availability of local partners; (2) the economic terrain, namely, the map of the local economy and the map of the adversarial resourcing; and (3) the legal terrain.

1. People's Attitudes

Helmand is in quadrant four, the most challenging quadrant of the "People's Attitudes Matrix" (Chapter III, Figure III-1), which describes the people's view on security and preferences. GIRoA is not the sole provider of security. It has no presence in a few districts; and in many others, it is present only in the district center and not in the countryside, thus ceding authority to the Taliban (see Figure V-2).¹⁷¹ Popular support for GIRoA and ISAF is low. Ideology does not seem to be the driver. Lack of government presence and the poor government performances have given the people little reason to place their faith in GIRoA (see Table V-1, page V-6).

Challenging this combination of poor security and low government popularity calls for focusing all assets and economic-related activities on security for the people and de-legitimizing the Taliban ahead of all other priorities – but still being prepared to act quickly to follow up on success.

¹⁷⁰ Rajiv Chandrasekaran, "Marines Deploy on Major Mission: Thousands Fan Out in Afghanistan's South in Crucial Test for Revised U.S. Strategy," *Washington Post* (2 July 2009), <http://www.washingtonpost.com/wp-dyn/content/article/2009/07/01/AR2009070103202.html> (accessed 22 July 2009).

¹⁷¹ Carlotta Gall, "U.S. Faces Resentment in Afghan Region," *New York Times* (2 July 2009), <http://www.nytimes.com/2009/07/03/world/asia/03helmand.html> (accessed 28 January 2010).



Reprinted by permission from *New York Times*; in Gall, "U.S. Faces Resentment in Afghan Region."

Figure V-2. Areas Ceded to the Taliban in Helmand and Kandahar Provinces

Table V-1. Public Opinion Regarding Governance in Helmand Province

Poll Question	Answer Given from Interviewee	% of Population
Who do you blame most for the violence that is occurring in the country?	Taliban	35
	Al-Qaeda / Foreign Jihadists	27
	GIROA and American Forces	12
How would you rate the work of the present government? (Excellent, Good, Fair, Poor, or Don't Know?)	Fair/Poor	51
	Good	37
How would you rate the work of Hamid Karzai as president of Afghanistan? (Excellent, Good, Fair, Poor, or Don't Know?)	Fair/Poor	42
	Good	31
How would you rate the work of the provincial government? (Excellent, Good, Fair, Poor, or Don't Know?)	Fair/Poor	47
	Good	41

Reproduced by permission from ABC News/BBC/ARD Poll of Afghanistan (February 2009).

2. Mapping the Economy: Make, Move, Store, Spend Framework

Most of Helmand's agricultural capacity is used for poppy growth; however, there is an opportunity to use Helmand's fertile soil for other agricultural products such as wheat or melons, almonds, apricots, and pomegranates. Table V-2 illustrates the Helmand economy using the MMSS framework. Using this table, and the available contextual data used to create it, a commander could see that the people in Helmand do not need technical assistance in how to farm. Where Helmand's agricultural industry breaks down is in the "moving" and "storing," both critical for farmers of legitimate crops. Currently, ISAF's ability to wean the populace away from opium production is hindered because the opium needs little storing capacity and has almost indefinite shelf life.¹⁷²

¹⁷² For a brief description of difficulties involved with getting product to market, see "Putting Food on Afghan Tables Getting Harder," *Canwest News Service* (5 January 2008), <http://www.canada.com/windsorstar/news/story.html?id=9bfed7c0-1748-421c-81b0-e19bef7ecb1> (accessed 28 October 2009); for a description of how opium can be stored for long periods of time as a form of savings,

(Continued)

Table V-2. Example of the MMSS Framework for the Helmand Economy¹⁷³

MAKE What, How, and How Much	MOVE What & How	STORE What & Where	SPEND What, How Much, & How	
What: Agriculture (e.g., wheat and pomegranates) How: Labor intensive, dirt farming via drip irrigation systems How many: 69%	• Product (harvested wheat by foot, truck, donkey) • Food • Seed • Flour (imported)	• Seed • Product • Money (<i>hawalas</i>, banks, cash)	• Food (cash, commodity trade) • Personal luxury • Transportation equipment	• Farming equipment • Seed • Labor • Bribes
What: Livestock How: Subsistence living How many: 26%	• Feed (foot, truck, donkey) • Livestock (foot, truck)	• Feed (home) • Livestock (home)	• Food (most is raised for subsistence living) • Bribes	—
What: Poppies How: Industrialized production of morphine base or heroin How many: 41%	• Poppies (foot, truck, donkey, boat, plane) • Opium • Morphine base • Heroin • Precursor chemicals	• Poppies (labs, homes, safe houses) • Opium • Morphine base • Heroin • Precursor chemicals (labs)	• Food (cash, commodity trade) • Personal luxury • Transportation Equipment • Precursor chemicals	• Farming equipment • Seed • Labor • Protection • Weapons • Bribes
What: Smuggling How: Any item that earns money How many: Unreported	• Goods (e.g., cigarettes, chromite, lumber, people, weapons) (any means available)	• Goods (safe houses and places along historical trafficking routes)	• Food (cash, commodity trade) • Personal luxury • Transportation equipment	• Labor • Protection • Weapons • Bribes
What: Construction How: Foreign reconstruction funds How many: 2%	• People (truck, plane) • Supplies (truck, plane)	• Supplies (work site)	• Food (cash, commodity trade) • Personal Luxury • Transportation Equipment	• Supplies • Labor • Protection • Bribes

see Antonio Maria Costa, “An Opium Market Mystery,” *Washington Post* (25 April 2007), <http://www.washingtonpost.com/wp-dyn/content/article/2007/04/24/AR2007042401508.html> (accessed 28 October 2009).

¹⁷³

Percentages shown in parentheses indicate the percentages of households in the province that derive some income from the associated activity. Figures are from the Ministry of Rural Rehabilitation and Development National Surveillance System, which tries to track this data: <http://www.mrrd.gov.af/nss-vau/index.htm>. It references the 2007–08 National Risk and Vulnerability Assessment (NRVA) data at <http://www.mrrd.gov.af/nss-vau/Final%20NRVA%202005%20Report%20-%2028%2007%202007.pdf>.

Using this information about opium and legitimate crops, a commander becomes aware of the gap in farmers' capability to move and store legitimate crops, and he can begin to formulate a plan to use economic resources in ways that help the farmers store their products and move them to market.

3. Human and Institutional Capital

Helmand does not have an abundance of human and institutional capital except for farming where it has good human capital but little institutional capital. Helmand lags behind other provinces in human development with a literacy rate of 5% (lower than the national average of 28%).¹⁷⁴ But the province does have the human capital required to move off poppy growth in favor of legitimate crops. The Afghans in this province understand farming; however, the province lacks the institutional capital to develop a legitimate agribusiness industry. GIRA efforts to resolve issues of property rights, develop agricultural cooperatives, and counter police corruption would improve the institutional capital needed to support legitimate agricultural trade.

4. Credible and Competent Afghan Partners

Western officials consider Helmand's Provincial Governor Gulab Mangal (Figure V-3) to be among the best Afghan politicians. The British named him part of the "Golden 500," Afghan officials identified as capable of turning Helmand around.¹⁷⁵ Mr. Mangal worked in the Interior Ministry in the 1970s under the communist government. In the 1980s, he participated in the anti-Soviet jihad. After the fall of the Taliban, from March 2004 through March 2006, he served as governor of Paktika and head of the Afghan Constitution Commission in the United Nations.



Source: Naval Postgraduate School, Program for Culture & Conflict Studies, "Helmond Province," accompanying photo.

Figure V-3. Governor Gulab Mangal, Helmand Province

¹⁷⁴ Afghan Ministry of Rural Rehabilitation and Development: *Helmand Provincial Profile*, p. 8; Central Intelligence Agency, *The World Factbook: Afghanistan* (keyword: People), <https://www.cia.gov/library/publications/the-world-factbook/geos/AF.html> (accessed 2 July 2009).

¹⁷⁵ Bob Woodward, "Key in Afghanistan: Economy, Not Military," *Washington Post* (1 July 2009), <http://www.washingtonpost.com/wp-dyn/content/article/2009/06/30/AR2009063002811.html> (accessed 4 March 2010).

Mr. Mangal has a reputation for being honest, and Western officials believe in his stated desire to reduce the Taliban's presence and crack down on drug traffickers. He also presents a unique opportunity to start rebuilding this province from the top down. In an environment where drugs and corruption are a way of life, the former governor provides ISAF with a partner who is seen as competent and relatively uncorrupted. The challenge is to ensure that those serving under him are not corrupted by drug money. Key leader engagement by ISAF will have to be aware of this challenge.

5. Mapping Adversary Resourcing

Drug trafficking is one of the largest sources of illegal income for anti-Afghan forces. The MMSS adversary-resourcing framework in Table V-3 (page V-10) reveals a more diverse income stream. It illustrates the five adversarial entities (anti-Afghan forces, criminals, DTOs, GIRoA, and Taliban) operating in Helmand and the various ways they *make, move, store, and spend* resources. The diversity of the Taliban resource network is worth noting: it has not only extensive internal resourcing but also lucrative resourcing from foreign donors. Additionally, the ability of the DTOs to raise and launder money through legitimate businesses (such as real estate) both inside and outside of Afghanistan makes tracking resource flows and enforcement more difficult.

6. Key Legal Authorities – Title 21 US Code, Sections 959 and 960a

Two US federal law enforcement statutes are helping to prosecute high-profile drug traffickers with links to Afghan insurgents:

- **Section 959, “Possession, Manufacture, or Distribution of Controlled Substance,”** enacted in October 1970,¹⁷⁶ is a conspiracy law that gives federal law-enforcement agencies authority to investigate and charge drug traffickers on extraterritorial offenses that have “a nexus to the US even though the drugs in question have not actually entered the United States.”¹⁷⁷

¹⁷⁶ While Section 959 has been public law since 1970, it was not widely used until the 1990s when DEA made a concerted effort to expand its extraterritorial operations.

¹⁷⁷ Harrigan, *Confronting Drug Trafficking in West Africa*, p. 7.

Table V-3. Mapping the Adversary Resourcing Framework of Helmand Province

Adversarial Entity	Source	Make		Move	Store	Spend	
Taliban	Internal	• Drug trafficking • Tax on trafficking routes • Extortion • Zakat	• Kidnapping • Extortion • Other criminal activity • Legitimate businesses	• Couriers • Hawalas • Banks	• Cash • Hawalas • Storage facilities • Labs • Banks	• Weapons • Explosives • Operating costs • Information operations • Personal expenses	• Bribes • Buy off local support • Training camps • Royalties to <i>Quetta Shura</i> • Mosques
	External	• Direct donation • Foreign intelligence services	—	• Couriers • Hawalas • Banks	• Cash • Hawalas • Banks • Safe houses	• Weapons • Explosives • Operating costs • Information operations • Personal gain	• Welfare/morale • Bribes • Buy off local support • Training camps
DTOs	Internal	• Drug trafficking • Legitimate businesses (e.g., travel company & ship fleet)	• Other criminal activity (e.g., kidnapping, human smuggling)	• Couriers • Hawalas • Banks • Front companies	• Cash • Hawalas • Banks • Front companies • Labs • Storage facilities	• Weapons • Explosives • Operating costs • Personal gain • Building mosques	• Taxes to Taliban • Royalties to <i>Quetta Shura</i> • Bribes
	External	• Trade-based money laundering • Investments (e.g., real estate)	—	• Couriers • Hawalas • Banks • Front companies	• Cash • Hawalas • Banks • Front companies • Real estate	• Weapons • Explosives • Operating costs • Personal gain	• Taxes to Taliban • Royalties to <i>Quetta Shura</i> • Bribes
Anti-Afghan Forces (AAF)	Internal	• Smuggling • Extortion • Kidnapping	• Payment to serve as AAF proxy • Robbery	• Courier • Hawalas	• Personal residence • Hawalas	• Personal gain • Weapons • Explosives	• Bribes • Operating costs
	External	• Salary for opposition activity (e.g., Iranian proxy)	• Drug harvesting • Payment for successful attacks	• Courier • Hawalas • Front companies	• Charities • Madrassas • Hawalas • Banks	• Weapons • Explosives • Operating costs	• Bribes • Personal gain
Criminals	Internal	• Smuggling • Extortion • Payment to be AAF proxy	• Kidnapping • Robbery	• Courier • Hawalas • Front companies	• Personal residence • Commodities • Hawalas • Front companies	• Personal gain • Bribes • Operating costs	—
GIROA	Internal	• Bribes (from DTOs, Taliban, Criminals)	• % of reconstruction contracts	• Courier • Banks • Hawalas	• Personal residence • Banks • Real estate	• Personal gain • Real estate	• Security detail

- **Section 960a, “Foreign Terrorist Organizations, Terrorist Persons and Groups,”** passed in March 2006, is an extraterritorial statute that enables the federal law-enforcement agencies to investigate and prosecute narco-terrorists when a drug-law violation can be linked to an act of terrorism or a terrorist organization. Section 960a has one aspect that makes it a potent law: “there is no requirement for a nexus to the US for the underlying drug offense, a concept that is particularly important in cases involving heroin from Afghanistan....”¹⁷⁸

C. Recommended Courses of Action in Helmand

ISAF and GIRoA actions, including economic-related actions, are needed against the Taliban to eliminate its stronghold in Helmand. These actions also need to have the longer-term effect of strengthening the ties between Helmand and the rest of Afghanistan, in order to provide the capability to achieve security together.

Helmand’s overall importance to Afghanistan could extend beyond the Taliban if Helmand were once again the breadbasket for Afghanistan. To get there, ISAF and GIRoA will need to first establish security and, at the same time, ensure that security operations work in tandem with plans to wean Helmand away from poppy cultivation and to turn Helmand’s legitimate agricultural base into a thriving agribusiness. Economic-related actions play a strong role in the following COAs that would (1) protect the local population in Helmand and reduce its support for the Taliban; (2) disrupt the financing of the Taliban and DTOs; and (3) prepare for success, including developing an economic plan to implement when security permits.

RECOMMENDATION: Protect the Local Population and Reduce Its Support to the Taliban and DTOs

1. **Build fortified district centers and the force protection facilities in populated areas using Afghans hired through a local contracting company. These would be the headquarters for ISAF forces, GIRoA officials, and ANSF.** This permanent presence within the district centers would help to reassure the populace that these centers are safe areas in which to be. CERP and other available development

¹⁷⁸ Harrigan, *Confronting Drug Trafficking in West Africa*, p. 8.

funds should pay for these projects.¹⁷⁹ Helmand's PRTs should oversee these projects to ensure the contracting process is not corrupted and that the facilities are built to standard.

2. **Construct paved roads that connect the district centers and force protection facilities (and that contribute to the plan to extend the reach of Helmand's agribusiness into the rest of Afghanistan).** When ISAF contracts for these roads, construction should follow David Killcullen's "10-kilometer rule," that is, hire a local labor force living within 10 kilometers of the section of road being built, to give the locals a stake in protecting the results of their labor.¹⁸⁰
3. **Support cash-for-work programs in those Helmand districts where poverty is the motivation for locals to join the Taliban or DTOs, but not in those districts where non-economic motives are more important.** These programs should offer local sustained employment. GIRoA should develop these programs and the training that could be needed to support them, in consultation with CDCs, which bring local credibility and a better sense of local job opportunities. ISAF could fund these programs with the available development funds, routing the money through reliable Afghan partners, with PRTs overseeing the spending to reduce corruption.

RECOMMENDATION:
Disrupt the Financing of the Taliban and DTOs

4. **Use ATFC capabilities to reduce DTO and Taliban effectiveness in RC-South.** This cell should map the financial networks of both DTOs and Taliban to understand where the revenue comes from, how it is used, and points of vulnerability. This effort will uncover networks – static and dynamic – that can be targeted with economic, kinetic, and law enforcement means. (For example, DTO leaders could be investigated and indicted using Title 21 Section 959 (as was Haji Bagcho), or

¹⁷⁹ Other development funds would include but are not limited to those available through USAID and United Kingdom Department for International Development programs.

¹⁸⁰ Kilcullen, *The Accidental Guerilla*.

Section 960a (as was Haji Juma Khan).¹⁸¹ This mapping analysis should be developed in a way that would permit simultaneous targeting of DTOs and Taliban to maximize the disruption.

5. **Use ATFC capabilities to monitor corruption in development projects. USAID recently opened an investigation to explore allegations that its projects are funding the Taliban.**¹⁸² ATFC should investigate and document any cases, regardless of the origin of funds (that is, ISAF, USAID, United Nations, or NGO), where development funds have been diverted to the Taliban. Once the ATFC documents these cases, it should work with the appropriate authorities to seal off the funding stream.

RECOMMENDATION:
Prepare to Quickly Follow-Up Success after Weakening the Taliban

6. **Prepare and maintain an RC-South agribusiness development “shelf plan” that is to be available when the conditions are right for its full implementation (for example, security, human and institutional capital, effective and uncorrupt partners).** This plan should address all forms of capital – physical, human, and institutional – with early emphasis on the critical human and institutional capital. This plan should be intended to transform Helmand’s poppy industry into a legitimate agribusiness that can make the province a “bread basket” for the rest of Afghanistan. To formulate this plan, ISAF should turn to the USAID’s ADP, along with DoD’s ADTs and HTTs. Benchmarks of progress will be needed to identify which parts of the plan can begin to be implemented now (for example, investments in human and institutional capital) and the conditions under which other parts can be implemented.
7. **Prepare with GIRoA to bring in new competent and uncorrupted province and district leaders, whenever the “shelf plan” is started to be implemented.**

¹⁸¹ See Chapter IV, Section G, “Case Studies.”

¹⁸² “Are U.S. Taxpayers Funding the Taliban?” Reuters (3 September 2009), <http://www.reuters.com/article/newsOne/idUSTRE5823IL20090903> (accessed 18 November 2009).

8. **Prepare plans to support the Afghan district elections planned for 2010.** This election provides a chance for local leaders (for example, members of CDCs) to run for district offices. The election could lead to district officials who are more responsive to the people than before.

* * * * *

The real differences in the actions outlined above and in current ISAF actions are in the current expenditures and the future planning. In Helmand, there continue to be efforts to complete major infrastructure projects such as securing and refurbishing the Kajaki Dam. The prescription above focuses on using economic-related actions to enhance security and take steps to reduce poppy production by Taliban and DTOs. Moreover, it emphasizes putting credible Afghan partners in the lead of all efforts, with close supervision from the PRTs. Finally, it recognizes that some plans (for example, to create an agribusiness in Helmand) just have to be kept on the shelf for now until the conditions are right for their full implementation.

VI. Khost Province: Analysis and Recommended Economic-Related Actions

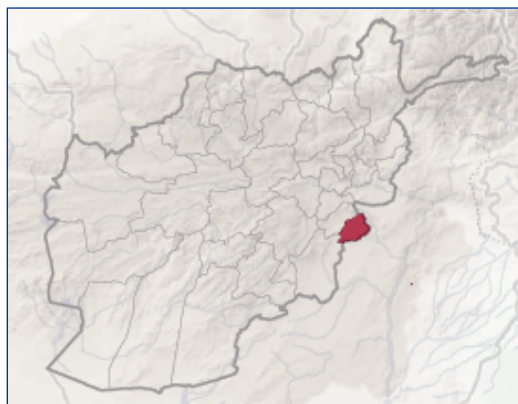
This chapter describes a COA to take in the Khost province that gives prominence to economic-related actions. Key aspects of the operational environment in Khost are summarized first. To develop guidance for actions, an analysis is given of the critical aspects of the economic terrain and human terrain. Finally, Khost-specific actions are proposed and then contrasted to ongoing actions as of this date.

A. Key Aspects of the Operational Environment

Khost is a small province located in east central Afghanistan (Figure VI-1), sharing a border with Pakistan's Federally Administered Tribal Areas (FATA). Khost was part of the larger Paktia province until a few years ago, and still shares many characteristics with its provincial neighbor, including long-standing tribal associations.

Nearly two-thirds of the province is mountainous, with Khost City, the provincial capital, in the middle of a bowl-like valley surrounded by mountains. The population, almost entirely Pashtun, is estimated at more than 600,000, with about one-third living in the vicinity of Khost City.

As a border province in the ethnically homogeneous Pashtun region, Khost is a historic route between Pakistan and Afghanistan for both licit and illicit trade and infiltration (Figure VI-2, next page).



Source: USAID, Afghanistan – Khost province map,
<http://afghanistan.usaid.gov/en/Province.17.aspx>
(accessed 24 March 2010).

Figure VI-1. Khost Province Map



Reprinted with permission from Public Broadcasting System (PBS), Frontline World, "A Critical Part of the World: Pakistan's Tribal Lands," illustration modified,
<http://www.pbs.org/wgbh/pages/frontline/taliban/tribal/map.html>.

Figure VI-2. Tribal Borders Between Afghanistan and Pakistan

Khost's position makes it an ideal base with a cross-border bridge for many insurgent and criminal groups, including the Taliban, Al-Qaeda, HQN, and HiG.¹⁸³ Khost province was a key battleground (as well as a supply and training base) in the war against the Soviets. An Al-Qaeda training camp located there was targeted by US cruise missiles in 1998.

Under the leadership of the Haqqani family, HQN is the principal agency of the insurgency in Khost and is at the forefront of groups who want to disrupt progress in security, governance, and development within the province. HQN in Khost pre-dates the Taliban, but now has adopted the Taliban ideology and is closely allied with it and Al-Qaeda leadership. HQN's presence is particularly strong in the remote Sabari district, as well as in other districts where Haqqani's Zadran subtribe is strong (for example, the Spira, Nadar Shah Kot, and Qalandar districts). In addition, HQN finds sanctuary across the border in the North Waziristan district, in FATA. The district capital Miram Shah is widely believed to be the principal HQN base of external operations.

Khost's economy is tied as much to Pakistan as to the rest of Afghanistan.¹⁸⁴ The poor condition of Khost's roads and the lack of efficient and direct access into Kabul and central Afghanistan explain its isolation and greater economic ties to the tribal regions of Pakistan. The 100-kilometer, all-weather Khost-Gardez road project undertaken by USAID, to be completed by the end of 2009, will end Khost's isolation in the winter months.¹⁸⁵ The hoped-for completion of an airport in Khost City would also facilitate international access.

¹⁸³ Combined Joint Task Force 82 – Operation Enduring Freedom, “ANP and Coalition Forces Disrupt al-Qaeda Cell in Khost,” press release 20081912-01, <http://www.cjtf82.com/press-releases-mainmenu-326/1496-anp-and-coalition-forces-disrupt-al-qaeda-cell-in-khost.html> (accessed 31 August 2009).

¹⁸⁴ Ron Synovitz, “Afghanistan: Key Road toward Pakistan to Improve Trade, Security,” Radio Free Europe/Radio Liberty, 29 April 2008, <http://www.rferl.org/content/Article/1109648.html> (accessed 31 August 2009).

¹⁸⁵ USAID press release, “President Karzai, Ambassador Wood witnesses contract signing for Khost-Gardez Road construction,” 28 April 2008, <http://afghanistan.usaid.gov/en/Article.308.aspx> (accessed 31 August 2009).

Khost's overall literacy rate is 28% (males at 44%, females at 7%).¹⁸⁶ The US-led PRT constructed 47 schools in 2007–08¹⁸⁷ and various reports place the number of already existing educational institutions in Khost between 157 and 180. Opportunities for females in Khost remain severely limited. About 100,000 children attend school, comprising 38% of all the children aged 6 to 13.¹⁸⁸

The province has one major university, Khost University, which was started in 2003 and is funded by charities from the Arab States of the Persian Gulf. Areas of study include medicine, engineering, Islamic law, agriculture, business and management, and education.¹⁸⁹ Germany intends to construct vocational technical high schools in Khost to expand opportunities for the people in the south and east.

B. Analysis of Khost

This section uses the tools discussed in Chapter III to briefly analyze the critical aspects of the **human terrain** (the attitudes of the population, the human and institutional capital available, key organizations and leaders, available local partners), the **economic terrain** (the map of the local economy and the map of the adversarial resourcing), and finally the **legal terrain**.

¹⁸⁶ Government of the Islamic Republic of Afghanistan, Afghan Ministry of Rehabilitation and Development and the Central Statistics Office, Kabul, *The National Risk and Vulnerability Assessment 2005*, June 2007, p. 89, <http://documents.wfp.org/stellent/groups/public/documents/vam/wfp153753.pdf> (accessed 31 August 2009).

¹⁸⁷ Government of the Islamic Republic of Afghanistan, Afghan Ministry of Rural Rehabilitation and Development: *Khost Provincial Profile*, <http://www.mrrd.gov.af/nabdp/Provincial%20Profiles/Khost%20PDP%20Provincial%20profile.pdf>; Government of the Islamic Republic of Afghanistan, Embassy of Afghanistan – Tokyo, “Project worth millions of dollars on the boil in Khost,” <http://www.afghanembassyjp.com/en/news/?an=503>.

¹⁸⁸ Government of the Islamic Republic of Afghanistan, Afghan Ministry of Rehabilitation and Development and the Central Statistics Office, Kabul, *The National Risk and Vulnerability Assessment 2005*, p. 92.

¹⁸⁹ Government of the Islamic Republic of Afghanistan, Afghan Ministry of Education, “Khost University,” <http://www.mohe.gov.af/?lang=en&p=gov&nid=40> (accessed 31 August 2009).

1. The Population's Attitudes

Prior to 2007, the best available assessment was that in only 4 of the province's 11 districts did the people support the government.¹⁹⁰ In 2007–2008, the United States made a major push to secure Khost, using a well-coordinated COIN approach. Secretary of Defense Robert M. Gates called the COIN effort in Khost “a classic textbook case of a successful counterinsurgency of all the different elements coming together, including locals and the national government, the Afghan security forces and our own forces.”¹⁹¹ The COIN strategy of 2007–08 focused on building or refortifying district centers and moving the US forces (maneuver and PRT) out of Forward Operating Base Salerno and into the districts.

The Khost PRT led the economic development portion of the 2007–08 COIN effort and arranged CERP money to be allocated to Khost (Table VI-1).¹⁹² As a result, the spending on Khost far outpaced the other provinces used as case studies. The short-term results showed the effectiveness of emphasizing economic investments that put security first. In tandem with other developments in agriculture, it sent the message to the population that their community would not be abandoned to the insurgents.

Table VI-1. Three-Province Comparison of PRT Spending

Province	Total (US\$ for 2007–2008)
Jowzjan	3.3 M
Helmand	57.2 M
Khost	180.4 M

While it was impossible to quell all the violence, placing US and Afghan forces in district centers and force protection facilities challenged insurgents to fight or leave. The commanders recognized that protection needed to be extended to roads, markets, and oth-

¹⁹⁰ US DoD news briefing with Colonel Martin Schweitzer, commander, 4th BCT, 82nd Airborne Division, and the provincial governor of Khost province, Arsala Jamal, Pentagon briefing room, Arlington, Virginia, 02 January 2008, <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4114> (accessed 25 March 2010).

¹⁹¹ Secretary of Defense Robert M. Gates and Vice Chairman of the Joint Chiefs of Staff General James E. Cartwright, transcript, Media Roundtable, 17 January 2008, <http://www.defenselink.mil/transcripts/transcript.aspx?transcriptid=4121> (accessed 31 August 2009).

¹⁹² See David Adams and Ann Marlowe, “Afghanistan Doesn’t Need More Troops,” *Wall Street Journal*, 28 October 2009, <http://online.wsj.com/article/SB10001424052748704335904574495160814730346.html> (28 October 2009).

er public access areas with checkpoints. By 2008, the United States declared that in all but one district (Sabari) the people of Khost province now supported the government. But insurgents moved to change this. The insurgent attacks in 2008 demonstrated how much the Coalition's approach worried them.

Since 2008, the security situation has deteriorated into violence and instability. HQN and other insurgent groups are determined not to allow sustained progress in the province. The insurgents have sought to disrupt and destroy much of what was accomplished and to convince the people that ISAF and GIRoA cannot provide for their security. They have targeted those Afghans who are effective at reconstruction and the security forces who enable it. As with other troubled Afghan provinces, the security environment in Khost drives the pace of establishing governance and of building capacity and needed infrastructure. This battle over security and population control cannot help but be reflected in the attitudes of the people of Khost. The marked rise in violence and return of insecurity since 2008 fuels perceptions that the momentum is shifting away from GIRoA forces and ISAF.

Assessing the situation in Khost based on the factors in the 2 x 2 attitudinal matrix, the JAWP team judged popular attitudes to be mixed with respect to both security and the people's preferences (Figure VI-3, next page). Security is not as severely threatened as in the Helmand province, but Khost is still exposed to IEDs, assassination attempts, and small-unit attacks by capable HQN operatives.

With respect to the people's preferences, the population shares many of the official developmental and governance goals. But at the same time, loyalty to the legitimate government is divided. Support of the government competes with traditional tribal associations, and the presence of HQN in the province, which dates back at least a generation. The priority objectives for influence should be those for a situation with low security and relatively high preferences towards the government. However, there exists enough of a hybrid with respect to preferences in Khost that objectives associated with lower preference levels also apply, namely, taking actions supporting the institutions of governance.

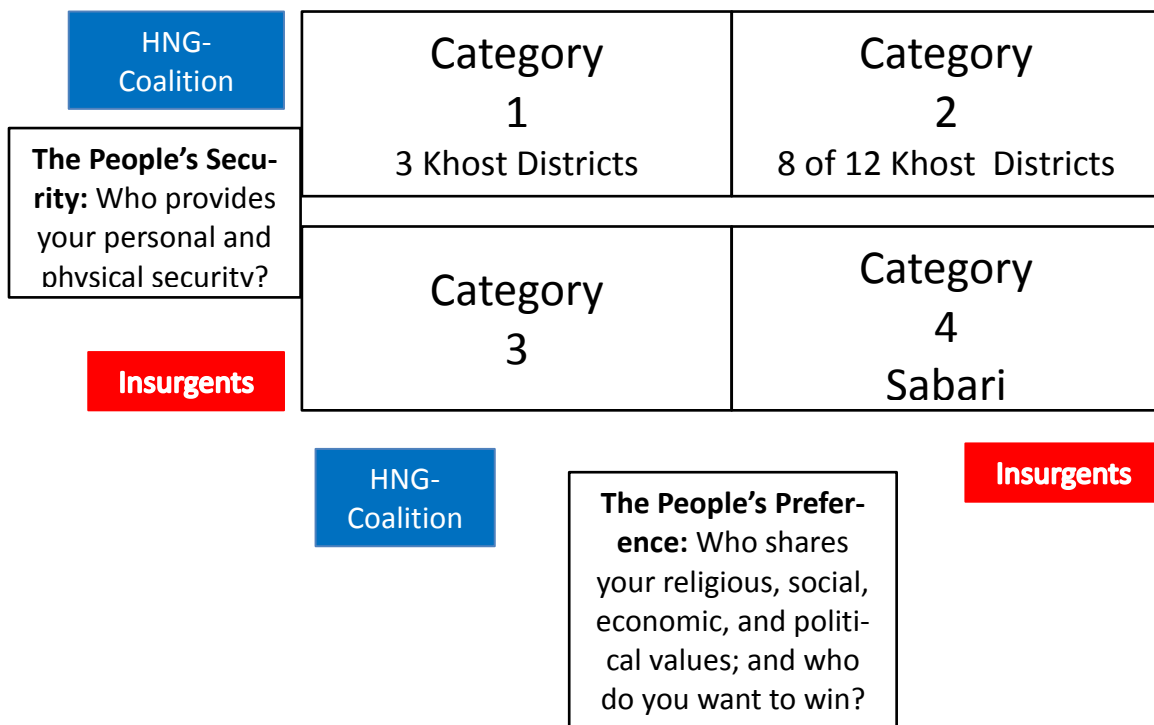


Figure VI-3. People's Attitudes Matrix

2. Mapping the Economy: The Make, Move, Store, Spend Framework

Table VI-2 (see page VI-9) shows a mapping of the economy of Khost. *Agricultural output* and *access to markets* are key issues for rural development in Khost. Half of the households rely upon agricultural income while the remaining households depend upon trade and services to earn a living.¹⁹³

- “The most important field crops grown include wheat, maize, and alfalfa. Locally grown wheat leaves the province to be milled and re-imported, making the

¹⁹³ Government of the Islamic Republic of Afghanistan, Ministry of Rural Rehabilitation and Development and the Central Statistics Office, Kabul, *The National Risk and Vulnerability Assessment 2005*, p. 130.

population vulnerable to food shortages and prohibitive costs for flour. Common garden crops include potatoes and fruit and nut trees.”¹⁹⁴

- Industrial crops include sugar cane, cotton, sesame, and olives.
- Khost has no poppy cultivation, but it is likely a transit route for the narcotics trade.¹⁹⁵
- A significant black-gray economy exists due to the influence of HQN and other smuggling networks.
- Khost expatriates who work abroad play an important economic role, with remittances anywhere from \$6 million to \$12 million sent back to families in Khost each year.¹⁹⁶

The MMSS framework is intended to arrange the information on adversary resourcing in a way that can make visible patterns of activity and behavior – and vulnerabilities. Once those patterns are understood, they can be reinforced or disrupted, depending on what end or effect the commander wants to bring about. When that is decided, the planning staff looks at the available instruments provided by DoD, the Intelligence Community, and the law enforcement agencies to decide which to apply. Each has its own set of legal authorities and capabilities – and its own costs, effectiveness, and risks.

¹⁹⁴ Government of the Islamic Republic of Afghanistan, Ministry of Rural Rehabilitation and Development, *Khost Provincial Profile*.

¹⁹⁵ Peters, *Seeds of Terror*, p. 128.

¹⁹⁶ Ann Marlowe, “A Counterinsurgency Grows in Khost,” *Weekly Standard*.
<http://www.weeklystandard.com/Content/Public/Articles/000/000/015/080inxsb.asp?pg=1> (accessed 31 August 2009).

Table VI-2. Mapping the Economic Framework of Khost¹⁹⁷

MAKE	MOVE	STORE	SPEND	
Agriculture (46%) (e.g., wheat, maize, alfalfa; fruit, nuts) How: Labor-intensive dirt farming via drip irrigation systems	- Product (harvested wheat by foot, truck, donkey) - Food - Seed - Flour (imported)	- Seed - Product - Money (<i>hawalas</i>, banks, cash)	- Food (cash, commodity trade) - Personal luxury - Transportation equipment	- Farming equipment - Seed - Labor - Bribes
Industry (38%) How: Small-scale factories (brick production, stone crushing, Coca Cola, ice, iodine salt, carpenteries) ¹⁹⁸	- Raw materials - Industrial output (foot, truck)	- Inventory (onsite, warehouses) - Raw materials (on site)	- Infrastructure - Labor - Materials - Transportation - Bribes	—
Smuggling (?) How: Any item that earns money	Goods (e.g., cigarettes, chrome, lumber, people, weapons) (any means available)	Goods (safe houses/places along historical trafficking routes)	- Food (cash, commodity trade) - Personal luxury - Transportation equipment	- Labor - Protection - Weapons - Bribes
Construction (4%) How: Foreign reconstruction funds	- People (truck, plane) - Supplies (truck, plane)	Supplies (work site)	- Food (cash, commodity trade) - Personal luxury - Transportation equipment	- Supplies - Labor - Protection - Bribes
Overseas labor (8%) How: Remittances	Money (<i>hawalas</i>, wire transfer, bank, cash)	Money (<i>hawalas</i>, banks, cash)	- Food - Personal Luxury - Transportation Equipment	- Farm equipment - Seed - Labor - Bribes

¹⁹⁷

Percentages shown in parentheses indicate the percentages of households in the province that derive some income from the associated activity. Figures are from the Ministry of Rural Rehabilitation and Development National Surveillance System, which tries to track this data: <http://www.mrrd.gov.af/nss-vau/index.htm>. It references the 2007–08 National Risk and Vulnerability Assessment (NRVA) data at <http://www.mrrd.gov.af/nss-vau/Final%20NRVA%202005%20Report%20-%2028%2007%202007.pdf>.

¹⁹⁸

United Nations High Commissioner for Refugees, “Bulletin: Information Update: Afghanistan 1–15 August 2004”; Afghan Ministry of Rural Rehabilitation and Development: *Khost Provincial Profile*.

1. Human and Institutional Capital

The PRT investment of \$180 million into physical capital in recent years does little to improve Khost's human capital. At one time Khost was referred to by the Communists as the "Little Moscow" because of the presence of highly educated people.¹⁹⁹ Many with skills and opportunities "voted with their feet" and as many as 200,000 left Khost for the Middle East, the UAE in particular. There is still a university, funded by the UAE,²⁰⁰ where locals can get a higher education without leaving Afghanistan.²⁰¹

Institutional capital in the districts was enhanced by US district reconstruction efforts, which bolstered local officials' presence and their reach to the population. The success of this approach led to an insurgent campaign against the district centers, destroying some and disrupting others. It would have been better to invest in human and institutional capital in ways that do not involve physical facilities. If insurgents do target people who want only to get training and education, then they highlight the insurgency's weakness and desperation – for which they pay a price in public opinion.

2. Credible and Competent Afghan Partners

US national and local civilian and military leaders attributed a major portion of the success in COIN operations in 2007–2008 to Governor Arsala Jamal (Figure VI-4, next page), a native of nearby Paktika and a technocrat with a background in economics. Jamal came to Khost in 2006 and worked with the US task force of RC-East to turn the

¹⁹⁹ Barnett R. Rubin, "Insurgent Attacks Still Up in Afghanistan's East," Informed Comment: Global Affairs, Group blog on Current Events, May 28, 2008, <http://icga.blogspot.com/2008/05/rubin-insurgent-attacks-still-up-in.html> (accessed 31 August 2009).

²⁰⁰ For more on UAE development contributions to Afghanistan, see Kenneth Katzman, *Afghanistan: Post-Taliban Governance, Security, and U.S. Policy*, CRS Report for Congress, 14 August 2009, pp. 52–53, <http://us.gallarywatch.com/docs/PHP/US/CRS/RL30588.pdf> (accessed 31 August 2009).

²⁰¹ A former Khost PRT member proposed the establishment of a public administration degree program at the university, as well as trips for secondary school students to visit the university to incentivize them in their studies. Interview with a Khost PRT member, March 2009.

security and governance situation around in the province.²⁰² He proved a capable and willing partner to the US maneuver battalion commander and PRT commander – what one official called “a ‘perfect storm’ created by personality.”²⁰³ He worked with them on ambitious programs (funded by CERP money) to build asphalt roads, diversion dams, and schools throughout Khost. By early 2008, US officials stated that all but one of Khost’s districts “were in support of the provincial and central governments.”²⁰⁴ During Jamal’s tenure, many assassination attempts were made against him.²⁰⁵ He finally left Afghanistan for Canada late in 2008. His successor (who was targeted for assassination in May 2009) is not seen as the same kind of partner.



Source: Naval Postgraduate School, Program for Culture & Conflict Studies, Governor Arsala Jamal, photo.

Figure VI-4. Governor Arsala Jamal, Khost Province

Since then, the provincial and district administrations in Khost have been weak. But they represent the only “friendly” alternative to HQN and the key to gaining popular acceptance for legitimate government. Strengthening them – through emphasis on security and development initiatives – should be part of any long-term strategy to degrade HQN and Taliban capabilities. Currently, neither local tribal nor ethnic leaders have the wherewithal to stand up to HQN. Furthermore, the influence of religious, social, and intellectual elites is fragmented and dispersed. Without integrated leadership, they are in no position to contest HQN power and influence over the local population, especially outside Khost City in rural districts. The traditional institutions of governance, such as the *Shura* and *Jirga* in the localities (associated with the *Pushtunwali* code of honor), require

²⁰² Kenneth Katzman, “Afghanistan: Post-War Governance, Security, and U.S. Policy,” CRS Report to Congress, 15 May 2008, p. CRS-13, <http://fpc.state.gov/documents/organization/105168.pdf> (accessed 31 August 2009).

²⁰³ Ann Marlow, “In War Too, Personnel is Policy,” *Wall Street Journal*, 14 June 2008, <http://online.wsj.com/article/SB121340075723773801.html> (accessed 31 August 2009).

²⁰⁴ US DoD news briefing, Colonel Schweitzer and Governor Arsala Jamal, 02 January 2008, <http://www.defense.gov/transcripts/transcript.aspx?transcriptid=4114> (accessed 25 March 2010).

²⁰⁵ CBS, “Afghanistan’s Die-Hard Governor,” <http://www.cbsnews.com/stories/2008/01/29/terror/main3763116.shtml> (accessed 31 August 2009). Press reports place the number of three to five.

support as legitimate alternatives to the HQN “shadow” administration. Otherwise, the local population will have no voice and will be more easily intimidated by HQN. Other Afghan and international institutions in Khost are potential partners, such as a functional Provincial Development Council; 443 CDCs that support and/or implement the National Solidarity Program; and (at least) 14 NGOs that operate in Khost.

3. Mapping Adversary Resourcing

The MMSS framework is intended to arrange the information on adversary resourcing in a way that can make visible patterns of activity and behavior – and vulnerabilities. Once those patterns are understood, they can be reinforced or disrupted, depending on what end or effect the commander wants to bring about. When that is decided, the planning staff looks at the available instruments provided by DoD, the Intelligence Community, and the law enforcement agencies to decide which to apply. Each has its own set of legal authorities and capabilities – and its own costs, effectiveness, and risks.

In Khost, HQN, a sophisticated group, has important operational and ideological ties with Al-Qaeda, the Taliban, and Pakistan’s Inter-Services Intelligence.²⁰⁶ Named for its founder Jaluladdin Haqqani, HQN projects power into the Afghan provinces of Paktia, Paktika, Khost, and beyond from safe havens in North Waziristan and FATA. It has multiple sub-networks providing funding for weapons, IEDs, and foreign fighters that present a formidable challenge to the US forces operating in Khost.²⁰⁷ HQN also runs *madrassas*, safe houses, and training facilities in North Waziristan to sustain their cross-border operations and maintain the flow of foot soldiers into Afghanistan.²⁰⁸ In addition to HQN, the MMSS framework of the adversarial networks in Khost includes HiG, other anti-Afghan forces, and criminal entities (see Table VI-3, next page).

²⁰⁶ STRATFOR, “Afghanistan: Breaking Away from Islamabad’s Influence,” http://www.stratfor.com/analysis/afghanistan_breaking_away_islamabads_influence?ip_auth_redirect=1 (accessed 31 August 2009); Carlotta Gall, “Old-Line Taliban Commander Is Face of Rising Afghan Threat,” *New York Times*, June 17, 2008.

²⁰⁷ Khost is in ISAF’s RC-East, in the US operational area of responsibility. HQN is also spreading its influence into nearby Ghazni and Logar.

²⁰⁸ Gall, “Old-Line Taliban Commander Is Face of Rising Afghan Threat.”

Table VI-3. Mapping the Adversarial Resourcing Framework in Khost

Threat Entity	Source	Make	Move	Store	Spend		
HQN	Internal	- Timber - Drug smuggling <i>Madrassa</i> - Kidnapping - Smuggling	- Property - Legitimate business	<i>Madrassa</i> <i>Hawala</i> - Legitimate business - Pakistan stock market	<i>Madrassa</i> <i>Hawala</i> - Legitimate business	- Weapons - Explosives - Foreign fighters - Operational costs - Information operations - Personal gain	- Suicide bombings - Bribes - Buy-off local support - Training camps
	External	- Charity - Direct donation (e.g., Saudi Arabia and UAE) - Intelligence services	- Commodities (e.g., weapons) - Remittances	- Charity - Front companies - Courier <i>Hawala</i>	- Charity - Front companies - Training camps <i>Madrassa</i> - Banks	- Weapons - Explosives - Foreign fighters - Operational costs - Information operations - Personal gain	- Suicide bombings - Bribes - Buy-off local support - Training camps
HiG	Internal	- Raw opium sales - Narcotic production - Narcotics labs (w/ Pakistan heroin syndicates)	- Smuggling - Kidnapping	- Charity <i>Hawala</i> - Courier	- Charity <i>Hawala</i> - Drug facilities	- Weapons - Explosives - Foreign fighters - Operational costs - Information operations - Personal gain	- Suicide bombings - Bribes - Buy-off local support - Training camps
	External	- Charity - Sheiks (Saudi Arabia) - Foreign donors	- Humanitarian aid organizations - Muslim Brotherhood - Commodities (e.g., weapons)	- Money transfers - Charity - Humanitarian aid organizations	- Charity <i>Hawala</i> - Banks	- Weapons - Explosives - Foreign fighters - Operational costs - Information operations - Personal gain	- Suicide bombings - Bribes - Buy-off local support - Training camps
AAF (Anti-Afghan Forces)	Internal	- Criminal activity - Smuggling - Taxation	Legitimate business	- Courier <i>Hawala</i>	- Local C2 facilities - Training camps	- Weapons - Explosives - Operational costs	- Bribes - Personal gain
	External	- Commodities (e.g., weapons) - Salary for opposition activity	Payment for successful attacks	- Courier <i>Hawala</i>	- Charity <i>Hawala</i> - Banks	- Weapons - Explosives - Operational costs	- Bribes - Personal gain
Criminals	Internal	- Smuggling - Extortion - Payment as AAF proxy	- Kidnapping - Robbery	- Courier <i>Hawala</i>	- Personal residence <i>Hawala</i>	- Personal gain - Weapons - Bribes	—

These adversaries are involved in a combination of licit activities (legitimate businesses, charities) and illicit ones (smuggling, kidnapping, extortion) that, taken together, fuel the insurgency and hamper security, governance, and development efforts.

4. Key Legal Authorities – Amendment to Section 219 of the US Immigration and Naturalization Act in the 2001 PATRIOT Act

This section of the federal law-enforcement statutes addresses the Secretary of State designating as foreign terrorist organizations (FTOs) those groups engaged in terrorist activity that threatens the security of US nationals or US national security. Designating HQN as an FTO would expand the range of actions that could be taken against it, its supporters (including contributors), and the financial institutions that it uses. In addition, receiving the designations of “terrorist organization” from the United Nations and European Union would expand the range of actions that other countries and organizations could take against HQN.

C. Recommended Courses of Action in Khost

ISAF and GIRoA actions, including economic-related actions, are needed in Khost to help secure the population from all threats in the nearer term. But ISAF cannot do this forever. This would mean efforts to disrupt HQN finances in the coming months and a higher tempo of ISAF and Afghan National Army kinetic actions once HQN is weakened. In the longer term, these actions must strengthen the ties between Khost and the rest of Afghanistan by enabling GIRoA to make Khost into an effective shield against the cross-border insurgency, thereby blocking the insurgents’ ability to project their power regionally from the province. This means a fight to the finish with HQN, with an ISAF plan to quickly follow up success against HQN.

RECOMMENDATION: US to Disrupt Finances of HQN in the Next Six Months

1. **Request the Department of State designate HQN as an FTO, and to have the United Nations and the European Union also designate it as a Terrorist Organization.** This would make it unlawful for US citizens to provide HQN with material

support or resources, would make members who are aliens inadmissible to the United States, and would require US financial institutions to take possession of any funds of that organization in their control. The US Department of State lists the following additional benefits of FTO designation:

- Helps curb their financing and encourages other nations to do the same.
- Stigmatizes designated terrorist organizations internationally.
- Deters contributions to and economic transactions with named organizations.
- Heightens public awareness of terrorist organizations.
- Signals to other governments US concern about the newly named terrorist organizations.

2. In addition to the US designation, a similar designation by the United Nations and European Union would also signal international “buy-in” and create and strengthen possible sanctions.

3. Create a Threat Finance Team in Khost, leveraging US national resources combined with GIRoA and ISAF military capabilities, to attack HQN resources and those who give it funds and accept funds from it. The focus should be on the following:

- Disrupt network leadership and financial and logistical facilitators.
- Detect and disrupt foreign sponsors, transfer methods, and key facilitators that fund insurgents, launder money and store assets.
- Slow the trafficking of weapons, money, and fighters from Pakistan.
- Disrupt HQN use of legitimate businesses to fund insurgent operations.
- Detect and prosecute corrupt officials (in US courts if drug and terrorism are related; in Afghan courts if not) to prevent diversion of legitimate funds into insurgent coffers.

RECOMMENDATION:
ISAF and NATO to Carry Out a High-Tempo Campaign to Weaken HQN

4. Re-build fortified district centers and force protection facilities in the middle of populated areas in all districts (including the Sabari district), using Afghans

hired by a local contracting company to do the work. These centers and facilities are a challenge to HQN to either fight or leave. They are a place for US and Afghan security forces to have a persistent presence in district capitals. District centers with secure and better facilities will enable the population to conduct business with their central and local government officials. An important caveat: A sufficient number of coalition (and especially Afghan) forces must be the persistent presence at the fortified district centers and force protection facilities. Only then can these secure centers and facilities be a springboard for further actions against HQN by providing responsive fire support to ANSF and Coalition forces that are extending protection to more of the roads and markets.

5. **Construct paved roads that will connect the district centers and force protection facilities, integrate Khost with the rest of Afghanistan, and challenge HQN control.** Construction should follow David Kilcullen's "10-Kilometer Rule," that is, hire a local labor force living within 10 kilometers of the section of road being built to give locals a stake in protecting the results of their labor.²⁰⁹ In 2007, local commanders, partnering with Governor Jamal and local officials, focused spending throughout the Khost province on a series of road projects to connect population centers. In 2008, major road building continued, with a top priority a road into Spera district, the ancestral home of the Haqqani's tribe, the Zadrans. Roads can play an important security and stabilization role in outlying areas, enabling Afghan and coalition forces to more easily reach potential trouble spots. The road project with the most potential to transform the province is the Khost-to-Gardez road, which will link Khost's capital with Paktia's and tie Khost into the national ring road. According to USAID,

When completed in late 2009, this road will reduce both time and cost of travel from Khost to Kabul by four hours, increasing economic opportu-

²⁰⁹

David Kilcullen, "Road-Building in Afghanistan," Part 1 of a series on political maneuver in COIN, *Small Wars Journal* online, <http://smallwarsjournal.com/blog/2008/04/political-maneuver-in-counteri/> (accessed 04 March 2010). "The PRT operates a '10-kilometer rule' which stipulates that 80% of unskilled labor on any project has to come from within 10 km of it – this helps build community jobs and ownership over projects, and gives the people a stake in defending them against the enemy."

nities. The road will facilitate transport of surplus food from Khost to areas in Afghanistan where there are food deficits, and will facilitate agricultural exports from Khost. Additionally, the road will increase international trade through access to Pakistan's nearby railhead, which will provide a shorter, alternative route for freight to Kabul and relieve freight traffic on the Torkum Gate-Jalalabad-Kabul route.²¹⁰

RECOMMENDATION:
Prepare to Quickly Follow up Success after Greatly Weakening HQN

- 6. Reduce corruption at the provincial and district levels in the distribution of development money and awarding of contracts.** The counteradversary resourcing campaign must reduce the diversion of reconstruction and development funds to HQN and other adversaries. US forces and agencies that manage CERP resources need to adopt rigorous oversight of projects, as well as more transparency in the awarding of contracts. One useful practice by a previous PRT was to immediately announce over the local radio the award of a contract to deter further alterations and additions.²¹¹
- 7. Sustain existing initiatives to improve irrigation and agribusiness development to improve food security.**
 - PRT to continue development of check dams and canals that support water management and address soil erosion.²¹²
 - PRT to support establishing local milling operations to improve food security and stabilize the price of flour within the province (for example, set up small, local flour mills, using microcredit²¹³ to establish more local grinding, bringing

²¹⁰ USAID press release, "President Karzai, Ambassador Wood Witnesses Contract Signing for Khost-Gardez Road Construction," 28 April 2008.

²¹¹ Interview with former PRT commander, Institute for Defense Analyses, Alexandria, Virginia, March 2009.

²¹² Check dams are "low walls that slowed the runoff from the sporadic but heavy rains." Encyclopedia Britannica Online, <http://search.eb.com/eb/article-271884> (accessed 04 March 2010).

²¹³ "Microcredit – also called microbanking or microfinance – a means of extending credit, usually in the form of small loans with no collateral, to nontraditional borrowers such as the poor in rural or undeveloped areas." Encyclopedia Britannica Online, <http://search.eb.com/eb/article-9389468> (accessed 04 March 2010).

together small mill operators into larger cooperatives, establishing bakeries to produce bread).²¹⁴

- PRT to work with district officials and/or NGOs to establish co-operatives among the farmers, building on recent development. Khost had two cooperatives in 2005, totaling 210 farmers, which was more than double the number of farmers in cooperatives in 2003.²¹⁵

8. **Prepare to support the Afghan district elections planned for 2010.** If HQN can be crippled by the time the 2010 national and local elections take place, then the people of Khost could elect officials not beholden to HQN and so could provide more Afghan officials with whom ISAF can partner.
9. **Work with GIRoA in planning to appoint new competent and uncorrupt provincial officials after the 2010 elections.** The newly elected district leaders need to have competent and uncorrupted officials to work with HiG and Coalition forces.
10. **Plan with GIRoA to give Afghan National Army the lead in shielding Khost and RC-East from cross-border threats after the 2010 elections.** If the tipping point against HQN has occurred, then ISAF should be able to play a supporting role in Khost rather than continue in the lead role.

* * * * *

The real differences in the recommendations and necessary actions outlined above and current ISAF actions are in the emphasis on actions that challenge HQN. The prescription above focuses on an all-out fight to the finish against HQN because of its strong ties to Al-Qaeda and its threat to the whole region. Khost cannot be a shield for the rest of Afghanistan against cross-border insurgents if HQN is alive and well.

²¹⁴ FLAG International, website, “Afghanistan Local Governance and Community Development Program (LGCD) Support: Paktya Province Ziranda Flour Mills Survey, November–December 2008,” http://www.flaginternational.com/_eng/03-current-AfghanistanLGCD.htm (accessed 29 October 2009).

²¹⁵ Government of the Islamic Republic of Afghanistan, Ministry of Rural Rehabilitation and Development, *Khost Provincial Profile*.

VII. Jowzjan: Analyses and Recommended Economic-Related Actions

This chapter describes the use of the tools discussed previously to identify economic-related actions to take in the Jowzjan province. Key aspects of the operational environment in Jowzjan are summarized first. To develop guidance for actions, an analysis is given of the critical aspects of the economic terrain and human terrain. Finally, Jowzjan-specific actions are proposed and then contrasted to ongoing actions as of this date.

A. Key Aspects of the Operational Environment

Jowzjan province, located in northern Afghanistan and part of RC-North (Figure VII-1, next page), enjoys a stable security situation. Limited Taliban influence in the region has kept the insurgency and violence that dominate the eastern and southern parts of Afghanistan to minimal levels. Though warlords, criminals, drug smugglers, and tribal feuds threaten the stability in the north of Afghanistan,²¹⁶ security incidents usually reflect local power politics as opposed to the insurgency outbreaks that exist in RC-East and RC-South. In the past 12 months, there have been few reported security incidents against ISAF or GIRoA.²¹⁷

²¹⁶ Institute for the Study of War, Afghanistan Project: Regional Command North, <http://www.understandingwar.org/region/regional-command-north> (accessed 29 June 2009).

²¹⁷ Attacks against ISAF and GIRoA in Jowzjan do occur; on 29 December 2009, anti-Afghan forces killed a police officer and a government official from the Ministry of Agriculture, and injured two civilians (National Counterterrorism Center, Worldwide Incidents Tracking System, ICN: 200812816, <http://wits.nctc.gov> (accessed 29 June 2009)).

The key determinant of stability is a Soviet-trained Uzbek, **General Abdul Rashid Dostum**, who became the best-equipped warlord in Afghanistan following the Soviet withdrawal from Afghanistan in 1989.²¹⁸ His power base is the ethnic-Uzbek region of northern Afghanistan that extends from Faryab province to Kunduz province (see Figure VII-2, next page). Uzbek and Turkmen are the dominant ethnic groups in northern Afghanistan, followed by Tajik, Pashtu, and Arab.²¹⁹



: USAID, Afghanistan – Jowzjan province map, <http://afghanistan.usaid.gov/en/Province.13.aspx> (accessed 24 March 2010).

Figure VII-1. Jowzhan Province Map

General Dostum was a key player in the Northern Alliance in the early stages of OEF. With air support provided by an “A” team from the US Army Special Forces, Dostum’s forces took Mazar-e-Sharif in 2001 and then routed the Taliban.²²⁰ Characterized as an “ethnic-opportunist” who has changed allegiances several times, General Dostum continues to enhance his power base, using violence against those who oppose him or impede his expansion into Faryab, Sar-e Pol (Sari Pul), Balkh, Kunduz, and Baghlan provinces.²²¹ Jowzjan has 427,000 people, 80% of them living in rural areas. Jowzjan’s infrastructure is more developed than most of Afghanistan. In the province, 24% have safe drinking water (in urban centers, 64%). Forty-two percent of households have elec-

²¹⁸ Tom Cooper, “Afghanistan, 1979–2001; Part 3,” *Air Combat Information Group Journal* (29 October 2003); Andy Heil, “Afghanistan: Biography of Abdul Rashid Dostum,” *Radio Free Europe Radio Liberty* (2 March 2005).

²¹⁹ GoIRA MRRD, *Jawzjan Provincial Profile*, pp. 1–2.

²²⁰ For a complete description of the battle for Mazar-e-Sharif, see IDA Document D-3380, *Learning from the First Victory of the 21st Century: Mazar-e Sharif. An Educational/Training Resource Guide*, February 2008, and IDA Document NS D-3550, *Learning from the First Victory of the 21st Century: Mazar-e Sharif*, April 2008.

²²¹ Brian Glyn Williams, “Dostum: Afghanistan’s Embattled Warlord,” *Terrorism Monitor* 6, issue 8 (17 April 2008); Heil, “Afghanistan: Biography of Abdul Rashid Dostum.”

tricity (nearly 99% in urban centers). The road infrastructure enables travel on 45% of the roads year around.²²² Since the fall of the Taliban, economic trade has increased in the region and projects are underway to build power lines, railroads, and water linkages between Iran, Afghanistan, and Turkey.²²³



Note: For this paper, Jowzjan province has been outlined in red. The larger red square has been added to represent General Dostum's area of influence (approximately), at the time of this writing. Source of original map: Institute for the Study of War, Afghanistan Project: Regional Command North, <http://www.understandingwar.org/region/regional-command-north> (accessed 29 June 2009).

Figure VII-2. General Dostum's Powerbase and Area of Influence

²²² GoIRA MRRD, *Jowzjan Provincial Profile*, pp. 4–6.

²²³ Institute for the Study of War, Afghanistan Project: Regional Command North, <http://www.understandingwar.org/region/regional-command-north> (accessed 22 Oct 2009).

Jowzjan has natural gas reserves located near the capital city of Shirbirghan²²⁴ in three producing fields – Yatimtaq, Khwaja, and Jarquduk – and four fields yet to be tapped – Khwaja Bhulan, Bashikurd, Jangal-e Kalan, and Dzhuma. Together these fields could produce 15 to 20 years’ worth of natural gas flows for a 100-megawatt power plant, enough to power a large city. Energy experts believe there are undiscovered reserves, but new seismic surveys and exploratory drilling are needed to determine their extent.²²⁵ Currently, the bulk of Shirbirghan natural gas goes to Mazar-e-Sharif in the adjacent province where it powers a fertilizer plant’s 48-megawatt power plant; a commercial sector, including bakeries, a textile factory, and a food processing plant; and local heating and cooking.

1. People’s Attitudes

ISAF and Afghan forces enjoy a relatively stable security situation in Jowzjan thanks to the influence of General Dostum and his 20,000-man militia. Because of the economic growth and stable security, the population tolerates the Afghan government. However, the Pashtun governors appointed by President Hamid Karzai are seen as favoring the interests of the Pashtun minority (around 15% of the population in Jowzjan). During 2007, Juma Khan Hamdard, a northern Pashtun, was governor. Protests by Uzbeks (the largest group in Jowzan) over his favoritism to Pashtuns were met with a violent response by Hamdard’s personal security force and local police. Since 2008, Mohammad Hashim Zare, also a northern Pastun, has been governor. In the spring of 2009, officials from the Provincial Council of Jowzjan accused Governor Zare of wasting the aid given to Jowzan by Turkmenistan, GIRoA, and other organizations in response to local flooding. This ongoing conflict between President Karzai (and his appointed governors and the Pashtun

²²⁴ Sometimes spelled *Sheberghan*.

²²⁵ For a detailed description of these fields and their output potential, see Hill International, Inc., *Evaluation of Investment Options for the Development of Oil and Gas Infrastructure in Afghanistan*, final report project no. PAG238/R (March 28, 2005); USAID, *Project Information Sheet: Sherberghan Gas-to-Power Plant Feasibility Study*, <http://www.afghaneic.org/pdf/Project%20Information%20Sheets/Sheberghan%20Feasibility%20Study.pdf> (accessed 13 July 2009).

minority) and Dostum (and the provincial officials and the Uzbeks) has not involved the Taliban – so far.

2. Mapping the Economy: The MMSS FRAMEWORK

The MMSS framework in Table VII–1 below presents a snapshot of the Jowzjan economy. Over time, a sequence of these snapshots could help a commander identify patterns that could inform his actions. The table shows that movements of goods rely heavily on the weak road infrastructure.

Table VII–1. Mapping the Economic Framework of Jowzjan²²⁶

MAKE	MOVE	STORE	SPEND
Agriculture (48%): Wheat, barley, melons, water-melons, maize	• Truck, foot, animals	• Cold storage, grain silos, seed	• Fertilizer, subsistence, loans, seed, labor, transportation
Industrial crops: cotton, sugar, tobacco	• Truck, foot, animals	• Warehouses	• Loans, cash fertilizer, seeds, labor, transportation
Livestock (18%): poultry, cattle, donkeys, goats, sheep	• Truck, foot	• Feed, cold storage	• Subsistence, feed, labor, transportation
Natural resources: natural gas	• Pipelines, trucks	• Gas facilities, wells, storage tanks	• Protection, infrastructure, transportation, labor
Smuggling (1%): drugs, weapons, goods, other criminal activity (e.g., kidnapping)	• Foot, vehicle, animals	• Caches, black market, warehouses	• Protection, influence, bribes, personal income, commodities, transportation
Trade & Services (37%): carpets, rugs, jewelry	• Foot, vehicle, animals	• Market, supplies	• Subsistence, supplies, labor, transportation

Although Jowzjan’s road network is relatively developed, additional roads would increase farmers’ access to markets for agricultural products and would increase access to

²²⁶ Percentages shown in parentheses indicate the percentages of households in the province that derive some income from the associated activity. Figures are from the Ministry of Rural Rehabilitation and Development National Surveillance System, which tries to track this data: <http://www.mrrd.gov.af/nss-vau/index.htm>. It references the 2007–08 National Risk and Vulnerability Assessment (NRVA) data at <http://www.mrrd.gov.af/nss-vau/Final%20NRVA%202005%20Report%20-%2028%2007%202007.pdf>.

trades and services for the rural community. Improved roads are also key to expanding the distribution of natural gas products in rural Jowzjan.²²⁷

An area of potential economic growth is agriculture, which includes industrial crops and livestock. Key to expanding industrial crops and the livestock trade is the improvement of the agricultural infrastructure (irrigation) and the creation of vocational skills that support them.

The natural gas industry has the potential to provide jobs, energy for heating and power, and revenue for the province. Infrastructure improvements such as well drilling and the building of storage facilities and pipelines would be crucial to expanding the productivity of this industry.

3. Human and Institutional Capital

Jowzjan's has only basic levels of human and institutional capital:

- The literacy rate is 31% (40% male, 21% female), which is a little above the national average. Jowzjan is home to two vocational high schools, one focused on gas and oil, the other on science, social science, geology, mining, and chemical technology. Additionally, there is an institute for teacher training. There are 203 primary and secondary schools with a 40% enrollment rate, and access to schools for children is relatively good.²²⁸
- Basic health services exist, with 10 health centers and 6 hospitals. There are 178 doctors and 299 nurses working throughout Jowzjan. Some communities do not have any local health care.²²⁹
- The province has 12 agriculture co-ops with 597 members. These co-ops have been successful in generating economic stability, and in 2005 they produced a surplus of 5,000 tons of products.²³⁰

²²⁷ Government of the Islamic Republic of Afghanistan, Ministry of Rural Rehabilitation and Development, *Jawzjan Provincial Profile*, pp. 4–6.

²²⁸ Government of the Islamic Republic of Afghanistan, Ministry of Rural Rehabilitation and Development, *Jawzjan Provincial Profile*, p. 8.

²²⁹ Government of the Islamic Republic of Afghanistan, Ministry of Rural Rehabilitation and Development, *Jawzjan Provincial Profile*, pp. 8–9.

4. Credible Afghan Partners

Jowzjan province has a functioning provincial government that employs more than 8,000 people.²³¹ It is administered relatively effectively and observes the rule of law, for the most part. Corruption in the government has been relatively minimal. The Provincial Development Committee, in which all central government departments are represented, is responsible for executing the provincial development plan and working towards the goals set forth in the ANDS. At the local level, more than 400 CDCs are responsible for planning development.²³² The JAWP team concluded that a number of competent and credible partners capable of working with ISAF do exist in Jowzjan who can pursue economic development.

5. Mapping Adversary Resourcing

The most important organization to map and understand is General Dostum's Uzbek-centered militia. Although he is not acting as an adversary of the Afghan national government or the Coalition, General Dostum has changed his allegiance many times in the past. ISAF needs to be sensitive to early changes in the balance of power among Dostum, the Jowzjan Provincial Governor, and criminal organizations (whose support could be bought by either of them or by the Taliban). The status of Dostum's rule in northern Afghanistan depends on his being well financed. Insight into Dostum's financial network and resource flows could provide an important indicator of future shifts in the region's balance of power. Furthermore, mapping Dostum's financial and resource network could provide the basis for acting against him and his militia should he ever decide to turn his marriage of convenience with ISAF and GIRoA into a violent contest for power.

Additionally, criminal organizations in Jowzjan are a potential source of funds for anti-Afghan government forces and can provide the means for anti-Afghan forces to infil-

²³⁰ Government of the Islamic Republic of Afghanistan, Ministry of Rural Rehabilitation and Development, *Jawzjan Provincial Profile*, p. 6.

²³¹ Government of the Islamic Republic of Afghanistan, Ministry of Rural Rehabilitation and Development, *Jawzjan Provincial Profile*, p. 2.

²³² Government of the Islamic Republic of Afghanistan, Ministry of Rural Rehabilitation and Development, *Jawzjan Provincial Profile*, pp. 2–3.

trate into the province. Therefore, criminal financial networks should be mapped and monitored for early indications of connections to the Taliban, HQN, HiG, or Al-Qaeda.

6. Legal Authorities – Treaty of Mutual Assistance Between the US and Turkey

If General Dostum were to turn against the Afghan government and use Turkey as the base for directing his operations, the Treaty of Mutual Assistance (1 January 1981) would be the basis for extraditing him to the United States. Turkey would likely refuse extradition if it viewed the charges against him as politically motivated.

B. Recommended Courses of Action in Jowzjan

The people of Jowzjan are relatively well protected from the threats that plague most of their country, thanks to the regional influence exercised by General Dostum. The current enmity between the general and the Taliban makes it highly unlikely that any Taliban-led insurgency will gain a beachhead in Jowzjan in the foreseeable future.

RECOMMENDATION:

Overall, economic-related actions in Jowzjan should focus on the following:

1. **Sustain the current security by remaining alert to possible destabilizing trends.**
2. **Strengthen the security of the people over the nearer term by improving the productivity of agriculture and the credibility of current governance and the 2010 elections.**
3. **Improve the people's security (when ISAF is no longer there) by more strongly connecting Jowzjan and the rest of Afghanistan.** One way to do this – so that what happens in Jowzjan is important to the rest of Afghanistan – is to use Jowzjan's natural gas reserves to provide energy and electricity to much more of Afghanistan rather than just a neighboring province. Economic-related actions play a strong role in the following recommended actions in Jowzjan.

RECOMMENDATION:
Use intelligence and the ATFC to monitor the balance-of-power in Jowzjan.

- 4. Identify any economic transactions among General Dostum, the Provincial Governor, and criminal organizations or shifts that could result in violent competitions for power or changes in allegiances.**

RECOMMENDATION:
Prepare ISAF to quickly follow up on moves to shift the balance of power.

- 5. Prepare to move preemptively against corrupt provincial and district officials by “naming and shaming,” prosecuting, and punishing them.**
- 6. Prepare to move quickly against criminal elements that show support for the Taliban, HQN, HiG, or Al-Qaeda.**

RECOMMENDATION:
Prepare ISAF to support the district elections planned for 2010.

- 7. Encourage competition and less corrupt local leaders to engage in the elections.**
- 8. Pre-empt corrupt government officials by supporting transparency in the election process.** If General Dostum switches sides or falls out of power, then the struggle for control will be played out, in part, in this election. Prepare for the possibility that the election itself could be an occasion for violence.

RECOMMENDATION:
Direct USAID to pursue development of Jowzjan’s natural gas fields, without provoking rent-increases by GIRoA officials.

- 9. Rehabilitate the Shirbirghan natural gas facilities to repair leaks (currently losing an estimated 30% of its gas this way) and survey additional gas fields near Shibirghan.**²³³

²³³ Hill International, Inc., *Evaluation of Investment Options for the Development of Oil and Gas Infrastructure in Afghanistan*; USAID, *Project Information Sheet: Sherberghan Gas-to-Power Plant Fea-*
(Continued)

- 10. Push forward the planning with Jowzjan officials and citizens for a 100-megawatt natural-gas power plant to provide electric power to northern and central Afghanistan.**
- 11. Support the Teacher Training Institute and vocational schools in the province that emphasize gas, geology, and mining education to provide qualified individuals to work in the natural gas field.**

RECOMMENDATION:

Sustain a modest program to improve agriculture since farming is source of revenue in about half of all households in Jowzjan province.

- 12. ADTs to increase the province's farming output by teaching farmers better crop and water management techniques and by working with CDCs to help create additional agricultural cooperatives.**
- 13. USAID and ADTs to invest in vocational facilities and livestock-processing plants in rural areas to increase Jowzjan's income from the livestock and poultry industry (55% of rural households and 15% of urban own livestock or poultry, but only 16% and 2%, respectively, get income from them).**

* * * * *

The real difference in the economic-related actions outlined above and current ISAF actions is being proactive and being reactive (that is, benign neglect). The recommendations here seek to anticipate destabilizing changes, improve life and work for the people within the framework of the current agricultural and governance systems, and make Jowzjan (and what happens in it) more important to the rest of Afghanistan in the longer term.

sibility Study, available online at

<http://www.afghaneic.org/pdf/Project%20Information%20Sheets/Sheberghan%20Feasibility%20Study.pdf> (accessed 13 July 2009).

VIII. Recommendations to Improve Effectiveness

This chapter provides recommendations for improving the effectiveness of US forces when taking economic-related actions (using coalition resources and countering adversary resources) for fighting IW.

A. Improve Nearer-Term Use of Economic-Related Capabilities in Afghanistan

These recommendations are intended to improve the ability of newly deploying DoD commanders and staffs to understand and to take economic-related actions. Specific changes include the following:

- JFCOM should train deploying commanders and staffs in the new economic-related IW capabilities in Afghanistan, in how to map the economic terrain (combining local terrain and adversary financing), and in how to use the new planning tools to make good use of the economic-related capabilities.
- The Secretary of Defense to finalize the action initiated by Directive-Type Memorandum 08-034 (02 December 2008) to (1) formally designate a DoD lead agent for DoD Counterthreat Finance (CTF) policy and (2) assign CTF as a specified mission in the Unified Command Plan and provide the resources necessary to accomplish the mission.
- JAWP should be tasked to work with a forward-deployed unit to assist in using the tools for mapping and planning provided in this paper and to provide it reach-back information on the effectiveness of its non-kinetic actions; on the context most conducive to effective actions; and on metrics to track progress toward campaign objectives and the transition of responsibilities.

B. Improve Longer-Term Capabilities for Fighting IW

The JAWP team recommends taking measures over the coming years that would improve (1) the knowledge of what works in IW and (2) the human capital that the Services can bring to IW. Recommended changes include the following:

- The US Army should introduce a branch or military occupational specialty that addresses economic-related capabilities.
- Service programs for professional military education should educate potential future commanders about the new economic-related IW capabilities and how to make decisions based on analyses, prepared by their staffs, of the *economic terrain* and the *human terrain*.
- Services should track the civilian skills of military personnel, starting with people in the Reserve Components, for their potential contribution to using economic-related capabilities.
- The sponsor should continue to assess the effectiveness of current economic-related capabilities in Afghanistan. The results of this assessment should provide evidence on how to (1) better use existing capabilities in a range of IW campaigns, and (2) identify the capabilities that should be substantially increased or decreased in Afghanistan.

Appendices

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Appendix B. Acronyms and Abbreviations

AAF	anti-Afghan forces (other)
ADP	Alternative Development Program
ADT	Agribusiness Development Team
ANDS	Afghanistan National Development Strategy
ANP	Afghan National Police
ANSF	Afghan National Security Forces
ATFC	Afghan Threat Finance Cell
CDC	Community Development Council
CERP	Commander's Emergency Response Program
CIMIC	civil-military cooperation
COA	course of action
COIN	counterinsurgency
CRS	Congressional Research Service
CSTC-A	Combined Security Transition Command – Afghanistan
CTF	counterthreat finance
DEA	Drug Enforcement Administration (US)
DIA	Defense Intelligence Agency
DIME	diplomacy, information, military, economics
DoD	Department of Defense (US)
DoJ	Department of Justice (US)
DOTMLPF	doctrine, organization, training, materiel, leadership and education, personnel, and facilities
DTM	Directive-Type Memorandum
DTO	drug-trafficking organization
EFT	electronic fund transfer
FATA	Federally Administered Tribal Areas (Pakistan)
FBI	Federal Bureau of Investigation (US)
FinCEN	Financial Crimes Enforcement Network

FININT	financial intelligence
FTO	foreign terrorist organization
GAO	Government Accountability Office (US)
GDP	Gross Domestic Product
GIRoA	Government of the Islamic Republic of Afghanistan
GNP	Gross National Product
HiG	<i>Hezb- e-Islami Gulbuddin</i>
HNG	host-nation government
HQN	<i>Haqqani</i> Network
HTT	Human Terrain Team
IDA	Institute for Defense Analyses
IED	improvised explosive device
IO	international organization
IO	information operations
ISAF-A	International Security Assistance Force – Afghanistan
ISR	intelligence, surveillance, and reconnaissance
ITFC	Iraq Threat Finance Cell
IW	irregular warfare
J-7	Joint Staff Director for Operational Plans and Joint Force Development
JAWP	Joint Advanced Warfighting Program
JFCOM	Joint Forces Command
JP	Joint Publications
km	kilometer
Lt Col	lieutenant colonel
MCDP	Marine Corps Doctrinal Publication
MEB	Marine Expeditionary Brigade (US)
MMSS	make, move, store, and spend
MRRD	Ministry of Rural Rehabilitation and Development
NATO	North Atlantic Treaty Organization
NGO	non-governmental organization

NRVA	National Risk and Vulnerability Assessment
NSP	National Solidarity Program
NSS	National Surveillance System
OEF	OPERATION ENDURING FREEDOM
OFAC	Office of Foreign Asset Control
PATRIOT	Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT Act)
PRT	Provincial Reconstruction Team
PSYOP	psychological operations
RC	Regional Command
TFC	Threat Finance Cell
UAE	United Arab Emirates
UK	United Kingdom
US	United States
US\$	United States dollars
USAF	United States Air Force
USAID	United States Agency for International Development
USCENTCOM	United States Central Command
USDA	United States Department of Agriculture
USFOR-A	United States Forces – Afghanistan
USJFCOM	United States Joint Forces Command
USMC	United States Marine Corps

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14. ABSTRACT The Deputy Commander, USJFCOM, asked an IDA study team to identify how, when, and where military commanders and their staffs should use their economic-related capabilities and tools in Afghanistan. (Economic-related actions in irregular warfare (IW) are viewed as a form of non-kinetic actions, along with communication actions, diplomatic and political actions, and legal actions.) The results of the task would help joint force commanders and their staffs better leverage the economic-related capabilities in an IW campaign, and better counter the capabilities and economic initiatives of the adversary. The IDA team developed examples of courses of actions for three provinces: Helmand, Khost, and Jowzjan. To improve IW capabilities through economic-related actions, the IDA team recommended the following actions: (1) improve the near-term use of economic-related capabilities; (2) explore the use of economic-related capabilities in a single Afghan region in partnership with a forward-deployed military unit and provide that unit with reach-back information on economic-related capabilities, economic-terrain mapping, and tools for planning economic-related capabilities; and (3) improve longer-term capabilities in IW.					
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