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## NOTE FROM THE FIELD

### Civil-Military Cooperation in Microenterprise Development

**Provincial Reconstruction Teams in Afghanistan and Iraq provide new opportunities for civil-military cooperation as well as new sources of contention.**



Roadside vendors in Kabul

Borany Penh, USAID

*Despite the concerns that PRTs have raised in Afghanistan, according to USAID's Borany Penh, who worked with PRTs in 2007 to develop a common planning framework, "With their unique potential to exploit complementarities and their access to knowledge of the local context, the PRTs likely will remain the primary vehicle for civil-military cooperation in Afghanistan well into the future."*

During periods of conflict civilian actors often rely on the military for protection while retaining their neutrality; in natural disaster settings civilian and military actors also have a long tradition of working side by side, albeit sometimes uneasily. In recent years, however, the concept of Provincial Reconstruction Teams (PRTs) in Afghanistan and Iraq has provided new opportunities for civil-military cooperation as well as new sources of contention.

PRTs are a new model of civil-military cooperation to help the national government, in partnership with local communities, develop the institutions, processes, and practices to create a stable environment for long-term political, economic, and social development.<sup>1</sup> In Afghanistan, PRTs are working to improve security, extend the reach of the national government, and facilitate reconstruction in priority provinces until more traditional forms of development assistance can resume.<sup>2</sup> They range in size from 60 to 375 people, with civilians generally comprising a small minority.

The first Afghanistan PRT was established in the province of Gardez in December 2002. Currently 25 PRTs operate in Afghanistan: 13 are led by NATO/International Security Assistance Force (ISAF) in the relatively more stable provinces, and 12 are led by the U.S. in less stable areas.<sup>3</sup> Most U.S.-led PRTs are headed by a commanding military officer with the civilian side represented by a U.S.

Department of State officer and a USAID field program officer. Some PRTs are also staffed by a USAID alternative development advisor and an agricultural officer from the U.S. Department of Agriculture.

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## Civil-Military Cooperation on Microenterprise Development in Afghanistan

Reconstruction projects implemented by the PRTs range widely: basic infrastructure and repair, cash-for-work, training in governance and other sectors, and enterprise development. Funding for these activities also varies, depending on who is leading the PRT. For U.S.-led PRTs, financing comes from either the Commander's Emergency Response Fund (CERP) or civilian assistance funds. CERP and civilian funds cannot be mixed, but they can be used for complementary activities and personnel from both sides can advise on their use.

USAID assistance to the PRTs comes from either its Local Governance and Community Development (LGCD) program, which is designed specifically to support the PRTs, or its other bilateral assistance programs. PRT support for microenterprise development in Afghanistan comes largely through collaboration with USAID bilateral programs such as: the Agriculture, Rural Investment and Enterprise Strengthening Program (ARIES); the Accelerating Sustainable Agriculture Program (ASAP); the Afghanistan SME Development Activity (ASMED); and the Afghanistan Credit Support Program (ACSP).<sup>4</sup> USAID technical experts work with PRT personnel to identify microenterprise needs in the PRT province, design the intervention, and manage implementation of the activities.<sup>5</sup>

Although the civil-military collaboration process can be arduous, several collaborations look promising.

The Gardez PRT leveraged CERP and civilian funding to turn small, disparate agricultural cooperatives in Logar province into an organized and equipped business association with better market linkages and greater negotiation power. They began by providing \$175,000 in CERP funding to construct five solar-powered underground cold storage units, which allows the produce to be sold during winter at prices three or four times higher than at harvest time. The PRT took the process a step further by using the cold storage units as an incentive for the cooperatives to form an association, the Consolidated Agricultural Storage Association of Logar (CASAL). With \$10,000 in funding and technical assistance from the ASMED program, CASAL teaches members about the importance of quality assurance/control and functions as a market intermediary with more favorable prices than typical middlemen. Using the assets provided by the PRT as collateral, CASAL can also secure larger loans to invest in the association and its members. CASAL is now pursuing a \$25,000 collateralized loan with ARIES.

The Uruzgan PRT, led by the Netherlands, is working closely with USAID and the Dutch Ministry of Development Cooperation to establish an investment and finance cooperative

(IFC) in the province. These Sharia-compliant, member-based institutions offer communities a new range of financial services outside of the illicit poppy industry and keep members' capital in the province for local investment. The IFC will follow the model of other successful IFCs under the ARIES program. It will be subsidized for about two years after which it is expected to become self-sustaining through fees and its ability to attract shareholders. The IFC eventually will be run by Afghans, but initially international technical experts will work as trainers and mentors.

### Despite Positive Developments, PRTs Face Obstacles

#### *Measuring Impact*

Despite the PRT mandate to facilitate provincial stability and reconstruction, there is considerable debate about the impact PRTs are having on the ground. The Afghanistan PRTs continue to operate without a comprehensive monitoring and evaluation system. Although both the civilian and military components are accustomed to such systems, the disparate composition of the PRTs poses an ongoing challenge.<sup>6</sup>

#### *Lack of Technical Capacity*

Technical expertise is provided by civilian advisors who generally constitute the minority of PRT personnel. Moreover, not all civilian personnel have the technical capacity to manage or implement microenterprise activities in the

special context of Afghanistan. USAID development advisors embedded in PRTs and collaboration with bilateral USAID programs can partially address these capacity gaps, but nonetheless the need for technical expertise far exceeds the available manpower.

### **Sharing Space with NGOs**

Many international NGOs were founded to provide humanitarian relief to populations affected by war and embrace common principles of compassion, neutrality and impartiality as well as an implicit source of security. The dual military/civilian structure of PRTs blurs the traditional distinction between these two actors, which affects perceptions about NGO neutrality and assistance. One report contends that “[w]hen international forces are involved in a spectrum of roles that ranges from capturing insurgents and bombing schools and clinics, confusing messages are sent to the civilian population about the differences between foreign military and civilian roles.”<sup>7</sup>

The United Nations has brokered dialogue and agreement between humanitarian and military actors in Afghanistan on core principles for delivering humanitarian assistance and on how to engage in the same space. This type of coordination mechanism has worked in the past (such as the NGO Coordination Committee in northern Iraq in 1991), but in several cases failed to avert tensions (such as in Bosnia-Herzegovina, Kosovo, East Timor, and Somalia). Yet, most of this

coordination has focused on humanitarian assistance, while many NGOs are now working across the relief-development continuum, and the military is engaging more proactively in microenterprise development in Afghanistan. Some USAID microfinance partners have temporarily set up operations “inside the wire” at a PRT forward operating base to enhance coordination and speed the launch of activities. However, this arrangement is unlikely to become mainstream practice with the many NGOs concerned about perceptions of their independence and neutrality.

Despite the concerns that PRTs have raised in Afghanistan, according to USAID’s Borany Penh, who worked with PRTs in 2007 to develop a common planning framework, “With their unique potential to exploit complementarities and their access to knowledge of the local context, the PRTs likely will remain the primary vehicle for civil-military cooperation in Afghanistan well into the future.”

For further reading on PRTs in Afghanistan and Iraq, [click here](#).

USAID is hosting a Speaker’s Corner April 1-3 on Civil-Military Cooperation on Economic Growth in Iraq and Afghanistan focused on

PRTs and other forms of civil-military cooperation taking place in Iraq and Afghanistan. To participate in this free online discussion, [click here](#).

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<sup>1</sup> PRTs emerged from a struggle within the U.S. government to integrate a “whole of government” approach to post-conflict reconstruction at the local level

<sup>2</sup> ISAF PRT Handbook

<sup>3</sup> [www.nato.int/isaf/topics/recon\\_dev/prts.html](http://www.nato.int/isaf/topics/recon_dev/prts.html)

<sup>4</sup> See <http://afghanistan.usaid.gov/en/Programs.aspx>

<sup>5</sup> Unlike CERP-funded activities which the military implement directly, most of USAID’s assistance programs are implemented by international and local partners ranging from private contractors to non-governmental organizations (NGOs).

<sup>6</sup> There are, however, current efforts led by the State Department’s Office of the Coordinator for Stability and Reconstruction (S/CRS) to systematize planning, including monitoring for results or effects.

<sup>7</sup> [www.usip.org/pubs/specialreports/sr147.html](http://www.usip.org/pubs/specialreports/sr147.html), page 5.

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