



WHITE PAPER

LESSONS FROM THE FIELD IN EXPEDITIONARY ECONOMICS:

ARZU and Applied Innovation in Conflict Countries

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May 15, 2011



White Paper: ARZU, Inc.

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LESSONS FROM THE FIELD IN EXPEDITIONARY ECONOMICS:

ARZU'S Learning Laboratory

Innovative and Realistic First Response in Conflict Reconstruction

INTRODUCTION

“An empty stomach is not a good political advisor.”

- Albert Einstein

Why look to the father of modern physics for guidance to solutions in a warzone with no power grid? Einstein's genius lies in his talent to translate complex ideas into simple, easily understandable truths. It is this ability to pare the superfluous from the essential that directly applies to what is required to stabilize conflict countries using expeditionary economics.

Maslow's hierarchy of needs makes the same point about how people behave. The first and most basic needs are physiological: oxygen, food, water and relatively constant body temperature. Until satisfactorily met, these elemental needs are the strongest forces controlling people's thoughts and behaviors. If deprived of these essentials, a person will first seek to obtain them, before beginning to feel, let alone work to meet, Maslow's second level of need: safety. People must have access to food, clean water, shelter, and clothing before they can rationally turn their attention to the second most important human need: a relatively violence-free environment and a feeling of security that allow them to address their next level of needs. Until then, what we get is conflict with the potentiality of war, whether in Helmand Province or in West Chicago.

EXPEDITIONARY ECONOMICS

Expeditionary economics is marked by a duality. While we acknowledge that tangible economic progress in conflict countries is a pre-condition for physical security, in the same breath, we recognize that physical security is a pre-condition for economic

progress. Although this appears to be a conundrum, making incremental progress in both areas is necessary to achieve stabilization and desired economic development. A clear understanding of the inextricable link between security and economic progress helps us supersede the traditional chicken and egg (or, in this case, military and NGO) arguments of which comes first, development or security. It underscores that new approaches in both arenas are paramount in conflict countries like Afghanistan, where traditional development practices are ineffective, if not impossible to execute, due to a lack of security. Rather, direct experience in the field shows us that marginal improvements in both can lead to a virtuous cycle of increasing stability, while marginal decrements in both can become a vicious cycle. Since achieving either security or development in isolation is unsustainable, we must attempt to address both issues simultaneously. There is an urgent need to explore this new model. The sooner the experiments with innovation begin, the better.

In their draft paper on the topic, Colonel Jeff Peterson and Major Mark Crow spell out the doctrine and define the four “W’s” of expeditionary economics:

- What – To achieve sufficient economic stabilization;
- Why – To gain support of the local population in order to hasten the military’s redeployment from a region;
- Where – In locations that the President has already committed the military for reasons of national security; and,
- When – In environments that are too dangerous for civilian aid agencies or USAID.

We agree with Peterson and Crow’s definition of expeditionary economics. Expeditionary economics is a set of clearly defined tactical and operational tools to employ early and often, over a short- to medium-term horizon, in a conflict zone. It is *not* a strategic or policy instrument of the U.S. Government, so it specifically *excludes* export controls, access to foreign markets and the promotion of international trade activity. This exclusion does not exclude exports; however, the definition supports that the focus of expeditionary economics relates to activities surrounding the production of goods and services for local market consumption. This outcome is spot on. It is easier,

from an execution standpoint, to successfully produce goods for the local market due to the significantly higher product quality standards demanded by the export market. Furthermore, expeditionary economics is *not* a long-term commitment to economic development by the military; its focus is *not* on macroeconomic issues; and the military does *not* regard itself as “trained, organized and equipped to efficiently promote and foster long-term economic growth.”

With the four “W’s” spelled out, the question on the table now is “how?” How does the military drive economic opportunity while reducing the risk of mission failure? In developing the “how” of expeditionary economics, the military should leverage its many strengths, which include: resources (financial and personnel), disciplined execution (tactical and operational – to “get the job done”) and logistics management (experience in planning and executing in difficult conditions and harsh environments). However, we would highlight the importance of keeping laser-focus on objectives and outcomes consistent with the clearly articulated definition of expeditionary economics. If the “military is not expert, trained, organized, and equipped to promote and foster long-term growth,” then it cannot reasonably “provide civilian agencies a foundation they would have pursued *themselves*.” Tactical blocking and tackling is *not* what international agencies do. It is what the military should do and what it is equipped to do very well.

THE PARAMEDIC ANALOGY

The paramedic analogy illustrates this point about expected outcomes. As paramedics are “not the most qualified medical professionals,” the military are not “development economists or academic field researchers.” Again, it is unrealistic to expect the military to be “armed with an understanding of economic growth and development principles,” in order to “help to assess the condition of the local economy.” That is not what paramedics do, or how they are trained to do it.

According to Education-portal.com, “The time required to become an EMT varies based on the level of EMT a student hopes to become—some accelerated programs are as short as three weeks, while others can be one to two years to get an associate’s degree.” It takes ten years to become a doctor or an economist. To keep focus on the real task at

hand – seeding small-scale local economic growth opportunities with immediate impact - here are some simplifying assumptions:

1. You are not being deployed as economists or development experts; so do not try to do their jobs.
2. The economy is plenty bad or you would not be on the scene to begin with.
3. In a society damaged by years, if not decades, of war, there is little risk of “harming long-term growth prospects.”

If paramedics try to revive the patient and keep him alive long enough for the “experts” to take over, then the military is attempting “economic triage.” While it may be theoretically possible to do harm while trying to revive a moribund local economy in rural Afghanistan or other conflict countries, it is a low-probability case.

THE FOOTBALL ANALOGY

If it is unlikely that the military can harm the economic situation, what then should they come prepared to accomplish? We see football as perhaps a more descriptive analogy for expeditionary economics. A highly trained team takes the field for a finite period of time to achieve an objective—to win—by executing a series of well-planned, fully-practiced plays. Before the game starts, coaches scout the competition to understand its strengths and weaknesses, its depth of talent and what plays to anticipate. They map out how to effectively counter those anticipated plays. They assess the conditions of the terrain, the weather, even the spectators, and will factor in how each might tip the balance of play and the ultimate outcome. The team is comprised of specialty units, each “battle-drilled” in its particular role by specialty coaches, again and again, to achieve maximum performance. When the players take the field, these coaches continue to engage, calling plays from the booth or the sidelines, adjusting strategy in real-time, repositioning resources, and consulting with and advising the quarterback. But ultimately, the quarterback, the team leader closest to the action, is empowered to call an audible play to adapt to the situation on the ground. It is his responsibility to make the final read and to act upon it.



Winning takes a playbook, practice, teamwork, singular focus, competent execution, and post-game analysis that is discussed, vetted and recorded into institutional memory.

In this paper, we raise three specific ideas that may be helpful to bridge the critical chasm between the theory of expeditionary economics and the reality of achieving effective execution on the ground. First, we explain ARZU's approach to sustainable community development. Secondly, we put forth the concept of "economic terrain mapping" as a supplement and overlay to Colonel Jebb's new social mapping research tool. Thirdly, we recommend leveraging CERP as the basis for testing and validating new tactical protocols in the field and for creating the playbook to institutionalize knowledge derived from outcomes for broader, more consistent implementation.

THE ARZU MODEL

“All that is valuable in human society depends on the opportunity for development according to the individual.”

- Albert Einstein

ARZU, which means "hope" in Dari, is an innovative model of social entrepreneurship that empowers Afghan women by providing fair-labor, artisan-based employment, and access to education and healthcare. Connie Duckworth founded ARZU with the express purpose of creating jobs in desperately poor rural villages in Afghanistan, where little opportunity exists. From a starting point of only 30 carpet weavers in 2004, ARZU has created over 1,300 private sector jobs and provides direct social benefits to over 4,000 beneficiaries in seven rural villages in the Bamyan and Faryab Provinces. The ripple effect of ARZU's work today impacts the lives of tens of thousands of Afghans.

From the outset, ARZU's perspective has been that grassroots economic activity is the first step to driving peace in conflict situations. Our central premise is that all change starts with a job; the rest comes later. Over a relatively short period of time, the incomes derived from these jobs and the skills acquired become the catalyst to seed long-term economic and social transformation. ARZU has taught us a lesson in understanding systems thinking: that education and healthcare without jobs and economic activity

provide short-term hope and limited relief from suffering, without long-term change. Conversely, it is jobs, which provide an improved standard of living and, once integrated with education and health, transform an individual, a family and a community.

U.S. foreign policy and military strategists are well aware of the Youth Bulge Theory developed by sociologist Jack A. Goldstone and political scientist Gary Fuller. Countries with 30-40% of young males under the age of 30 lacking opportunities for regular peaceful employment risk erupting in violent armed-conflict. Why? Angry young men of fighting age, typically the second, third, fourth sons, find themselves unemployed and, therefore unmarriageable. Afghanistan is a youth bulge country, as is virtually every country in the Middle East and sub-Saharan Africa. To illustrate this point, we need look no farther than the revolution this spring in Egypt, a country with 60% of the population under 30 and with *official* unemployment running 33%. The irony is that traditional international development approaches focus on education and healthcare first, without consideration to economic empowerment through job creation. We think these priorities are misaligned.

At ARZU, it is our closely held belief that the path to peace in conflict countries can only be found in local, low-tech, low-cost, sustainable, entrepreneurial, and economically-based solutions that create jobs. Transformational change comes from the bottom-up. It is a grassroots phenomenon. Real change requires the long-term buy-in and active engagement of local individuals, families, and communities. Like with politics, it is all local. What matters to Afghans is not theory, good intentions, or grand scale. What matters is that projects actually work, that people are employed, and that families have met their basic needs (food, water, shelter), are starting to meet their secondary needs (security), and are looking to the future with hope of a better life.

ECONOMIC TERRAIN MAPPING

“Any intelligent fool can make things bigger and more complex. It takes a touch of genius – and a lot of courage to move in the opposite direction.”

- Albert Einstein

Among the many different types of mapping tools utilized to provide local situational understanding, including Col. Jebb’s interesting new cultural mapping tool,

economic terrain mapping (ETM) is highly relevant, but perhaps under-utilized. We define ETM as a technique utilized to gain an understanding of the human, physical, natural and financial assets at the local level in a conflict environment, which can be quickly put into action and leveraged for small-scale economic development purposes. Understanding the deficits in each of these asset categories provides a mirror view; those elements which need to be procured, developed or cultivated in order to create elemental conditions for basic local sustainable economic development seeding. Identifying the surpluses in the remaining asset categories provides a snapshot of the areas where economic development may be low hanging fruit – ready for execution with minimal external support. The economic mapping tool should allow better focus of the application of resources to develop areas with potential and fill gaps in areas that prevent the exchange of goods and services in functioning markets.

Economic and Financial Mapping – The Roadmap

Part I. Performing an economic and financial assessment of:

1. The basic goods and services that are being produced today for local consumption;
2. The basic goods and services that are being imported because they cannot currently be produced locally;
3. The basic goods and services (markets) that are missing because of infrastructure that is non-functional or non-existent.

Part II/a. Mapping existing local assets which can be considered part of the local contextualization of economic mapping, including:

1. Natural Resource Assets (water, forests, soil, minerals, etc.);
2. Physical Assets (roads, power, sanitation, hospitals, etc.)
3. Capital Assets (banking and credit system, shipping, sources and levels of wealth, etc.);
4. Human Assets (general literacy, current jobs, trained professionals--medical workers, engineers, teachers; tradesmen, etc.)

Part II/b. Identifying key deficits, in these same categories, that currently impede economic progress in locally producing basic goods and services.

Both key assets and key deficits should be measured in quantities and magnitudes and evaluated to begin to understand how each of these assets, both individually and systematically, can positively or negatively impact the ability to locally produce basic goods and services for local consumption. Economic terrain mapping creates a contextual understanding of key assets, which can be utilized and leveraged by the military or local entrepreneurs to support local economic development efforts.

Part III. Developing and deploying an expeditionary economic assessment framework based upon the data and information derived from earlier Economic Terrain Mapping, including:

1. Creating a matrix based on two criteria: local value (numbers impacted and magnitude of impact) and ease (or cost) of implementation on a low, medium, high scale;
2. Identifying key goods and services that fit these criteria;
3. Identifying assets required to create a “production-ready” environment by assessing availability and costs of assets on a scale of low, medium, high (for example: equipment—expensive or cheap? Training—one time or ongoing? Energy---sustainable or continually sourced?);
4. Assessing cost versus return for each proposed good or service;
5. Developing an assessment tool to identify the highest “leverageable” opportunities: can single factors create change or is “systems-thinking” required?
6. Creating an implementation plan for this economic “blocking and tackling.”
7. Identifying key gaps, flaws, and risks;
8. Executing with predetermined expected milestones, outcomes, timetables;
9. Reviewing and refining outcomes based upon changing local context.

Economic Empowerment: The Psychological Impact

The ability to create conditions to support local entrepreneurial activity in a conflict country produces several intangible benefits beyond the immediate tangible economic benefit of locally produced goods and services. Chief among them is the positive psychological change that results from empowering individuals to contribute to their own economic well being. This, in turn, creates the “flywheel effect,” where small steps of progress build upon one another to create a dynamic wheel in motion. The local sustainable “flywheel” process means that:

1. Jobs provide immediate income to the participants and help to sustain individuals, families and communities in conflict environments.
2. Training and new skills develop a sense of pride, competence and identity.
3. Income and identity provide a sense of hope about future opportunity and with it, the realization that it is more beneficial to embrace the positive change that brings a better life, than it is to be part of a continuing conflict (i.e. give up the guns to move your family ahead).
4. This income is reinvested through the purchase of other goods and services to create an overall more-robust market economy.

It is through this local, small-scale economic “blocking and tackling” that the initial economic foundation is established that begins to tip a local economy toward self-sufficiency, local sustainability and in a positive entrepreneurial economic direction.

Expeditionary economics tactics serve as a catalyst to create conditions for positive psychological and economic change. Economic terrain mapping is another essential technique for understanding current economic conditions on a local and contextual level and for creating a very basic economic development toolkit, which, in turn, enables local entrepreneurs to produce basic goods and services for local consumption. It is the process of creating a framework for locals to experience very small economic “wins” that seed the roots of economic development in conflict zones. From these initial small successes, more, large-scale economic development programs can be established and scaled by NGO’s and governmental agencies whose activities are based on more comprehensive, long-term strategic economic development.

APPLIED INNOVATION: STARTING WITH CERP

“A perfection of means and confusion of aims seems to be our main problem.”

- Albert Einstein

Expeditionary economics provides a low-cost, easy-to-deploy, early-solution toolkit for conflict first responders, the military. Part of the tactical economic solution set consists of a framework for economic terrain mapping: completing a key asset and deficit analysis and evaluation in order to gain a solid understanding, from a local contextual viewpoint, of which resources are available and can be leveraged to initiate local small-scale economic development seeding. A second part of the framework is evaluating which basic goods and services can be produced locally, determining their value, and then identifying the best process and approach to produce them based on resource requirements. Third is integrating all of this information to create an initial economic development-seeding plan, which includes defining all tactics, constituents and best approaches with local contextual sensitivity. Tactical execution, the logical outcome of this preparation phase, consists of the “hands-on” actions to provide the requisite tools, skills training, and support necessary for gaining traction with a small-scale operation.

Let us return to our football analogy. The military has the requisite leaders, skills, manpower, and resources to execute exceedingly well on the field of expeditionary economics. The Commander’s Emergency Response Program (CERP) is an established and well-funded training camp. However, in these early days, the military is not playing pro ball. Missing are the playbook, the mandatory practice, the dedicated coaches and specialty teams, the feedback loop and the uniform and singular focus of the entire team. Super Bowl champions do not walk onto the field without adequate preparation and concoct plays on the fly that are forgotten when the clock runs out. Neither does the military when it comes to kinetic activity, nor should it when it comes to expeditionary economics.

CERP has the potential to be a game changer for expeditionary economics, but processes must be implemented to encourage and, in fact require, the development, testing, sharing, replication and documentation of best practices. From my observations in Afghanistan, each unit leader is left to his own devices to decide how to spend CERP

money. There are a number of problems with this approach. Given the short tours of duty, there is relatively little time for the commanders to develop the in-depth understanding of complex local conditions and personalities upon which to base decisions about how to prioritize needs and projects. Each one basically starts from scratch. Projects that are funded may or may not be what are really needed or what will work. Given that a commander's focus is on his primary mission, CERP projects are often not considered priorities, which results in inconsistency in both how the money is spent and in quality of execution. Time on the ground is too short for adequate outcomes assessment and little institutional memory is passed during the transition about what has or has not been successful.

For example, in Bamyan, the case we know best, the New Zealand PRT decided to fund wells, made the determination they should be 60 meters deep and contracted with a local Afghan to dig them. However, wells previously dug at this depth in the area failed to hit sweet water; we were told by locals that wells must be 100 meters. When we were fortunate to have the PRT offer to provide a well for the ARZU Women's Center, we asked that it be 100 meters, but were told by the PRT that 60 meters would suffice. We even offered to pay for the well digger to go down the extra 40 meters while the rig was set up, but were told no. The well was dug 60 meters and did not hit water, so we ended up having to put in tanks and pay to truck in water. While a small example, this waste of resources (time and money) could have easily been avoided had some documentation existed at the PRT regarding past practices.

While situations on the ground can vary dramatically, it is possible to provide some structure around best practices based on insights from the economic mapping process. A menu of projects that fit the region could be created: appetizers—the easy basics like wells and seed; entrees—more complicated efforts like light manufacturing; and desserts—like soccer fields and playgrounds to enhance the overall community experience. An upfront investment of time and effort would add value to field commanders by providing them tangible ideas that would save time and produce better outcomes.

Just like with any other military mission, tactical economic models should be planned, prototyped, tested, tweaked, taught and repeatedly practiced, in order to become



an effective new weapon in the arsenal of tactical responses. Then, the military can roll them out, at will, based on the circumstances, while continuing to experiment with new techniques

In conflict countries, where many unforeseen and unavoidable issues can impact the initial success of a small-scale operation, it is critical that immediate, “straight-from-the-box” success is *not* considered a given and not the only continuation criteria evaluated. Rather, the efforts that gain a foothold, and ultimately succeed, often result from encouraging and supporting the efforts of local citizens, who, while unskilled and untrained, have the desire, the will, and the “can do” attitude to learn. An important part of tactical execution is assisting them in this learning process.

For seven years, ARZU has consistently and effectively overcome the many challenges and unexpected obstacles encountered while working in a conflict zone in a similar way by identifying, piloting and implementing innovative solutions. While we began our efforts in Afghanistan as a small entrepreneurial effort, we have developed the infrastructure, skills and agility required to successfully deliver sustainable results. It is this unique ability to rapidly adjust to changing conditions through innovation that has made ARZU successful, while other organizations, both large and small, falter. Applied innovation has been the guiding principle behind ARZU’s efforts in Afghanistan since 2004 and today stands as the cornerstone behind every ARZU project and program.

The ultimate goal from CERP could be to create a proven, “ready-to-implement,” sustainable small-scale economic model that can provide the military a systematic framework for assessing, evaluating, planning, executing and refining tactics necessary to successfully seed economic activity in conflict countries. By developing and validating this tactical model, the military, one of America’s greatest deployed assets, can become a critical participant in delivering “the first mile” of economic success. These initial efforts begin to transform the economic and psychological conditions of individuals, families and communities in conflict countries and to move them toward economic and social sustainability.

CONCLUSION

What approach would ARZU take to develop a workable economic prototype structure? We would recommend:

1. Understanding complex eco-systems (social mapping, financial terrain mapping, role and power mapping; identifying and meeting all principals and their entourages to understand tribal, familial, historical, inspirational relationships; military and political objectives);
2. Establishing a set of characteristics and rules based on this insight and a set of operating principles suitable for the environment;
3. Identifying low-tech drivers of economic activity based on a set of desired and appropriate characteristics: local, low-cost, low-tech, sustainable, trainable;
4. Adapting recommendations to the countries' resources: for example, Afghanistan is a country long on human capital and short all other inputs - no job is too small;
5. Emphasizing co-op style learning and small-scale entrepreneurship that creates jobs while simultaneously building human capital capacity in a manner that integrates and reflects local cultural norms;
6. Targeting 80% success, instead of optimizing for perfection which results in a poor resource to return ratio.

In summary, both the new military doctrine of expeditionary economics to promote conflict reconstruction and ARZU's holistic approach to sustainable community development share common thinking. The idea is straightforward—winning local hearts and minds by creating jobs and jump-starting grassroots economic activity. A vibrant economy is the best possible antidote to insurgency. It is the most effective counterinsurgency strategy.

The doctrine for expeditionary economics is an idea whose time has come. According to CBO projections, funding for Iraq, Afghanistan and the Global War on Terror could total between \$1.56 trillion and \$1.88 trillion for FY2001-FY2020 depending on the scenario. ¹ If 5% of this figure is targeted for foreign assistance, as the

¹ Congressional Research Service, 7-5700, www.crs.gov, RL 33110

report states, then the U.S. taxpayer is looking at a bill of some \$80 to \$100 billion for Iraq and Afghanistan alone--an amount that will surely lead to hard questions about where the money has gone and whether it has been effectively spent. Given eight “major wars” (defined by the United Nations as military conflicts inflicting 1,000 battlefield deaths per year) and some two dozen “lesser” conflicts currently underway in the world, there will be both ample opportunity and an ongoing need to put this new doctrine to work in the field. ² In conflict zones, the military ends up owning the problem. Expeditionary economics is a vital means of contributing to the solution.

² www.globalsecurity.org