

Expeditionary Economics – Phases, Initiatives, and Implementation

June Reed

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Defining Expeditionary Economics

This document is offered as a way of viewing the role of the US Military concerning economic development in areas of operation where kinetic activities have ceased and security forces are in a hold position, often referred to as post-conflict situations; yet security is fragile and hostile actions are part of the landscape. It is not meant to be a full discussion of all the challenges and aspects of economic development that are faced by any entity in such situations with regard to supporting development. It is presented as a guide for the US Military in undertaking activities in the economic line of operations. Presented here is a continuum of initiatives that are within the US Military's core strengths and lead to engaging the local private sector and host nation's government in sustainable economic development, meeting local needs and supporting security.

The conditions in post-conflict areas are variable in terms of generating sustainable economic development and growth with kinetic operations in some areas and relative stability in many others; this is typical. There are numerous challenges to economic development such as corruption, lack of rule of law, and poor capacity at many levels of government, to name only a few. However, it is important that sustainable private sector growth be generated despite these challenges. Entrepreneurial activities are growth drivers and throughout the world local business people have shown that this spirit is alive with efforts such as reconstituted markets springing up under difficult conditions.

Definition Of Expeditionary Economics – Underlying Assumptions

Basic assumptions are offered here to provide a framework for expeditionary economics and to develop a common context in which Senior Leadership and Commanders can view economic initiatives in their respective areas of operations. For the purposes of this document expeditionary economic activity is what the US Military is concerned with in the economic line of operations. It does not define the economic activities that are or should be undertaken by other US agencies, donors or entities, nor the various levels of the host government. However, implementers should be equally aware of what expeditionary economics is and what it excludes; both are integral to shaping the identification, planning, and initiatives that are undertaken by the US Military. A primary premise of expeditionary economics is that sustainable economic activity is one of the cornerstones of security. Thus, development outcomes must be achieved as early as possible even though there is less than full security and peace as well as a lack of full implementation for the myriad of other long-term initiatives designed to improve the business environment, encourage private investment and entrepreneurship. A second premise is that: *in expeditionary economics the outcomes that matter most are local*. With these premises the below assumptions are basic to developing a working definition of expeditionary economics:

- Though expeditionary economics can be described as having three phases --Humanitarian, Stability, and Sustainability -- these phases are often blurred at the boundaries, may be undertaken simultaneously in one regional geographic area depending on conditions, should reinforce empowering the local population and host nation's government, be connected to greater national goals when possible, leverage available resources from all legitimate sources, emphasize the development of sustainable economic activities and opportunities for the local population, and focus on supporting security, stability, and peace to the population.
- Sustainable economic development is one cornerstone of continued security. When local populations have opportunities for employment that are sustainable and not tied to government assistance security is enhanced.
 - Phase three is the least articulated to date. The first two phases are defined by activities that the US Military has undertaken for some time in conflict areas of operations. In contrast, two major aspects of phase three, the implementation of targeted regional

developments with sub-regional cluster action plans for achieving sustainable economic development have not been formalized in US Military literature.

- Incorporating entrepreneurial development and activities via regional and sub-regional development are examples of the “WHAT to do” for phase three that have sustainable and positive impact. Presently these activities are not generally discussed as US Military initiatives and at best are only informally mentioned in relation to actions/plans related to economic development undertaken by the US Military,
- The process used to plan and implement tactical activities of various phases of expeditionary economics is as important as what specific actions are undertaken,
- Progressively through the three phases, process becomes more determinate of a positive outcome,
- The process for planning targeted regional developments and sub-regional cluster action plans of phase three identifies specific economic development initiatives to be led by the US Military (specifics of What to do); the implementation process for these development initiatives is based on local entrepreneurial strengths and is very much a part of the “HOW to do”,
- The author’s definition of expeditionary economics identifies the appropriate areas of leadership for the US Military to undertake in the economic line of operations, and
- Identifies the relationships with possible multiple stakeholders that should be included with the initiatives that are planned and undertaken when engaging in economic development.

A. Expeditionary Economics Continuum; Three Phases

This is a brief definitional summary of the expeditionary economic continuum; the principal three phases. As a backdrop to describing the three phases of expeditionary economics some foundational constructs are presented below based on the author’s experiences in economic development from numerous years in Iraq. The four precepts below provide the guideposts for inclusion and exclusion of general economic initiatives that the US Military determines it will lead or where it will expend significant resources.

Principles Of Expeditionary Economics Continuum

1) Defining Boundaries: Yes, everything is connected to everything – however, this truth is not insightful when determining on which economic initiatives the US Military should be the lead or undertake with other entities, the prioritization of said actions, and specifically how those actions are to be undertaken. It is not only useful, it is critical for the US Military to effectively identify boundaries for applying their scarce economic resources (CERP funds, personnel, time, equipment, etc.). The economic line of operations in theory could encompass the entirety of multiple-decade plans to create a robust, sustaining, internationally competitive, leading economic power for a host nation and one can easily dismiss this as over ambitious and out of the bounds for the US Military. However, it is proposed here that many initiatives that are often undertaken by the US Military should be considered outside the boundary when the US Military effectively deploys resources in the area of economic development to support security. Defining the boundaries of effective economic applications/ activities is a power generating exercise, not a limiting one.

2) Leave the Lead of Long-term Initiatives to Others: The military cannot effectively and should not undertake the lead or expend many resources in an attempt to address all aspects of economic development for a region or a community, let alone a nation. There are many needed economic initiatives that will be undertaken in the timeframe of phase three where the lead will and should be civilian experts. These experts are usually contracted by USAID or other international donors such as

the World Bank and other international partners and NGOs that support reconstruction efforts. These long-term initiatives are characterized by the following:

- Requiring significant specialized expertise to properly develop and implement,
- Requiring long-lead times for planning, government buy-in, and implementation,
- Often involve complex legislative issues to be outlined, negotiated, and approved requiring significant political involvement,
- Tend to require a great deal of capacity development for government officials at all levels adding to the length of time when substantial results can be achieved, and
- Implementation is often an issue larger than the usually difficult planning, approval, and legislative process.

Below is a listing of some of the long-term, complicated issues that are dependent on specific technical expertise, are interrelated with many factors, require long-term commitments (years), need to be addressed at the top level of government, depend on coordination of multiple entities, agencies, and programs, and often are subject to the whim of political will. Knowing what to leave to others can naturally focus US Military resources for more positive outcomes in the areas and initiatives that are addressed and where the US Military has the expertise and thus a much better prospect for success. Examples of economic development areas/initiatives best led by others include:

- Implement rule of law,
- Design, legislate, and implement legal issues for the business environment,
- Design and implement privatization model,
- Manage macroeconomic issues,
- Create a banking system,
- Design and manage significant capacity development programs at various levels of government,
- Design and implement new health care and educational systems,
- Develop and implement housing and mortgage policy and programs, and
- Develop agricultural policy.

3) *The Military May Participate, Encourage, and Support in Specific Ways* all the areas listed above. However, the international donor and development community (including USAID, NGOs, UN, World Bank, IMF, etc.) has the expertise and historical experience and should be the lead in addressing these issues for the reasons noted. Aggressively undertaking the above issues would defuse the US Military's resources and they may often find their activity duplicative and counterproductive. The military has effectively undertaken very specific one-dimensional aspects of said issues and contributes greatly; however, overall the lead in addressing these issues should be civilian experts belonging to other entities/agencies. It should be noted that senior level military leadership should and does encourage and engage the host government in all of the above applicable areas. All relevant military personnel will indeed need to understand the issues involved with the above economic challenges and keep abreast of plans, progress, and outcomes in these areas in order to continually gauge the ever-changing economic, security, and political landscape. Transparency and coordination in communications concerning multiple agency efforts are often important and challenging issues.

Specific activities that *support* long-term initiatives arise from time to time where the US Military is well suited to provide one-off assistance. However, these are discrete activities that have a definite end-point and are secondary to main reform/development initiatives. It is argued that many areas that are important for laying an advantageous foundation for economic development and business formation as well as general global competitive advantages are not areas where expeditionary

economics should be placing significant assets; examples include gaining membership to the World Trade Organization and land tenure issues. However, it is important that senior military officers are involved in persuading the local and national governments to undertake said reforms and unite with civilian and other donor community members through diplomatic efforts.

An example of *support* to the banking sector in Iraq is the US Military's securing shipments of cash to many private and national bank locations to insure enough cash was on hand to honor checks, especially those of the Iraqi Army. This activity is a discrete support effort and does not necessarily involve the overall long-term objectives involved in setting up a strong and functioning banking system. These discrete support activities will always be requested of the US Military. The military should transition these activities to the private sector or an appropriate government entity as soon as possible, which may require soliciting the assistance of civilian entities to provide training for said transition.

4) *The US Military Has Many Core Strengths* that can contribute to and be leveraged in areas relating to economic development. Most of these attributes are unique in and of themselves and when combined in creative ways, under the conditions that the US Military usually operates, other entities cannot readily duplicate the results of the US Military. These strengths include:

- Security/Force Protection – at all levels,
- Intelligence gathering,
- Reconciliation efforts and detailed implementation of agreements,
- Logistics and supply -- food, fuel, basic needs, etc. under poor conditions and in tight timeframes,
- Management of work corps or the like for mass projects in multiple locations and undertaking diverse tasks,
- Assessments – critical mass of boots on the ground and have strong situational awareness; ability to be detailed and comprehensive as well as cover significant aspects that apply over vast areas,
- Engineering and construction – roads, bridges, water and sewer plants, communication lines, power facilities, other infrastructure, etc.,
- Supply and utilization of heavy equipment that is multi-modal supporting standard as well as unique requirements, volume of supply and speed of mobilization is significant,
- Numbers of personnel and multiple skills can be quickly deployed to address situations,
- Conduct tactical operations and activities in areas most other entities can or will not operate in,
- Project planning, management, and contracting expertise, and
- Action and goal oriented; positive results count.

The above strengths are indeed potent for the general conditions and initiatives the US Military finds themselves operating in and undertaking.

Presented below is one example, in summary form, of rationale and results of the US Military working hard in a specific and important economic sector in Iraq -- energy -- with mixed results for significant multiple-goal efforts.

The following six goals were primarily addressed by tactical initiatives in the field:

Restoring and securing the oil pipelines

- Within Core Strengths; security, engineering, contracting, local tribal negotiations
- Resources expended within US Military

- Results: Success
- Securing refineries
- Within Core Strengths; security and local interface
 - Resources expended within US Military and utilized tribal forces
 - Results: Success
- Securing local fuel depots
- Within Core Strengths; security and local interface
 - Resources expended within US Military and utilized tribal forces
 - Results: Success
- Distribution of refined fuel to strategic locations for strategic uses
- Within Core Strengths; security, logistics, and equipment
 - Resources expended within US Military
 - Results: Success
- Distribution of cooking fuel
- Within Core Strengths; logistics, assessments
 - Resources within US Military and host government
 - Results: Success
- Reducing corruption and black market operators in fuel deliveries
- Within Core Strengths; security, intelligence, local interface
 - Resources within US Military and host government
 - Results: Success

The US Military set up an Energy Fusion Cell (EFC) to work on a variety of issues related to energy addressing primarily the following three issues. The EFC, being composed of some 20+ individuals, expended many personnel hours and other resources during its multiple-year operating life. It should be noted that other agencies and entities (US Embassy, International Entities, US Dept. of Energy, etc.) additionally had individuals actively working on the following three goals, thus the US Military's efforts were duplicative.

Insuring an adequate supply of fuel from Ministry of Oil to Ministry of Electricity

- Not within Core Strengths
- Resources required not within US Military
- Results: Sporadic at best

Passage of Hydrocarbon Law

- Not within Core Strengths
- Resources required not within US Military
- Results: No law passed to date

Iraq Government to conduct competitive, market orientated, transparent bid process

- Not within Core Strengths
- Resources required not within US Military
- Results: Bid process is not competitive or market oriented and marginally transparent.

Though presented in a very simplistic format the above summary illustrates the point that when the US Military operates in areas where their goals and initiatives were within their core strengths they were successful and in the areas where they undertook initiatives outside their core strengths they expended many resources that did not assist in producing the targeted results.

Phases Of Expeditionary Economics

As noted above there are three main phases presented in the continuum of expeditionary economics. The duration of each phase in any one area depends on many local/situational factors and the initiation of a particular follow-on phase often overlaps. It is frequently the case that involvement in specific activities does not end abruptly with clear distinctions between the three phases. There may well be a continuation of significant military resources for some time for specific purposes even though civilians and/or local governments are officially the lead in overall areas/activities. In practice the phases are not as distinct or discrete as presented nor should they be. There is often a blurring of the distinctions in transiting lead responsibility from one phase to another concerning the military's role. For example many of the phase two reconstruction activities may continue well after the initiation and implementation of phase three activities and in many cases these activities may provide specific support to phase three initiatives.

It is important to note that the overall goal is security and that humanitarian efforts, stability initiatives, and sustainable economic development activities should be coordinated and build upon one another to support security. There are really two aspects to the transition process: 1) The change in emphasis of initiatives from one phase to another by the military and, 2) The turning over of activities to others that have developed a presence in the operational area and are capable of willingly assuming responsibility for the lead of initiatives. It is highly desirable that both aspects of transition move along the time continuum as quickly and reasonably as possible. Each phase increases the potential for greater positive outcomes and a strengthening of security, and effective transition to civilian experts will free up military assets.

Phase One: Immediately After Kinetics; Humanitarian Assistance:

The purpose of Phase One is to provide **immediate humanitarian assistance** to support basic human needs that have been disrupted due to military action. The military is the initial lead in all the activities in this phase and initiates the assistance efforts for they are, by definition, on the scene. The US Military should remain dominant in the humanitarian efforts until other civilian agencies/entities and host nation can adequately assume responsibility. Force protection responsibilities may need to remain in effect long after a transition of all humanitarian efforts are completed. It is important that the US Military actively bring in other recognizable and appropriate entities as soon as feasible. These entities should coordinate assistance efforts and the host nation's government should be visible in providing humanitarian support to their population at every opportunity possible. There are many international organizations whose mandate/charter is humanitarian assistance and a number of them focus on specific aspects; for example, displaced persons or health issues. These organizations are well equipped to organize, plan, and deliver supplies, physical assistance, and in general address the needs of a local population in extreme stress. However, they usually cannot deliver their assistance in the "day one" timeframe that the US Military can and often initially need logistical/transport support as well as continued security.

Effective coordination of the "humanitarian assistance team" will bring significant payoffs for the US Military's goals of security. Obviously a population whose needs are met through a timely, meaningful, well coordinated and executed, and adequate response will be more receptive to follow-on relations with the US Military. As the US Military shifts from lead to secondary support and generally ends its role in humanitarian activities in any given area the process of transitioning responsibilities is an important one which should insure that immediate needs continue to be addressed.

Humanitarian Support Includes:

- Clear area of ordnance,
- Burial assistance,
- Emergency medical,

- Shelter,
- Food,
- Potable water,
- Power, etc.

Phase Two: Stabilization Economics:

Phase Two, Stabilization, may begin as soon as the very immediate humanitarian needs are addressed. Support in terms of humanitarian efforts may continue for considerable time where the population is generally settled and many old patterns of civic life are returning to the majority of the area's population. Security elements may need to be active in the area, the degree depends on many factors; however, phase two cannot begin if actual kinetic operations are still in progress and cover a significant portion of the geographic area in question. From time to time specific limited action and limited terrain kinetic operations may continue and be a hindrance to phase two but should not prohibit said activities all together; phase two activities are usually undertaken in very tenuous and fragile environments.

Phase Two focuses efforts on the goal of stabilizing a particular area after the immediate humanitarian needs are attended to; there is not necessarily an end of all humanitarian support. However, the level of immediacy and emergency in relation to the assistance will have subsided. This phase is characterized by the commencement of six broad areas of initiatives: A) Quickly providing jobs for the many unemployed young men and others with attention to alleviating generally poor conditions such as trash and rubble accumulation and to get minimal subsistence wages circulating in the community; mainly characterized by large job corps-type projects that may transition to sustainable jobs, B) The broadening of CERP expenditures from strictly humanitarian purposes in phase one to one-on-one individual expenditures for tactical support at the very local level, C) Beginning reconstruction of local/community municipal infrastructure, D) Rebuilding broken supply sources/chains for commodities and services necessary for basic living such as medical services and power, and E) Provision of national government programs, and F) May include one-off unique situations such as cash deliveries, , etc.

A. Large job corps projects often called "make-work programs"; actually are much more -

These initiatives are initially a stop-gap that will absorb significant unemployed in a region, targeting primarily young working age men, to help bring a sense of order and normality, provide a needed service for the community, and provide wages for individuals and families. These activities may initially begin with the US Military's providing the full complement of tasks to employ many day laborers at a variety of work projects. Following in time are contractors that implement defined programs often in conjunction with others such as the local and national host government. These activities usually last until the funding is fully utilized and the programs are not thought to be sustainable in and of themselves. However, many aspects of these programs are transitioned to municipal and private sector entities taking over portions of the programs in different configurations and thus create sustainable work opportunities. An example would be local municipal government undertaking trash collection and rubble removal.

As these programs are developed and implemented the military is still greatly involved in force protection, many logistic and other details, and has a great deal of input and information to share. The US Military is usually the lead in preparing new locations/cities for expansion of said programs and supporting logistics for municipalities when transitioning the "programs" to the government and/or private sector.

Project examples include:

- Trash collection,
- Removal of demolished building rubble,

- Revitalize city parks and playgrounds,
- Rebuild sewers and other less highly engineered infrastructure,
- Clear and re-pave roads,
- Clean irrigation ditches, and
- Repair/rebuild markets.

The approach of initiating large-scale work projects has been mainly successful; however, it is important to note that success is measured in several ways and the number of persons employed and the duration of their employment are only two such ways. The most successful work projects have included the following characteristics:

- Program activities/jobs that result in a perceivable positive change(s) for the community,
- Transition temporary jobs to municipal or private sector positions leading to permanency,
- Any work that enables workers to gain a new skill no matter how small the increment, and
- Programs that have included options for other training such as learning to read.

B. One-on-one individual expenditures of CERP for tactical support at the local level -

Commander's Emergency Response Program (CERP) funding in many instances actually commences in phase one and is designed to provide (as its name states) funds that enable Commanders to respond to emergency needs mainly at the local level and for humanitarian needs. As CERP funds are expended in phase two they transition from serving immediate needs to those that have an expanded time horizon and multiple purposes. It is important that these expenditures be as effective as possible which should include connecting as many of said expenditures together to a specific economic purpose or goal and leveraging the value of the funds. There are potential CERP expenditures that have higher payoffs as they are tied to a series of related initiatives making any particular economic contribution of more value than others which is not connected or leveraged. Combining CERP funds to build on or combine with programs or projects that others are implementing can be of great value. The funds could be combined with local NGO funds, local government funds or initiatives and multiply outcomes or assist in completing a project. Additionally CERP funds could be combined and fund different aspects of related projects; all of these possibilities will be opportunities in leveraging the limited CERP funds. Proposals for CERP should be carefully evaluated for their projected outcomes as well as possible issues that may develop; negative implications should be analyzed. Some of the more basic lessons in CERP expenditures include:

- It is best to involve the local people in determining projects, do not choose for them, support their wishes should be the general rule; the local population needs to be part of the process,
- Money may distort local economies and people's perceptions; spend wisely,
- Leveraging CERP funds whenever possible, by definition, multiplies your outcomes,
- Projects of local NGOs and the community government are good places to look to leverage funds,
- There are projects that have a greater payoff than others; prioritize your expenditures and look to the longer term and security and sustainability,
- Better to plan projects thoroughly than rush to spend funds.

C. Beginning the reconstruction of local/community infrastructure -

The suggestions noted in the above section apply in this section when specific municipal projects are undertaken. Assessments must be conducted to determine the level of municipal and private sector infrastructure that may have been damaged and needs to be rebuilt, as well as what level of improvements beyond repairs should be implemented in the community. Working with the local government officials and the local community leaders the assessment should be reviewed, priorities set

for reconstruction, and a transparent process developed for implementation; what needs to be done, what will get done first, and how the process of reconstruction will be undertaken. Given the lack of funds allocated from the national government to the local government for operations at the community level a technique that worked well in Afghanistan was to use a portion of CERP funds as the substitute budget for the local government.

In “CERP As A Budget”^{*} commanders would allocate a specific amount of CERP funds for municipal reconstruction and have the local government officials and community leaders determine how the funds should be expended to better the community in terms of needed services, mostly reconstruction purposes such as water, sewers, roads, etc. This specific system of supporting the local government produced many positive results among them are the following benefits:

- Confidence in the local government for it could now provide services given the CERP funds,
- The community had a say in the use and prioritization of the expenditures,
- Transparency in government and contracting increased, and
- Local government increased its capacity to deliver services to the respective communities.

**The detailed process of using CERP as a budget as well as the benefits is documented in a paper to be published from the West Point Senior Conference May 2011 by Col. Randy A. George and Mr. Dante Paradiso.*

CERP used for local reconstruction, whether CERP as a budget process is used or not, should be highly coordinated with the community; local government, local leaders, the community at large, as well as dovetail with any national government programs or programs of NGOs, etc.; there may not be reconstruction projects underway or there may be several of various types. Just as noted in the activities in B above preparing an overall plan for basic infrastructure and special one-off projects should be undertaken. Leveraging CERP funds with other entities and connecting CERP projects together increases the effectiveness of funds expended and will more clearly lead to sustainable outcomes rather than funds expended in isolation for one time needs. It may be appropriate to expend funds in one-off situations; however, this should be carefully evaluated and not be the standard. Using local contractors and materials when possible has many benefits and the contracting process should be conducted in an exemplary fashion to reduce corruption. It will benefit the US Military and the community to compare prices for labor, equipment, and materials for all contracts. In planning projects it is important that all aspects of “operational” be considered and determined when developing plans. For example, schools and medical clinics are not only buildings; they need equipment, personnel, power, supplies, and maintenance to be functional. Providing a building without having equipment, trained personnel, etc. is a waste of funds, time, and creates unfulfilled expectations and negative results.

Another aspect of phase two reconstruction projects/plans includes thinking beyond stability to sustainability. Though the major perspective of phase two is stability and getting a community back to normal in terms of basic needs, including a view toward sustainability in terms of economic opportunities is positive. Consideration of the mercantile infrastructure – transportation, communications, power -- when discussing and evaluating projects and priorities is important. Projects that can facilitate the private sector’s implementing businesses and growth are positive, for this in the longer term is important for security. There are many aspects of the economy that the government cannot effectively or efficiently or as quickly develop as the private sector, and reconstituting the necessary basics needed by the private sector to initiate businesses will be positive.

Though many reconstruction projects do not take long to complete they may not coincide with units’ deployment cycles. Thus, it is important that follow-on units complete committed plans, for in the eyes of host nationals the US Military, regardless of unit, is one entity. If projects are stricken from plans then

discussions with the community should take place so there are no unmet expectations that are not communicated.

CERP projects involving reconstruction of infrastructure-- water, sewer, schools, medical clinics, roads, communications, etc. -- have been positive and have followed the general lessons noted above, which in a number of cases were hard lessons to learn.

D. Rebuilding broken supply chains/sources for commodities and services necessary for basic living

Along with restoring necessary infrastructure there is often a need to either restore former supply lines for specific commodities and services or to find ways to create alternative and sometimes temporary new inflows of these basic needs of a community. As examples these services and commodities include power for heating with special attention to seasonal needs, cooking oil, minimum medical supplies and trained personnel, at least for periodic yet regular availability, communication links, and regular transport/supply inflow of basic food stuffs, etc. In determining a community's needs, as noted above, information concerning the availability and delivery of these basic commodities and services needs to be included in any comprehensive assessment. The present situation needs to be determined as well as the level and how the commodities/services were provided previously, if at all. The information gathered in the assessment will help to develop proposed plans to discuss with the community and together make a final determination concerning how the broken supply chains can most effectively be restored or new ones established. It may well be that in the setting of priorities for reconstruction commodity and services supply chains were discussed and already included in priorities. However, the reason this group is listed separately is that most of the commodities/ services noted here will depend at some level on the government, other market forces, or factors beyond the local US Military control such as fuel, cooking oil, medical personnel, teachers, and the like. This interdependence should be carefully reviewed, evaluated, and then fully factored into any plans and priorities developed for initiatives in this area.

E. Provision of National Government programs -

The national government often has programs that support local communities directly, such as provision of food stuffs or agriculture inputs such as seeds or fertilizer for farmers and allocations of cooking oil. The US Military may support the community by informing them of new programs and/or assisting the local government in soliciting appointments with program officials as well as support in transporting local officials to meet with program officials to review and discuss how existing programs may be implemented or more effectively delivered in their community, as the applicable case may be. Often the host nation is not efficient in the delivery of programs whether they are commodities or include such items as financial services and funding via the formal budget process.

It is important that the US Military is aware of the host government programs and processes that are developed to support local communities or their area of operations as well as the capacity of the government to effect progress concerning implementation of said programs. Information for such programs should be kept current as well as knowing how implementation is progressing in the surrounding areas. The local government often gains in skills and knowledge of government operations and representation as well as the fruits of programs when they are encouraged to reach out to national government officials/program managers and solicitation on behalf of their constituency. Playing a supporting role by providing specific information, suggesting ways to address problems within acceptable government redress procedures, and facilitating meetings has positive rewards for the community.

F. One-off unique situations –

Important tasks that support an immediate need with a regional or national scope or long-term economic initiatives do arise where the US Military is either the best situated or the only one situated to undertake

such tasks in the short-term. Examples from Iraq would include aerial spraying of the date palms, distribution of food stuffs from the Public Distribution System, logistical operations at the port for grain shipments, and as noted above cash deliveries throughout the country. These operations are not always tactical in nature, such as the date palm spraying. They often require coordination over a number of groups in the US Military and may require coordination with the host government and the general population. These operations usually begin to be tasked in phase two and may continue through phase three.

The US Military may identify tasks/activities themselves or be requested to undertake many such tasks; individually and certainly cumulatively these tasks will consume significant US Military resources at any one time. When reviewing such activity requests it is important that the US Military understands the extent of the operations and their probable durations. In undertaking these activities it will be imperative that the host governments (all appropriate levels) be part of the plans and, in many cases, the implementation when possible. (There may be aspects of certain activities where the US Military maintains close hold for security reasons.) At the earliest time as possible the appropriate stakeholders -- be they government or private sector -- should be included in operations and trained to take over the activities. Transition from the US Military should be targeted at the earliest possible time period. In order to transition these tasks significant capacity development may be required, and/or acquisition of assets by the host government, or other requirements; these aspects must be planned for in the transition process.

Summary of Best Practices for Phases One and Two Initiatives -

- **Transition** – *plan for transition of initiatives to host nation’s government(s), private sector, or other donor expert entities as soon as appropriate; build transition into the implementation plan with a target date and work all necessary elements of plan toward said transition*
- **Involvement by the appropriate host nation’s government in planning and implementation of initiatives is a foundational principle in the economic line of operations:**
 - **Defining projects,**
 - **Prioritization of projects, and**
 - **Lead project activities when possible**

Initiatives should not be undertaken without the knowledge and approval of the host nation’s government and appropriate community officials. Supporting communities in helping themselves rather than doing for or to citizens builds trust and mutual respect,

- **Develop an overall plan with overall goals of security and sustainability** – *without an overall plan initiatives will more likely not be linked or leveraged and one-off projects will be the norm causing considerable distortion in the local economy, less transparency in overall activities undertaken, more opportunity for citizens to become disgruntled, by definition will exclude community input, and result in poor overall outcomes for the community as a whole,*
- **Link initiatives for higher impact results within the overall plan** - *combining, grouping, and linking initiatives of the US Military together when possible often increases the magnitude of results and leads to greater sustainability,*
- **Leverage resources with all appropriate other legitimate entities** – *combining, grouping, and linking initiatives with other entities’ programs, including those of the host government’s programs when possible, often increases the magnitude of results, brings in additional resources, provides for additional views and expertise to be garnered to lead to greater sustainability,*
- **Support capacity development of host nationals involved in any activities concerning community initiatives** – *given that transition to host nationals, be they government or private sector, is a desired outcome all plans should include building capacity of one’s host nation counterparties at all levels,*

- **Government to be seen as delivering services and legitimate** – *use techniques such as CERP As A Budget to support the local government’s effectiveness and increase its capacity, the more capable the local government and participatory the community the greater the opportunities for better services to be delivered and result in an increase in legitimacy,*
- **Contracting practices should include:**
 - **Use direct local procurement when possible,**
 - **Have preference for local contractors,**
 - **Have preference for contractors that use locals,**
 - **Practice transparency to combat corruption, and**
 - **Carefully follow progress for agreed to progress and final outcome**

The contracting process should follow the above best practices resulting in jobs for the local community, better outcomes, strengthening of capacity for contractors and local government, reduction in corruption, better value, and positive relations with local community,

- **Measure success by:**
 - **Increase in security and stability of community,**
 - **Local population viewing US Military actions and initiatives as supporting peace and community viability,**
 - **Increase in capacity of all stakeholders,**
 - **Private sector participation and growth,**
 - **Increase in positive view of government,**
 - **Increase in participation in community issues, and**
 - **Rejection of poor and ineffective behavior**

In many cases success for initiatives has been measured by inputs such as how much has been spent, number of persons trained, school houses rehabilitated or built, and the like. The various measures proposed above evaluate results/outcome/changes in behavior. These changes are more difficult to assess; however, they are the outcomes/changes that are desirable and what are at the heart of expeditionary economic activity.

Phase Three: Sustainable Economic Activity:

Once stability operations are well underway concerning the rehabilitation of damaged or inadequate infrastructure the next phase of activities in the economic line of operations may begin. Phase three is rooted in supporting sustainable economic development that will further improve security, create additional opportunities for employment, and fill a local demand for goods and services. It is the private sector that is the engine of growth and economies that develop expanding opportunities for entrepreneurs to bring about increased market access for more and better jobs, higher incomes, better returns on goods sold and greater affordability of essential goods and services; all avenues to enhanced community security.

Expanding market access of private sector participants and improving how markets function can lead to increased entrepreneurial activity and the results noted above. These outcomes influence the rate and sustainability of economic growth. Strategies that will promote growth in the private sector include lowering the risk and costs of doing business, unlocking the potential for economic development in sectors and regions where services and goods are not delivered, and a focus on value chain and clusters as a market-based approach to reduce issues in development. These are the overarching areas where activities/initiatives in phase three will concentrate. There are a number of types of approaches that can be used to foster this economic development. Two approaches will be discussed: Regional development with sub-regional cluster action plans with horizontal integration (complementary industries), and vertical integration (value chains).

Definitions:

- **Phase Three** – a distinct phase in expeditionary economics where the core initiatives are characterized by activities of sustainable economic development. There are a number of activities that may be undertaken in phase three as noted above.
- **Region, Regional** – specified area,
- **Sub-regional** – an area within a region as defined above; there may be several sub-regions in a regional area,
- **(Business) Clusters** –geographic areas where complementary and competing businesses from a specific industry or related industries are physically located near one another so as to provide distinct competitive advantages,
- **Action Plan** – the detailed roadmap for finding the way forward to achieve specific economic end-states which also provides discrete benchmarks to evaluate progress of development initiatives to be implemented.

The Core Of Sustainable Development For Phase Three Is Characterized By The Following:

Development of targeted regional development and sub-regional cluster action plans for targeted businesses are characterized by the following:

- Centered on existing demand generally within the country rather than models that create new demand,
- Focused initiatives for specific targeted regions, sub-regions, and community locals
- Utilizes the cluster approach for development -- clear direct business activities that will be the center drivers of development, Private sector/entrepreneurial centric,
- Tactical level activities rather than national strategic level activities,
- Leverage all applicable assets in targeted region,
- Incorporate capacity development for specific vocations/skills for the private sector related to the cluster plans,
- Buy-in: Incorporate all stakeholders in planning and development process – US Military, local private sector, local government officials, applicable national government officials, applicable international donors operating in region, and
- Plans for development utilizing a systematic approach via a process that is flexible, inclusive, yet focused and has shared and accountable interim outcomes as outlined below.

Rather than suggest that the military undertake an ever expanding role in an increasing list of areas and activities that relate to economic development as time progresses it is proposed that phase three focus efforts to support the local private sector and its growth at the tactical level. The above three approaches to economic development are suggested for phase three initiatives based on the following specifics which include:

- The activities defined above in phase three play to the strengths of the military,
- There is a need for early successful follow-on economic outcomes despite the lack of results in:
 - Rule of law,
 - Enabling business environment,
 - Land distribution system, and
 - Significant private international investment, etc.

- Demonstrating early results in economic development is a key component of supporting and sustaining the fragile stability created in phases one and two,
- The military has a significant stake in maintaining and improving this new stability even if much will be created in the informal economy using many work-around solutions as substitutes for formal progressive activities -- one cannot afford to wait for formal progress to be completed in long-term reforms in order to take action which will result in economic advancements and tangible outcomes in increased security,
- The core activities are not in competition with other major economic development initiatives; this is not about duplication -- it is about added value and impact, and
- The expeditionary economic team is uniquely and best equipped to take the lead in formulating effective tactical economic development action plans (as defined here) which result in sustainable outcomes. This capacity follows from insights gleaned, relationships built, and the day-to-day interface with local private sector, government officials, and tribal power brokers as the team implemented activities in phases one and two.

B. Clusters – Complementary Businesses and Value Chain

It is universally accepted that successful regional economies are, to varying degrees, specialized. Even the most diversified regions are home to industries that are found in higher concentrations than other places. Competitive advantages of “place” can be best understood in terms of comparative advantages of specific industries within that place’s borders. Successful places develop strengths and focus innovative capabilities on certain types of industry, or “clusters”. Clustering provides firms with access to more supplies and specialized services, experienced and skilled labor pools and knowledge exchange that occurs where people meet and talk about business. The advantages of “place” not only draw similar but also complementary enterprises and, as a result, clusters become a breeding ground for new clusters.

Many developed clusters include locally based suppliers of specialized inputs (such as components and machinery), specialized services (such as financial institutions with products tailored to the cluster) and firms in related industries. Clusters also can include firms in downstream or customer industries; producers of complementary products; specialized infrastructure providers; special government departments or agencies, universities, and a variety of other institutions providing specialized training, education, information, research, and technical support; and standard setting agencies. Some will also have trade associations and other private sector collective bodies that support cluster members.

Clusters improve competitiveness in a specific economic sector or group of similar sectors in four different ways:

1. **Improve Productivity** – Productivity is increased due to ready and efficient access to specialized suppliers, skills, information, training, and technology. Transaction costs are low. Know-how in the industry accumulates. Specialized inputs can be easily assembled and relationships between cluster participants are regularly forged. Firms can access trained people and specialized technology from the surrounding environment at lower cost than developing it internally. The presence of a full range of knowledge, know-how, inputs, machinery, and services makes experimentation easier and promotes greater efficiency and flexibility than vertical integration or relationships with distant suppliers,
2. **Foster Innovation** – The presence of a full range of local suppliers and research institutions encourages knowledge creation and makes experimentation easier. The ability of firms to perceive and take advantage of opportunities for new products, new processes, and new market

demands is enhanced. By having firms that are consecutive in the value chain placed geographically closer together, they are better able to coordinate efforts, establish standards, and improve production processes. This can dramatically increase the value added to products, increase profit margins, and lead to economic growth,

3. **Facilitate The Commercialization Of Innovation** – The barriers to entry of new firms are lowered because the needed inputs are locally available and this is often times accompanied by capital providers that offer specialized financial products, and
4. **Encourage Start Up Businesses** – In a thriving cluster where communication and collaboration occurs between firms -- even competing firms -- room for improvement in the value chain can be quickly spotted. New businesses can be created to serve these niche needs. Specialized financing tools can lower the barrier to entry of these firms. Should new businesses fail, their assets and workforce are more readily available for existing firms or other start ups.

Complementary clusters consist of firms that perform actions or produce outputs that directly benefit neighboring firms. For example, a date syrup processing company may be located beside another agrobusiness that uses date syrup as an input. The firms complement each other because one firm has found a ready buyer of its output nearby while the other has found a ready supplier of a vital input. Since the firms are co-located, transportation costs are significantly diminished and both firms benefit from each other's activities. The fact that they are "clustered" increases their competitiveness.

Although the idea that complementary firms benefit each other is easy to grasp, competing firms can also benefit by "clustering". This may be counter intuitive on the surface but it has been borne out by experience. Competing firms share many things including similar inputs and labor workforce. Rivalry is often particularly severe amongst clustering producers, but this need not stop them from joining forces to overcome common bottlenecks in infrastructure, input supply or access to distant markets. It is the combination of competition and cooperation which drives the search for improvement. The combinations are many, a typical one being various manufacturers engaging in close cooperation with their suppliers to improve quality and speedy delivery of components and thus often benefiting their local rivals who work with the same supplier.

By co-locating, competing firms can also drive down their input prices. The fact that the input supplier would be delivering two inputs to one location instead of two disparate locations would drive economic efficiency thereby contributing lower transport costs and even lower input costs for the two competing firms. More important, however, is the shared labor pool that exists between the two firms. Depending on the industry in question, the required labor pool may require varying degrees of specialization and training. Clustering is especially helpful in industries with highly skilled labor forces because competing firms can share the same labor force and hire out of the same pool of skilled workers thereby cutting down on training expenses.

Clusters that may simply need to share the overhead costs of establishing mercantile infrastructure or that must share a crossroad to enable transportation can co-locate to reduce the individual burden. It may be feasible to create a cluster of loosely associated businesses or a market place in which a variety of businesses can operate safely and with the combined power of the group to maintain their infrastructure and sources of input. In this manner, those who must transport goods to other communities or regions can avail themselves of the proximity to the crossroads location and the shared overhead costs.

Clusters may act as effective information hubs where ideas can flow readily between people and places. There is a general tendency for people with specific skills and ideas, or who work in similar industries, to locate near one another or in the same city. It is perfectly natural to expect that the resulting co-location will increase the number of people and exponentially increase the number of ideas that can be generated.

The idea is to create a synergistic effect by allowing the free flow of ideas, concepts, technologies and experiences to create an environment rich in growth opportunity.

How do clusters form? Several conditions are conducive to the development of clusters. By understanding what conditions can spur cluster development and how a given locale matches up; it is easier to determine what actions can be taken to jumpstart economic growth. Michael Porter drew together these conditions as follows:

1. **Factor Conditions** – A region’s endowment of factors of production, including human, physical, knowledge, capital resources, and infrastructure. An example would be a region in Iraq where tomatoes are produced. The climate and soil are conducive to growing tomatoes and local farmers know how to plant and harvest the crop.
2. **Demand Conditions** – The nature of demand for a given product or service, which can pressure local firms to innovate faster. There is already strong demand for tomatoes in Iraq both as produce and as an input in the agro-food industry.
3. **Related and Supporting Industries** – Networks of buyers and suppliers transacting in close proximity to foster active information and co-location of collective learning, and supply-chain innovation. Tomatoes are transported from where they are grown to where they are sold as produce or inputs to a production process. Improvements in cold storage and co-location of agro-food companies can improve the efficiency of the industry significantly.
4. **Firm Strategy, Structure, And Rivalry** – A climate that combines both intense competition among localized producers, with cooperation and collective action on shared needs, making it fertile for innovation and regional competitive advantage. In a tomato cluster, competing producers could, with the assistance of buyers, develop industry standards that increase the overall competitiveness of the sector.

These four components may interact with and affect the other elements; an important concept that needs to be considered in planning, developing and realizing a specific industry or business cluster.

There are three stages to supporting the emergence and growth of clusters:

1. **Diagnosis** – Assessing the industry clusters that comprise the economy and the economic infrastructure that supports cluster performance,
2. **Collaborative Strategy** – Convening demand-side stakeholders (companies in each cluster) and supply-side stakeholders (public and private supporting economic institutions) in working groups to identify priority challenges and action initiatives to address shared problems, and
3. **Implementation** – Building commitment of cluster working group participants and regional stakeholders to actions and identifying or creating an organization to sustain implementation.

What is a value chain? A value chain “describes the full range of activities that are required to bring a product or service from conception, through the intermediary phases of production (involving a combination of physical transformation and the input of various producer services), delivery to final consumers, and final disposal after use.” This includes activities such as design, production, marketing, distribution, and support services up to the final consumer (and often beyond, when recycling processes are taken into account). The activities constituting a value chain can be contained within a single firm or divided among different firms, as well as within a single geographical location or spread over wider areas. The term ‘value chain’ refers to the fact that value is added to preliminary products through combination with other resources (for example tools, manpower, knowledge and skills, other raw materials or preliminary products). As the product passes through several stages of the value chain, the value of the product increases.

The value chain concept is often associated with clustering in discussions of economic development. The value chain defines the categories of activities an organization conducts and how they are linked to that organization's overall ability to compete in an open market place. By defining the key activities and understanding how they impact costs of production, quality, or management effectiveness one can begin to determine which factors create a true competitive advantage. The ability to perform the critical functions more efficiently than a competitor creates a competitive advantage that adds value to the final product or service. It also creates the value over and above production costs that the consumer is willing to pay, which is called profit margin.

The primary activities in the value chain are:

1. Inbound logistics,
2. Operations,
3. Outbound logistics,
4. Marketing and sales, and
5. Service.

These primary activities are also linked to a set of supporting activities that include infrastructure, human resource management, technology development, and procurement. Generally, the profit margin that any firm can generate is directly correlated with its ability to manage these individual activities and the linkages between them. They are a key determinant in the price consumers are willing to pay over and above the cost of basic production.

The same is true of cost drivers, which influence the total cost of production. These are most commonly considered to be the following ten factors:

1. Economies of scale (this reduces cost/unit when making larger quantities),
2. Education and training,
3. Capacity utilization,
4. Linkages among activities,
5. Interrelationships among business units,
6. Degree of vertical integration,
7. Timing of market entry,
8. Policy on cost or differentiation,
9. Geographic location, and
10. Institutional factors of regulation, unionization, taxation, etc.

Clustering can help to exploit advantages in value chains. For instance, if several firms that utilize the same input cluster together they can effectively cut down on transportation costs thereby increasing profit margin. Clusters can be structured in such a way as to increase the margin in value chains of targeted sectors.

Cluster Example

In this section a brief example of a cluster development is presented to provide an idea of all the various components that could be included in a cluster. This is for illustrative purposes only and is not a cluster that is necessarily applicable to any region in any host country. The components for this Construction and Building Cluster would be based on assessments of natural regional spheres of business and other aspects of business demand noted in this document.

Components Of A Construction And Building Business Cluster:

The below listed individual businesses are all connected; they are components in the larger construction industry and could be components in a cluster. These components cover various aspects of the

construction industry that are related to businesses and the value chain in that industry. The businesses include production of raw materials, processing of materials, assembly of components or finished products, storage, rental, skill training, and retail sales.

- Building materials; depot, distribution, and retail,
- Block brick and conventional brick production,
- Raw materials
 - Sand and gravel processing plant,
 - Cement production,
 - Natural stone cleaning and manufacturing plant,
 - Cinderblock production,
 - Lumber depot, distribution, and retail,
- Recycling of brick, concrete, plastics, and rubber for other building uses,
- Concrete barrier and support beam production,
- Glass making, cutting, and fitting plant,
- Plastic tile and PVC piping manufacturing (heat extrusion method),
- Plumbing supplies,
- Prefab housing manufacturing/assembly,
- Vocational Training Center
 - Machinery operators,
 - Processing raw materials,
 - Distribution logistics and storage,
 - Assembly,
 - Construction trades – brick layer, plumber, electrician, etc.,
- Asphalt production,
- Construction machinery; rental, storage, and repair, and
- Establish links between local construction companies and construction material input businesses and transportation industry.

The construction industry is vital with regard to the establishment of new businesses and the extension of existing firms and necessary in reconstruction. Many of the above business types have one or more of the following in common: utilize common raw materials and other inputs, are at various stages of the value chain; may make use of common storage facilities, deal in products that would be used in standard contracted construction projects, and benefit in cost savings from being in the same location. Competition is another major impetus for clustering and there is room in this cluster type for many producers and retailers to provide consumers a choice and generate positive competition.

Outside Demand Pulls Initiatives For Cluster Businesses

This example cluster is one that would meet domestic demand for reconstruction materials and production and there is a wide variety of initiatives outside of the cluster that could be undertaken to increase and organize demand for the various businesses in this cluster. These initiatives could include:

- Develop a demolition program for condemned and damaged buildings to prepare for new construction,
- Work with national and local governments to properly budget funds for needed construction or rehabilitation of community buildings, government buildings, and new housing projects that should be undertaken,
- Create a housing restoration program in the greater regional area or throughout the country, or possibly in local cities in surrounding regions,

- Roads and other transportation infrastructure need to be revitalized or newly built and plugging these businesses into the process of competing for government contracts or having them on the sub-contractor business list, and
- Utilize these industries to provide supplies for any applicable labor corps projects.

This cluster concept could combine resources from nearby universities and other schools, existing Industrial parks, or utilize the expertise of a major existing firm in the area. This of course depends if such resources exist; in some cases they will and in others they will not. Universities in the Mid-East region may assist and/or those in the US may provide some specific assistance for designated particulars. There are other resources to pull from that are not necessarily in the specific targeted regional area yet could still be tapped. These include the work that other donors are doing for various economic initiatives such as the new one being led by USAID for training of the private sector. With a targeted plan and specifics for the needs of the cluster a “work order” could be negotiated that would include the cluster personnel that would benefit from training in the predesigned program that is already being funded. There are many such opportunities. Additionally there are probably many donors in what will be the targeted regions that will be willing to support such a development.

Stakeholders

The stakeholders for this cluster are the same that have been referred to in the above material: US Military, local, provincial, and national government, and private sector at a minimum. There are many more that could be recruited to support this development in many ways such as those mentioned above. Donors that have unique components could provide machinery and specific expertise. The stakeholder group could expand as well as the donor group. All potential donors would be carefully evaluated and a concerted plan for their solicitation would be developed. In addition these donors/stakeholders/supporters would be solicited for additional ideas for the cluster as well as ways to increase the sustainability of the cluster.

Management/Oversight

Many factors go into determining the overall management structure of cluster developments. Spontaneous/naturally developing clusters of course do not have overall management; that is more characteristic of specific Industrial Parks and specialized Economic Zones. In this case, as proposed, this cluster development may find it advantageous to have a Regional Board to assist in the development and partial ongoing support. There are pros and cons of this idea. Overall, flexibility is key to addressing this aspect of cluster development as well as the funding component which additionally will incorporate creativity in identifying funding sources. One needs to remember that these developments are being undertaken at a time when the financial institutions are not strong nor are willingly providing business financing especially for new individual businesses.

Examples Of Other Clusters

A. Agro-business Processing and Distribution Hub

Businesses for production agriculture inputs (related businesses):

- Seed supplier,
- Fertilizer supplier,
- Pesticide chemicals and spray equipment supplier,
- Non-mechanized farm tool sales,
- Farm machinery (mechanized) sales, and
- Farm machinery supplies, parts, and service.

Businesses for raw agricultural products' handling (related businesses):

- Centralized cold storage facilities,
- Small- and medium-sized trucking operations (to move raw products to area markets),
- Raw agricultural products sort/wash/package operation for fresh product distribution to area markets, and
- Raw agricultural products containment supplies: wood containers, cardboard boxes, buckets, barrels, etc.

Small and medium-sized food processing operations (value chain):

- Dairy processing (cheese, yogurt, etc.),
- Fruit processing (jams, jellies, etc.),
- Packaging materials supplier, and
- Refrigeration trucking operation (with parts, AC service, etc.).

Technical/financial support; depending on area farmers' sophistication (related businesses):

- Soil testing facility,
- Agro-business accounting assistance office, and
- Agro-business credit office,

B. Transportation Hub – Trucking Components (related businesses)

- Storage ,
- Leasing,
- Repairs,
- Fuel depot,
- Warehouses,
- Training for repairs and driving, and
- Transfer of goods at crossroads.

Overall cluster developments have great potential but are not without issues, where the business climate is still difficult, many diverse parties need to work together, and all stakeholders should have some level of risk in the project. Structuring the ownership of companies in the cluster as private sector operating companies will also be a challenge as well as getting the various levels of the formal and informal power brokers to work together. However, these developments can be completed and generate sustainable and positive economic growth.

C. New Approach To Expeditionary Economics Addresses Many Critical Development Program Issues

In post-conflict areas security and the beginning of recovery is very fragile and there are many issues to be overcome when undertaking initiatives in the area of economic development and working toward sustainability. Development initiatives need to be highly efficient and effective to foster sustainable economic progress. Given that the US has the major portion of funding in such situations it is imperative that their efforts are successful for these efforts impact a wide spectrum of areas and on multiple levels; strategic, national, regional, local/tactical.

All efforts to support an economic recovery must deal with difficult issues; some of the most difficult include the following:

- Severe corruption by all international standards and indicators, and at all levels of government,
- Significant lack of capacity at national, provincial, and local governmental agencies,

- Issues of formal vs. informal power bases and internal ethnic conflict tend to be present and have a severe negative effect on progress,
- Lack of adequate infrastructure for business development and the general population, across all areas; power, potable water, sewers, roads, communications, etc.,
- Significant rates of illiteracy, poor skill levels, and high unemployment,
- Contending with mixed areas of kinetics/conflict, making development and progress ineffectual until such operations cease,
- Lack of foreign direct investment for specific projects and industries; donor funds are usually the vast majority of investment inflows and often are not effectively absorbed in the economy and exacerbate corruption. Often too few support funds and efforts go to develop meaningful entrepreneurial activities, and
- By definition long-term necessary foundational institutions lag behind in terms of implementation.

The above issues are indeed challenges that are faced by those engaged in development initiatives in most post-conflict situations. All parties need to be aware of how these challenges will affect their efforts. Not all these challenges can be mitigated however that are other major issues that plague economic development initiatives and they may greatly be reduced, if not eliminated, through the process that is applied when evaluating, planning, designing, and implementing initiatives.

In proposing the US Military utilize regional and sub-regional cluster developments in post-conflict situations to move toward sustainable economic development the issue of What actions could be undertaken should be clearer. The fundamentals of the proposed regional development process via cluster action plans, outlined in Section D below, are designed to mitigate a significant number of long standing issues. These issues are endemic and hamper the effective delivery and sustainability of economic revitalization initiatives. The process for designing, planning, and implementation answers another important question: How to accomplish that. The proposed process is an important part of the equation for supporting sustainable economic development; both go hand-in-hand.

The elements of the process address the issues noted below:

- Issue: There is a lack of focus and coordination with far too many participants attempting the same result in the same area without transparency. A scatter-shot approach often results in unconnected efforts and no overall consistency or unifying plan resulting in wasted opportunities and resources. There is little or no leveraging of efforts or resources, resulting in wasted opportunities; *New Process: This development process is focused by definition. Strong emphasis on coordinating action plans with existing economic initiatives of the many assistance/donor entities operating in targeted regions,*
- Issue: Many small CERP projects do not build upon each other and also lack leverage that could be gained if they were connected to unified specific plans, especially clusters; *New Process: The focus is regional and sub-regional using the natural advantages that business clusters will generate,*
- Issue: Many projects/programs are too defused in their efforts thus not creating a necessary critical mass from which sustainability can take hold and lead to secondary effects; *New Process: There will be a limited number of sub-regional clusters that will be supported and have the ability to generate secondary and tertiary effects in each identified region; More is not always better, efforts will be on three or four achievable and sustainable cluster developments in each targeted region with outcomes in a time horizon of 24 to 36 months, and by definition undertake a few high potential activities and eliminate many other peripheral ones,*

- Issue: There are entities that have technical expertise and specialize in undertaking programs/initiatives usually characterized by mega national programs, long-term timeframes, and are mostly strategic in nature and which the military often expends resources; *New Process: Targeted regional developments in phase three are designed to best use the strengths of the US Military, have their expertise utilized to great advantage rather than expend much of the military's expeditionary economic team on activities and initiatives that are better left to others,*
- Issue: The private sector may be difficult to engage and CERP has difficulties with direct spending for the private sector; however, the private sector will need to flourish to create robust growth in the economy; *New Process: The emphasis is on opportunities in the private sector to provide services that fill local demand and increase trade relationships vs. products and services that fill regional or global demand and compete in industry sectors out of the present range of general national competency such as high technology and intellectual property driven sectors. This is an entrepreneurial based approach to economic development,*
- Issue: Without an overall vision and goal(s) interim benchmarks are difficult to generate and measure, negating basic best practices of project management; *New Process: Industry sectors as well as cluster related businesses will be derived from detailed analysis that utilizes a well defined and proven methodology and thus an overall plan will be developed, and benchmarks for interim development progress will be set for each sub-regional activity. This will allow progress to be measured and evaluated at regular intervals and course corrections and/or problem solving to be undertaken as needed,*
- Issue: Projects have poor ties to national and local goals for development and lack of governmental and private sector buy-in for initiatives. This results in aid providers producing for the population rather than empowering them; reducing sustainability of initiatives. This is especially prevalent when the private sector is central to projects; *New Process: The development and implementation of phase three action plans should include all stakeholders and very specifically the private sector, the local government, and applicable national government representatives. Other stakeholders from the greater donor and aid communities should be included as well as others operating in the applicable region and sub-region. However control of development funds remains with those that provide it. Buy-in by stakeholders is imperative,*
- Issue: The annual rotations of economic teams (civilian and military) often cause very short term initiatives to be undertaken at the tactical level and result in too little continuity and progress. Citizens become cautionary in their trust of the ever-changing US interlocutors and shifts in project proprieties and programs; *New Process: Commitment to the scope and time horizon of the regional developments will provide for continuity of implementation and will mitigate issues caused by annual rotations of military and civilian personnel resulting in many initiatives being abandoned when new personnel arrive, as well as time wasted in determining what the new arrivals will undertake,*
- Issue: Many small CERP projects do not build upon each other and also lack leverage that could be gained if they were connected to unified specific plans, especially clusters; *New Process: Leveraging as many participants as possible will multiply the economic effects and identify doable sized commitments to the regional concept and cluster action plans by the various stakeholders and will be a priority. This in turn will engender coordinated participation,*
- Issue: Other lines of operation (governance and security) at the tactical level are often not coordinated with initiatives in the economic line and thus may work at cross purposes; *New Process: Exchange of information will be important and at a minimum transparency with other economic initiatives in the target region should be maintained, garnering support from other lines of operation that have initiatives in the applicable geographic regions will be sought. There are*

many activities in these other lines of operation that would be positive support for the expeditionary economic activities,

- Issue: Many initiatives are constrained by artificial legal boundaries which make it very easy to overlook natural spheres of influence and regional strengths in development terms; *New Process: Regions are defined by their economic value not by boundaries, the economic initiatives can encompass multiple governmental and military boundaries and utilize the added resources of two or more “areas” and,*
- Issue: Funding provided without responsibility and ownership via risk of some loss (equity, power, reputation, etc.) has lead to funding decisions and projects that have been wasted and not gained loyalty and increased security; *New Process: All stakeholders by definition should have “skin in the game”. Contribution of assets to the development projects may be in many different forms but all who expect to benefit need to be at risk to some degree. Additionally, the host government must be a contributor in some form.*

D. Steps In Creating A Regional And Sub-regional Economic Action Plan

Development of action plans whether for targeted regional developments or other operations is noted in this proposal as a US Military strength, thus the steps listed below for creating regional and sub-regional action plans are provided in summary form rather than in detail. There are significant aspects to each step of an effective action plan and said details would be mapped out for each targeted region. Much of what is reiterated below is sound project management practice tailored to the specific situation concerning economic development in the host countries with the general characteristics of Iraq and Afghanistan.

The steps for creating a targeted regional development and sub-regional cluster economic action plan (“action plan”) are presented below in discrete steps; however, in practice the steps may blend into one another and often are reiterative. It is important that the overall process remain flexible and accommodating to new issues that arise and to the needs of the many participants/stakeholders, while keeping true to the overall objective of creating a best practices approach to developing sustainable entrepreneurial activity.

Purpose Of A Regional Economic Action Plan

Action Plan — the Roadmap for finding the way forward to achieve specific economic end-states which provide discrete benchmarks to evaluate progress of the development initiatives to be implemented. The roadmap for regional development assists all the stakeholders (public and private sector) to work together to apply economic strategies that will benefit the entire region/community that result in:

Developing locally based businesses,

Growing the local economy,

Economic self-reliance and self-sustaining,

Competitiveness and entrepreneurship and,

Diverse economic activity.

A regional economic action plan is intended to establish the ***strategy for generating sustainable economic growth in the private sector*** in the locally based economy, increasing cash flow within a cluster/community, establishing self-sustaining private and economically correlated municipal institutions, increasing competitiveness, promoting entrepreneurship, and diversifying economic activity.

When a plan has incorporated the primary topics explained in this section, it should result in a discrete set of activities that when implemented will attract and generate business activity, creating economic progression toward goals that are set for the defined geographic area. Most importantly, it should lead to better defined initiatives and the priority order in which these initiatives should be undertaken to create sustainable accelerated growth; there should be a clear path for what needs to happen, when, and with and by whom.

A regional plan should incorporate past experience, consider the current economic state and climate, and become the catalyst for future growth and opportunity. The sub-regional economic action plan should be based on partnering between the public and private sectors which work together to apply strategies and undertake activities to create tangible progress in and throughout their communities. It is a tactical level plan not a national plan or program. These plans should fit into a national plan if there is a clear national plan; so many times in a post-conflict environment a national plan is missing or is not being implemented.

The diversification and expansion of economic activity should not stop at formal legal community boundaries; community leadership must also leverage resources and relationships with neighboring communities and the broader region. It is therefore necessary to develop a firm understanding of all of the various socio-economic, political, and environmental factors that are present in a neighboring community to begin development of a comprehensive strategy that fosters economic growth in any one specific region or sub-regional area.

The overall regional action plan must be supported by a detailed sub-regional and possibly community action plan for implementing strategies, projects, and utilizing funding sources that will achieve the necessary goals within each community. It is hoped that this document will assist in defining the critical components of an effective regional economic action plan. An economic action plan for many cities/provinces/regions does not need to be particularly complicated or elaborate. Such a plan should, however, include a variety of components and the proposed process that is presented in this document. The plan components should enhance the success of efforts undertaken in developing economic growth in a regional or sub-regional area. None of these components is unfamiliar to most of the readers; what is attempted here is to enhance and reinforce the reader's understanding of a process as well as provide some helpful examples of specific portions of the economic development planning process without creating an unduly academic exercise.

The comments here are meant to present an outline of a much more detailed and practical approach for use by the diligent and dedicated persons that are undertaking a monumental task yet are without robust, broad, and comprehensive data on many levels, missing sophisticated local professionally trained and staffed planning departments, having limited sources or funding, and working in difficult environments. The basic, distilled process presented here is, however, the same *process* that is used in all regional planning departments throughout the industrialized world.

Beginning the planning process with a listing of problems in the region/sub-region/community should allow for everything to be "on the table" (traditionally economic, social, and political) as a possibility to be addressed, and once resolved contributing to economic growth. Once a complete listing of problems related to economic growth is developed it may be easier to see the specific inter-relationships of some issues leading to the inclusion of a variety of initially seemingly unrelated initiatives that when brought together will converge to actually connect specific market activities and result in sustainable economic activity. Additionally, separating national challenges such as *a lack of policy for land tenure and distribution* from local issues such as concerns in market restoration, logistical problems, and access to fuel tend to be much more helpful in seeing a way forward.

Steps In Creating Regional And Sub-regional Economic Action Plans (Action Plan)

Conduct Assessments And Integrate Data -- Regional, Provincial, And Local Assessments

Where warranted, conduct new assessments if ones are not readily available through other agencies and departments or where there are additional information gaps that need to be addressed. There are a number of very good templates that have been developed to help understand the types of geographic, socio-economic, political, and economic considerations that must be included in the plan development process. Examples of these are ones that have already been developed by the US Military and they provide significant value. More than likely, the information required will be available from combining existing US Military, NGO, international donor (such as World Bank), and even host country information. Data may have been collected for some time and for many areas of a host country; to varying degrees it will be relevant and reliable.

Economic Data Collection And Integration

Coordination and integration of activities are significant part of creating an effective development action plan. There are generally multiple organizations with different projects, different plans, and different funding in all regions of a host country. Seek out and solicit these organizations' data and assessments and avoid duplicating efforts and wasting resources with complete new assessments. Additionally, the various organizations operating in the targeted region will be able to provide updated information on what has been accomplished to date and what their future plans are as these relate to economic development. This includes more than USG agencies; it includes international agencies and entities such as the local government agencies.

For example in Afghanistan many documents such as The Afghanistan Compact, The Afghanistan Investment Climate, The National Private Sector Development Program of the Ministry of Commerce set forth views of the high level priorities for the country, and individual Ministries also have plans developed for national, regional, and local governments to undertake. While any particular document may be more or less relevant, if combined they are another avenue that is already available to add to the mix of information concerning private sector development priorities and data. All of this information needs to be categorized, distilled with trends highlighted, and in general organized to be used in a meaningful way by all the stakeholders that will participate in the development of a regional and sub-regional action plan. The information needs to be a good starting place to direct meaningful discussions.

Engage Stakeholders

Each region and community has local business men and women who should be brought into the process of developing an action plan at an early stage; these individuals should be included to help define the projects that will be effective in creating sustainable economic activity. The local community will always have a number of individuals engaged in the private sector with experience in having managed/owned businesses and understand how to maneuver in the local environment. Engaging this group early on in the assessment/plan development process will provide a great resource to help understand what was working but is now demolished and could be resurrected, what existing enterprises could be further encouraged and expanded, those industries/businesses that may be viable to be newly created, as well as what detailed action steps will need to be included in implementing an action plan that is developed.

Most Important Asset: Community Private Sector

- *Have experience,*
- *Know what works,*
- *Will participate,*
- *Challenge them and include them, and*
- *Make them an owner in the economic revitalization plans along with the public sector.*

For example in Afghanistan there is a significant number of industrial parks already developed/in development as well as a successful example of a development zone in Herat (not the same construct as the clusters discussed in this proposal, but similar). These “centers of activity and commerce” will be able to provide significant data that should be collected as well as lessons learned concerning a wide number of areas; for example, business activities that are successful, difficulties in planning process, contracting issues, resource gathering and allocation, relations with the Afghans and other partners, to name a few. Even if an existing example of commerce is not near your targeted area determining the lessons learned from the existing businesses would be helpful and information should be gathered and incorporated into any new plans.

It may well be that select cities in the targeted region have Business Centers which have been established to facilitate local ownership and micro-enterprise or SMEs. Business Associations that have interregional influence can be an incredibly effective catalyst in garnering further interest in establishing new business or reinvigorating existing ones and although there are often difficulties and some drawbacks with associations they can be very helpful on many fronts and especially in locating and engaging the private sector. Bankers in the region will often be able to provide references for outstanding individuals with good business acumen. Additionally, government resources and local and national officials should not be overlooked; they are important in the development process and certainly have information and opinions that should be factored into the data mix. All of this is intuitive and usually well known; however, many resources are overlooked when donors of all types begin engagement in new programs.

Identify Business Enterprises To Be Developed In Targeted Region Via Sub-regional Clusters And Other Configurations - Generate Development Strategies And Prioritize

The core of a regional action plan must be private sector activities that will have effects on local and “downstream areas”; they should be activities that will be sustainable and generate secondary and tertiary business activities. As noted before the activities will most likely be ones that fill demand in the host country for goods and services rather than reaching for globally competitive activities/industries. Value chain development will be explored, and the formation of business cooperatives are additional possibilities to further investigate along with many other business formation configurations and economic variables. The variety of alternative cluster types will be generated from the refinement of detailed assessment data, discussions with the private sector entrepreneurs in the targeted region, economic industry data, government officials, and other stakeholder inputs.

Any action plan generated must have a timeline for specific tasks to be completed, and within which it is expected that desired results come to fruition. A regional economic development action plan generally requires a minimum of twelve months for tangible results to be realized; overall the total plan should be in the 24 to 36 month time period for all the goals to be reached. The secondary effects that are created from actions that supply employment opportunities can take longer, but initial stages of progress should be evident within a six month horizon for many initiatives. The period of time for implementation will have a significant impact and in many cases drive what you choose to do, as will the funding and

resources available along with the viable enterprise assessments. Business development taking longer should not be on the table for the tactical regional and sub-regional action plans addressed in phase three.

An example of a long-term undertaking is the development of the greater portion of the mining industry in Afghanistan that remains un-tapped; to develop this industry requires significant participation from international experts and foreign direct investment; it is not an industry that will provide meaningful economic rewards within 24 to 36 months given all the issues that need to be addressed to fully bring it “online”. This does not mean that there should not be individuals working to make the mining industry a reality in Afghanistan; however, it does mean that this industry should not be the core of a cluster development at this time, unless there are mines that are already extracting to a significant level and other factors are in place.

Identify A Desired End-State

The end-state for the regional economic action plan must be defined as clearly as possible and have buy-in by all participants/stakeholders. It must be a measureable and discernable/observable condition that directly follows from the milestones set in the plan itself (see goals section on the next page). The action plan end-state is not an end-state for growth of economic activity; it is a point in time where one measures the outcomes of the preceding activities that have culminated to a specific date. Without an agreed upon end state the stakeholders will be confused as to the over-arching vision of the action plan and will often veer from the project development path and likely result in unmet or misinterpreted expectations. A matrix of outcomes will be developed to measure the “state of the region and sub-region” to evaluate the success of the development activities, some examples are listed Section E.

Develop Resource Requirements

As noted above, individual projects will require a critical level of resources to implement. The process of planning and allocating resources should be evaluated up front to estimate the critical levels of various types of resources needed. Availability of resources is most often the limiting factor in achieving desired outcomes; this is what makes trade-off decisions and a cost/benefit analysis so critical to the broader scope of activities. Both priorities and dependencies must be clearly identified to determine which business activities will be the beneficiary of the scarce financial and human resources available and where possible donor commitments or other funding should be solicited. Identifying resources of various kinds such as financial, fixed (building, transportation, etc.), and human all need to be quantified in rather great detail. With a quality action plan in place solicitation of targeted donor funds is much more successful and it is desirable and usually a necessity to spread funding responsibilities and various other types of contributions to the overall development projects – such as training, specific equipment, etc. to a variety of contributors and among all stakeholders.

Conduct Gap Analysis

Once the prerequisites have been completed, namely regional, sub-regional, and local assessments and a set of entrepreneurial activities detailed -- it is important to review the sum total of resources available, across the multitude of options, for achieving the development action plan; including available human capital and funding resources. Identifying funding strategies, ongoing projects that can be leveraged, and any dependencies that will require a specific set of activities to be completed before another set of plans can be implemented, all must be completed. Then the present level of available assets needs to be inventoried and tallied. Following these steps a gap analysis should be straightforward to complete. It is important to clearly understand where gaps exist in the list of required assets of all types. This will allow the stakeholders to discern if they can garner the assets that are not yet immediately available or if it is necessary to revise the action plan. As noted above generating creative solutions for deficient asset types should be rigorously evaluated and worked through before revising the action plan. It may be necessary

to have a reiterative process of assessments, gap analysis, and reassessment before any action plan is truly finalized.

Having a well developed plan is an important tool that can be used to solicit specific resources from donors. Given the opportunity to assist with a well developed plan for development many donors are willing to provide specific resources such as equipment, training, funding, and expertise to projects especially ones that have the local government included and the private sector. Thus, one should target appropriate donors for specific resources that will contribute to the overall success of the sub-regional plans. Human resources and expertise should not be discounted as secondary resources for donors to provide.

Establish Goals For Specified Timeline

The critical components of an action plan are setting interim goals with applicable target time frames. What is the time horizon of the plan? How much time is available to achieve a set of realistic goals in a given region, sub-region, and community? As noted above this type of development initiative indicates a time frame of 24 to 36 months and most local economic action plans will have a time horizon of no less than 18 months and no more than 36 months to achieve a major portion of the desired sustainable results. However, interim goals must be set at very periodic time intervals to measure the effectiveness of a plan's management in achieving progress and to enable problems to be identified at early stages. It will be important to determine the priorities around which actions and projects will be designed to achieve the desired end-state?

The absence of a clear timeline and specific goals will curtail success. Timelines are critical to measuring progress in achieving the interim goals, especially when the larger integrated plan is comprised of many interdependent activities; an action plan must have clear deadlines/due dates and milestones for accomplishments. The desired end-state typically hinges upon full implementation of all components of the plan and sets the bar for standards of achievement.

Identify Implementation Mechanisms, Entities, And Specify Respective Roles/Responsibilities (e.g. US Military, private sector, local and foreign contractors, NGOs, local and national government, and potential donors)

Once resources have been identified for each initiative, the delivery mechanisms or means of implementation as well as those responsible must be clearly determined/outlined. It is important that all participants have agreed to their respective roles and the resources they will bring to the project(s) as well as the timeframe for "delivery". There are many primary methods of implementation for projects of this nature and combining several types is usually the way a project can be accomplished. It is important that all stakeholders have "skin in the game", especially the host country private sector and the local and national governments (the US always seems to have "skin in the game"). To clarify, this is where CERP funds of the US Military will be mobilized in the regions and used creatively, yet within the legal requirements of the funding, to support these regional developments.

Priorities will be impacted by the delivery mechanism, and plans may need to be adjusted accordingly. Changes to delivery schedule, resource requirements or method of delivery must be communicated expeditiously so as to avoid creating additional challenges to progress toward the desire end-state.

Address Challenges

As noted above there are challenges that are implicit in all economic actions plans that are designed in any host country and we must recognize this fact and brainstorm solutions that are practical and provide for the best reduction in risk for the overall plan. Challenges are precisely that: they represent a condition or factor that forces an adjustment to the planned course of action or a work-around. Challenges are not

a reason to stop progress or prevent development. There are many challenges in any country, but many more opportunities to develop innovative ways to circumvent those challenges.

Issues of a “soft nature” such as host nationals who may not be willing to engage freely in activities where the US Military is an important team member or the many levels of ethnic rivalry in particular areas of most host countries are difficult but these too may be overcome by creative solutions.

Incorporate a plan of action to overcome each of the challenges presented by the region/community. Consider factors such as limited mercantile infrastructure, the limited availability of basic services (water, sewerage, electricity, fuel), and the adequacy of roads and bridges connecting other communities that may be in disrepair, and ultimately work within budget constraints to get the most out of each investment.

One method of identifying the impact and importance of planned projects is to create a matrix with levels of impact to assess the critical factors that will demand more time or more investment. This matrix can help to determine and clarify the importance of specific activities by identifying their potential impact combined with the likelihood that they will occur.

Continuously Assess Progress And Revise Priorities

The best measure of success is in what has ultimately been accomplished or achieved. Continuous evaluation of progress provides a means of ensuring that existing plans are adequate to achieve the desired end-state. If an interim assessment reveals limited accomplishment toward goals, then corrective action must be made – which may be one of many alternatives. Assessments should be continuously updated throughout the life of the entire action plan’s implementation. These interim assessments should evaluate the use of resources and redirect activity in the event that conditions or circumstances change dramatically in the implementing locale or with stakeholders. Critical components of the interim assessments include reviewing performance of those implementing the plan, monitoring progress toward stated goals, determining the level of impact, and the outcome of all actions taken.

E. Expected Outcomes Of Implementing New Approach

The US Military and other stakeholders would be expending valuable resources in the form of time, dedicated personnel hours, and funding in undertaking this type of development, i.e. to design, develop, and implement targeted regional developments and sub-regional economic cluster action plans. Given this expenditure of resources and the desire for achieving a successful mission there needs to be the expectation that positive outcomes can be achieved by undertaking the initiatives outlined in this proposal. The outcomes must be at a level that will make a meaningful contribution to economic development and thus add measurably to the prosperity of the host nation’s people.

The economic outcomes associated with undertaking this proposal include:

- Achieve sustainable economic development in the sub-regional clusters developed in a 24 to 36 month timeframe (critical mass developed),
- Observable and quantifiable entrepreneurial economic activities generated by host country nationals that leads to:
 - Growth of secondary and tertiary enterprises,
 - Businesses operating in additional industries,
 - Businesses broadening value chains,
 - Economic activity spreading beyond original cluster geographic boundaries,
 - An increase in the volume of business activity,
 - Increase in the demand for labor; local and regional private sector employment increases,

- Level of business efficiency is high compared to like businesses in country,
- Stability in region by DOD military matrix of measures, including soft measures of population “satisfaction” are positive, and
- Regional cluster development can be used as a successful business model for expeditionary economics in similar post conflict situations.

A full range of evaluative indicators and measures would be developed for the various stages of planning, design, and implementation of the regional developments for all targeted geographic regions. A complete reporting system would be implemented that insures all involved are regularly aware of progress and issues throughout the full implementation period.

F. Expeditionary Economic Components – Additional Points

Contracting Command Activities

It is not certain that a Contracting Command will be a part of all post-conflict development; this would depend on the funding amount and type that the US Congress allocated for reconstruction in any given mission. The expectation is that there will be such funding and thus entities such as the US Joint Contracting Command as was in Iraq and is in Afghanistan (JCC-I/A), US Army Corps of Engineers (USACE), and others will be involved in obligating and managing a significant portion of the overall US funding allocated for reconstruction. These contracting agencies are involved in economic development; for infrastructure comprising the mercantile base is necessary for economic development to grow. Power is needed, roads are necessary, communication structures are essential, and other enabling foundational assets are basic to economic development. The expeditionary economic team would make use of the appropriate Contracting Command structure to insure that projects are completed in the areas where regional development plans are undertaken. In addition, the Contracting Command(s) would implement programs such as the Iraq or Afghanistan First initiatives which play a role in encouraging local entrepreneurial enterprises.

There have been issues concerning the lack of master plans for infrastructure development. In the areas targeted for regional development and sub-regional cluster action plans the expeditionary economic teams would work closely with the Contracting Command and its contractors to insure that the necessary infrastructure is effectively developed; they would serve as additional eyes on the projects as well as provide input to regional plans.

In summary, the three phase continuum described above for expeditionary economics is presented as a new way for the US Military in general to approach its mission with respect to initiatives that support economic prosperity and thus increase security. It is equally important to understand what to undertake as how to implement said initiatives.

G. Depiction of Expeditionary Economic Components

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	Phase I (Length of	Phase II phases	Phase III is situational based)
<u>Humanitarian Activities:</u>			
1. Health and Food	ML	CL and Gov *	Formal Programs; Transformed and Transitioned
2. Potable Water and Sewers	ML	CL and Gov *	
4. Basic Shelter	ML	CL and Gov *	
5. Small CERP projects – should build upon one another	ML *	ML	ML-coordinate w/other entities
<u>Stabilization Economics:</u>			
1. Employment Mobilization Activities	-	ML	Formal Programs; Transformed and Transitioned
• Revitalization of Urban and Rural Area Projects	-	ML	
• Job Corp Type Work Projects	-	ML	
2. Initiate/Support Infrastructure Development - at tactical level		ML	ML transitions to Gov. lead
3. US Military Joint Contract Command Activity (not expeditionary economic team)		ML	ML continues
4. One-off activities in support of longer-term initiatives		ML*	ML – should begin to transition out of these activities
<u>Regional Economic Development Initiatives – Expeditionary Economic Team:</u>			
1. Regional Based Business/Entrepreneurial Enterprises/Activities in Targeted Regional Areas	-	-	ML
2. Mercantile Infrastructure in Regional Developments		ML *	ML
Communications Network	-	ML *	ML
Transportation/Access	-	ML *	ML
• Roads, Bridges, Logistical Hubs, Transport Support	-	ML *	ML
Power Supply	-	ML *	ML
• Access to Fuel for Transport and Businesses Growth	-	ML *	ML
3. Capacity Development – for Private Sector	-	-	ML
• Vocational Training	-	-	ML
• Management Training	-	-	ML
<u>Security Components:</u>			
1. Force Protection	ML	ML	ML - Transitioning to Gov. lead
2. Reconciliation Efforts and Implementation	-	-	ML Component
3. Anti-corruption-work with other agencies; support efforts	-	ML	ML – transitioning to CL
<u>Examples of Other Economic Initiatives (usually national in scope and long-term):</u>			
1. Develop Banking System and Agriculture Policy	-	-	CL
2. Design Housing and Mortgage System	-	-	CL
3. Develop National Education Plan - formal	-	-	CL
4. Implement Legal Issues for Business Environment	-	-	CL
5. Manage Macroeconomic Issues	-	-	CL
6. Design/Manage Large Capacity Develop. Programs for Gov.	-	-	CL
7. Rule of Law -- Legal System – Judiciary	-	-	CL

ML = Military Lead; CL = Civilian Lead; * Military may begin involvement or continue involvement depending on conditions