

An Institutional Analysis of the *Commander's Emergency Response Program*

by Timothy D. Gatlin

The U.S. military has been engaged in protracted warfare in Iraq and Afghanistan for more than a decade, and every aspect of the nation's strategy, doctrine, and tactical operations is the topic of intense debate among academics, the general public, political leadership, and military professionals. Since the 9/11 attacks, the U.S. has sought to develop a security strategy to eradicate conditions that create fertile breeding grounds for non-state actors and asymmetric threats. A critical aspect of the U.S. strategy is helping to build steadfast and credible local governments that, in turn, provide security and essential services to their citizens.

Carl Schramm, an advocate for "expeditionary economics," believes the best way to ensure sustainable economic growth is through the use of host-nation companies, and the military has the capability to take a leadership role in bringing economic stability to countries devastated by internal conflict.¹ At first glance, it is difficult to refute this statement. The military is a vehicle through which the nation can protect its interests. It has both the requisite resources to provide a consistent presence in volatile regions, as well as the necessary technology to effectively operate in environments that inevitably cripple other agencies. However, there is still no definitive evidence that a positive correlation exists between the Commander's Emergency Response Program (CERP) spending and reductions in violence.²

Do state-sponsored development efforts reduce insurgent violence and facilitate host nation long-term sustainability? This study examines two causal mechanisms related to development efforts accomplished under the auspices of the CERP program: 1) development projects reduce grievances by providing essential services, and 2) development projects reduce violence by providing licit opportunities for employment. Using the institutional analysis and development framework (IAD), an examination of governmental, scholarly, and personal accounts of CERP funding in Iraq finds the program fails to reduce grievances or decrease violence partly because of the existence of perverse incentive structures.

This study has significant policy implications for interagency cooperation in future reconstruction

Major Timothy D. Gatlin is a U.S. Army Field Artillery officer, currently assigned to 2nd Armored Brigade Combat Team, 4th Infantry Division. Major Gatlin's educational focus has centered on Economics and Organizational Psychology. Most recently, he served as a West Point Tactical Officer, Battery Commander and Assistant Battalion Operations Officer in support of Operation Iraqi Freedom.

efforts by providing the following:

- Qualitative perspective on a topic that is generally viewed through a quantitative lens.
- Tools for military, economic, and political leaders to address issues from the institutional perspective.
- Recommendations for commanders to facilitate optimal implementation of CERP and possibly negate the insurgents' influence.

Since this study only examines a portion of the CERP network, the results cannot be transferred to other interactions within CERP. As such, room exists for continued analysis using the IAD framework. However, given the current operational environment and the probability of future U.S.-sponsored efforts to bring stability through the use of all the elements of national power, specifically economic and military means, it is important to highlight these apparent shortfalls.

Academic literature provides little insight into the relationship between economic development and violence. Academics cannot say with certainty that CERP projects alone account for decreases in violence. However, personal accounts from leaders in the field and Congressional reports give the impression that the CERP misses the mark when it comes to creating meaningful projects for Iraqi citizens. The Special Inspector General for Iraq Reconstruction (SIGIR) reports described reconstruction operations as misled with a narrow application of the revised counterinsurgency doctrine.³ Stuart Bowen (SIGIR 2004–2013) posits that an effective capacity-development program should have been implemented from the onset to avert the sustainability issues that eventually overran the Iraqi ministries.⁴

Elinor Ostrom routinely warns of the danger of simple truths that inform the research of

academics and the decision-making processes of policymakers with respect to interactions between key stakeholders and the rules that govern those interactions. She observes that the intuitive answers are often wrong.⁵

The CERP system in Iraq is comprised of multiple actors who operate at the constitutional, collective-choice, and operational levels. It is a complicated system that involves numerous interactions between public and private sector entities, and it requires a framework that can set the conditions for institutional analysis and reflection at the constitutional, collective-choice, and operational levels. The IAD framework offers an effective platform in which to organize and analyze ideas and actions regarding reconstruction efforts in Iraq, as it accommodates interdisciplinary work.

The focus of the IAD framework is interactions. It presents a practical method for dealing with these interactions at the three levels referred to above. An operational situation refers to an individual interacting within a repetitive setting, while the rules that constrain the actions within the operational situation originate at the collective-action level. The rules and policies that affect who will make the decisions are made at the constitutional level.⁶ The IAD framework highlights the preponderance and effects of motivational and information problems that not only subvert reconstruction efforts, but also negatively affect many other collective-action situations, such as security and capacity-building operations.⁷

The action situation allows the analyst to isolate the entity affecting a particular process to explain the gaps between human action and outcomes.⁸ The IAD framework requires the analysis of seven variables composing the action situation:

1. The set of actors.
2. The set of specific positions to be filled by actors.

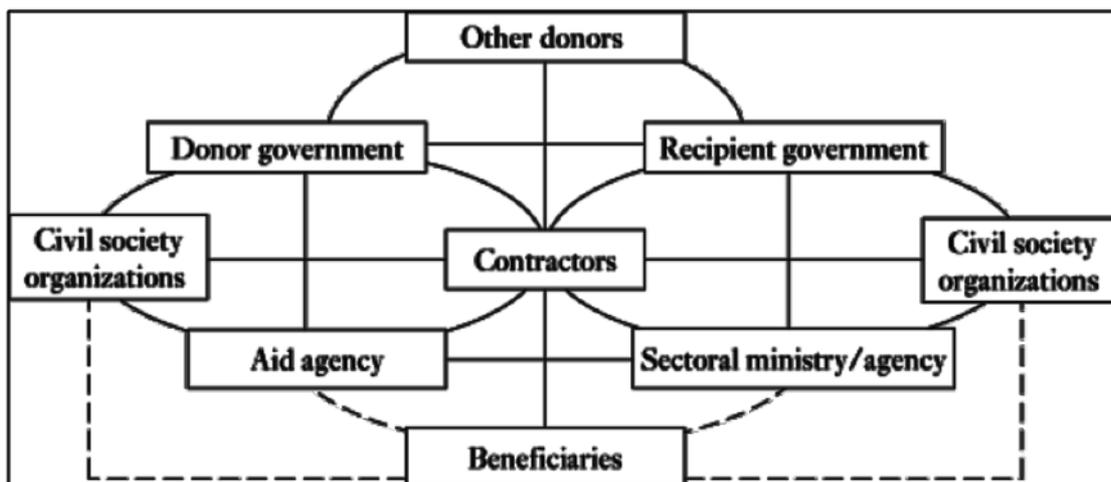


Figure 1. International Development Cooperation Octangle

3. The set of allowable actions and their linkage to outcomes.
4. The potential outcomes that are linked to individual sequences of actions.
5. The level of control each actor has over choice.
6. The information available to actors about the structure of the action situation.
7. The costs and benefits—which affect perceived incentives—assigned to actions and outcomes.⁹

In addition to the basic IAD framework, Gibson, et al. developed the International Development Cooperation Octangle¹⁰ to analyze linked action situations by identifying eight important actors within the development cooperation system:¹¹

1. Donor government.
2. Recipient government.
3. Other donors.
4. Donor's international development agency.
5. Sectorial ministries and agencies within the recipient government.
6. Third-party implementing organizations, including nongovernmental organizations and private consultants and contractors.
7. Organized interest groups and civil society organizations within the donor and recipient countries.
8. Target beneficiaries.

The IAD framework and the International Development Cooperation Octangle¹² seek to isolate

these variables and actors and provide leaders, both military and civilian, with concrete explanations as to why economic development often falls short of achieving its long-term goals.

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The International Development Cooperation Octangle focuses on the donor-recipient negotiation triad (field commanders, Iraqi community leaders [sheiks/muhktars], and insurgents) to highlight why donor-advocated projects often do not meet the expectations of the recipient and, ultimately, result in ambivalent reception to new community projects and/or increased grievances.

At the operational level, U.S. Army brigade level and below units often found themselves in a principal-agent quandary because they were often forced to serve two masters—their higher headquarters and the local population. Effective reconstruction efforts require extensive collaboration between the donor and the beneficiary to discern what is truly necessary to improve the prospects of the local populace. Unfortunately, unit commanders were often driven by the results-oriented culture of the Army, which at times can be more concerned with the number of projects as opposed to the quality of the various development projects within Iraq.

Contextual variables affecting interactions: Contextual variables influencing the outcomes associated with the CERP program

reconstruction efforts can be grouped into institutional, cultural, and biophysical factors that influence interactions at the constitutional, collective-choice, and operational levels. The Iraqi government and other institutional systems were completely dismantled when Saddam Hussein was removed from power. This situation created a strong donor/weak recipient dynamic, which normally gives rise to undesirable outcomes, such as moral hazard (one party continuing to undertake bad business practices due to a lack of consequences associated with its actions) and poor sustainability.¹³ Poor sustainability is directly related to biophysical attributes or institutional support needed to sustain opportunities created by CERP. A lack of understanding of what is needed for long-term sustainability may have negatively affected which projects were approved at the operational level.¹⁴ Would a greater understanding of the support structure necessary for these projects inform collective-choice level decisions regarding the rules-in-use needed to positively affect the interactions between the U.S. military units and Iraqi citizens at the operational level?

U.S. military leadership struggled to reconcile the benefits of short-term security gained through CERP projects versus long-term economic development strategies.¹⁵ The creation of CERP and the rules-in-use that regulated its use affected the daily interactions between field commanders (brigade and below) and the Iraqi communities, which defined the operational level of institutional analysis.

The results-oriented culture of the U.S. Army seemed to overwhelm the Iraqis, who were not accustomed to taking the initiative on issues that affected their communities. In the absence of community participation, asymmetric power relationships developed, and the donors were left to make unilateral decisions influenced by their own incentive structures, which may not have been in the best interest of local population.¹⁶ These cultural gaps led to a situation where

leaders at the collective-choice level did not use the ideas of sustainability and ownership as evaluation criteria to govern the allocation of CERP funds within the community.¹⁷

Donor-recipient negotiation arena: Within the donor-recipient arena, donor governments must have the express permission of the recipient government to conduct any type of bilateral economic development.¹⁸ The nature of this relationship varies because of the power asymmetry between the donor and the recipient and the pool of available alternative donors. In the case of Operation Iraqi Freedom, the relationship between the U.S. and Iraq was strong donor and weak recipient.¹⁹ As a result, negotiations at the operational level took on the character of a dictatorial relationship, where the U.S. sometimes dictated terms to the Iraqi people, which left the Iraqis with no alternative but to accept the terms specified by the unit commander. This situation can lead to undesirable outcomes, such as increased dependence of the recipient on donor aid and moral hazard.

For the purposes of this paper, the actors in this interaction arena are unit field commanders/staff officers, local Iraqi community leaders, and insurgent networks. Despite the fact that much of insurgent networks' power was the result of coercive methods, they controlled many of the daily activities within the community.

Application of IAD Framework Variables

At the operational level, the U.S. military became the state agent responsible for providing security and rebuilding the community's capacity to govern itself after the fall of the Iraqi government.²⁰ The U.S. military relied on its significant monetary and military resources to aid efforts to establish security in Iraq and build the capacity of local government through economic development.²¹ Field units were allowed to use CERP funds

as a mechanism to address security issues under the guise of economic development.²² Notwithstanding the above, many brigade combat teams lacked the manpower to properly monitor the implementation of CERP projects, which allowed many contractors to produce substandard work that did nothing to reduce the grievances within the community.

Although the U.S. military's vast resources afforded it a fair amount of control when it came to identifying insurgents, its overreliance on technology and inability to provide consistent oversight on CERP projects created information asymmetries with the local population, which affected intelligence collection and project sustainability.²³ These asymmetries hindered U.S. efforts to understand what communities

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needed to restore economic viability and confidence in the local government.²⁴

Unit commanders also faced principal-agent issues when they found themselves trying to serve both higher headquarters and the local population in their area of operations—more often than not, the needs of the former trumped those of the latter. For example, as a result of flawed assessment programs, U.S. military higher headquarters rewarded units based on the volume of CERP projects, rather than the quality of those projects,²⁵ which left many communities with unwanted and unsustainable CERP projects, crippled economies, and high unemployment rates. Insurgents took every opportunity to attack construction workers and the infrastructure they were building, and while unit commanders attempted to utilize CERP

under these conditions, they often failed.²⁶ The U.S. military's 12-month deployment model (rule-in-use) facilitated the shortsighted mindset of unit commanders and staff officers and sustained the information gap between military units and the Iraqi citizens.²⁷ As units rotated into and out of theater, plans were always revamped and built from scratch, which did not help units maintain continuity or unity of effort.

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Iraqi citizens lacked robust resources to aid in reconstruction efforts due to the collapse of their country's economic and political apparatus. As a result, the local populace had three options: support U.S. military efforts and live in fear of the insurgents, leave the community in search of a new homestead, or assist the insurgents and receive monetary compensation.²⁸ On the surface, it seems like the local population had very little control over its own destiny. Yet, in some cases, the locals had near perfect information on the physical geography of the town, the intentions of the insurgent cell located in the community, and the systems and projects needed to foment sustainable economic and political recovery. However, community leaders were typically unwilling to openly support U.S. efforts for fear of retribution, which passively assisted the insurgency.

The information asymmetries between the locals and military units did not engender trust and collaboration. Many field units did nothing to close the relationship gap, and they were left to establish an understanding of the environment on their own. This brought about resentment

between the donor and the recipient, which drove some locals closer to the insurgents.²⁹ The heavy-handed tactics used by some units, such as cordon and searches of entire towns, often violated cultural mores and norms and did nothing to build trust and respect between military leaders and community leaders.³⁰ Additionally, the locals were acutely aware of the frequent turnover of coalition forces, and often chose to remain neutral or turn a blind eye to insurgent activities because it did not serve their long-term interests to oppose the insurgent networks.

The insurgents' access to money, their knowledge of the community, and their role as the defacto government gave them substantial capabilities to disrupt this donor-recipient action arena.³¹ They established elaborate defense networks within the local community to thwart U.S. efforts to establish a foothold with community leadership. They used violence against non-compliant community members and coalition forces to maintain control and ensure that freedom of maneuver was maintained throughout their area of operations.³² Further, the violence between the insurgents and the coalition often had the unintended consequence of non-combatant fatalities, which drove many fence-sitters closer to the insurgents.³³ Through a range of methods, the insurgents were often successful in neutralizing U.S. efforts and delegitimizing them as a viable alternative to the existing power structure within the local communities.³⁴

CERP projects posed an interesting obstacle for the insurgent networks, as they created alternative sources of work for the males within the community. Individuals who might be recruited by insurgent groups would be less likely to participate in illegal insurgent activity because the opportunity cost would be too great.³⁵ As a consequence, insurgent networks were forced to engage their more committed members to initiate attacks with

increased lethality, such as suicide bombers, vehicular-borne improvised explosive devices, etc.³⁶ Although these types of attacks were not carried out with the same frequency as the roadside bomb attacks, the more lethal attacks maintained steady fatality rates.

Patterns of Interaction— Evaluation of Incentives

It is my view that the U.S. military's pattern of interaction with the local community resulted in incentives that created seams that could be exploited by the insurgent networks. Information asymmetries, discussed previously, resulted in Iraqi citizens not being treated as equals. Their opinions were often disregarded because they had no resources to allocate towards reconstruction efforts. As a result of this power distance, CERP project design and implementation was a dictatorial process, as opposed to a collaborative one, and it created an over-dependency on U.S. aid, leaving Iraqi communities with no capacity or desire to be innovative and create solutions to their own problems. This left some communities with projects that did not serve the long-term needs of the Iraqi citizens.

The U.S. military's assessment mechanism incentivized quantity over quality of CERP projects.³⁷ For example, military commanders were evaluated and rewarded for the completion of projects (e.g., the physical structure), rather than their sustainability.³⁸ Further, the 12-month timeline to completion imposed on U.S. military units did nothing to incentivize a long-term approach toward economic development within Iraqi communities.³⁹ Collaboration was not geared toward building a long-term relationship and fostering the creation of a shared path to achieve a common vision for the community. Consequently, military units could not see the benefit in really understanding what the Iraqis needed to create sustainable economic development.

As a result, insurgents could use violence against the local population and the coalition forces to keep many aspects of the counterinsurgency campaign off-balance and stymie the reconstruction process in Iraq. The violence I witnessed was associated with a restive environment where local officials were not prepared to expand local government control and create economic development opportunities, which allowed the insurgents to maintain control of the local population long after U.S. forces departed.

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Recommendations

An analysis of the interactions between U.S. field units, Iraqi community leaders, and the insurgent networks uncover insightful observations regarding the implementation of CERP. The strong donor/weak recipient paradigm, faulty assessment mechanisms, information asymmetries, unrealistic time boundaries, and principal-agent issues are the main areas of contestation that arguably hinder the efforts of CERP. These institutional issues should be addressed before CERP can be fully evaluated and understood as a viable method for reducing violence. In the meantime, field commanders at all levels can advocate for a change of the rules-in-use, which will allow donors to engage in meaningful dialogue with the recipient, with a view to identifying projects aimed at long-term sustainability. The issues identified in this paper can be addressed at the operational, collective-choice, and constitutional levels of interaction.

The following recommendations are intended to serve as reference tools for field

commanders whose overall mission set encompasses economic development:

Strong donor/weak recipient paradigm

The donor (U.S. field units) must take into account the perspective of the local community in the initial planning process. More importantly, the opinion of the local community must be genuinely valued. This will not offset the recipient's need for financial capital and physical materials. However, community outreach has the potential to plant the seeds necessary to foster a sense of ownership by locals and, therefore, facilitate the sustainability of completed projects. While there are no guarantees in taking this approach, if the donor continues to plan all aspects of development, the recipient will never take ownership of or develop the capacity to sustain the completed projects.⁴⁰

Assessment mechanisms

Presently, the U.S. Army uses measures of performance (MOP) and measures of effectiveness (MOE) to evaluate unit performance. The validity of these two instruments is often debated, but the real issues in the context of development occur when the MOE are focused on the units, instead of on the local population.⁴¹ Although population-centric MOE make evaluation much more difficult because the results are not quantitative, the unit is forced to gain greater situational understanding of the operational environment, including a keen understanding of the recipient's sentiment toward the donor's efforts, which would go a long way toward closing the information gap/asymmetry. The U.S. military should adopt population-centric MOE.

Information asymmetries

Consistent and meaningful dialogue with the local population and other external agencies operating in the area is imperative to closing the information gaps that insurgents normally exploit. However, it matters when the dialogue occurs. Engaging the local community leader and USAID after the development plan is in motion is not beneficial—the discussion must take place during the initial design phase.⁴² This collaborative approach will facilitate greater situational understanding between the various agencies and generate more effective and creative solutions to ill-framed problem sets. The increased collaboration also ensures the agencies have a unified message to the recipients. Additionally, in order to ensure a better finished product, field commanders should certify more contracting officer representatives within their units to provide additional oversight on CERP projects.

Unrealistic time boundaries and understanding the situation

A time boundary issue should not be addressed by increasing the length of deployments. However, field commanders should reexamine the existing relief in place/transfer of authority process. Often times, the incoming commander ignores the work of the incumbent unit and sets a totally different agenda for the area of operations. As a result, units can spend the first three to five months relearning the human terrain. Military leaders at the collective-choice level, such as division- and corps-level leaders, should mandate that no changes be made to the operational systems already in place until 120 days have elapsed, unless certain conditions

are met. Department of State officials within the provincial reconstruction teams and USAID representatives should also be required to provide incoming commanders with enhanced situational understanding on the progress of various projects within his/her area of operations. This process would allow incoming commanders to capitalize on the previous unit's gains and significantly decrease the already steep learning curve inherent when conducting operations in an unfamiliar environment.

Principal-agent issues

This most challenging issue would require a change in how the U.S. military interprets the principal-agent relationship when units participate in reconstruction efforts. The principal benefits from the actions of the agent, while the agent takes the appropriate actions to achieve outcomes that are advantageous to the benefactor. The higher headquarters also benefits from the actions of the subordinate unit, as it helps the higher echelon move closer to its objectives. Most issues occur when the needs of the community are in conflict with the desires of a higher headquarters. The leader's response could be positively influenced if superiors rewarded behavior that was conducive to long-term sustainability and codified it in counseling and evaluation reports to reinforce habits commensurate with long-term stability.

This study uncovered some of the issues that may inhibit a clear understanding of whether CERP can actually reduce violence. The issues are systemic and reside within U.S. institutions. However, the focus of study is narrow and would benefit from additional analysis of other interactions within the CERP system. In particular, does the interaction between the contracting officer and contractor enhance or detract from the intended purpose of CERP? It may also be beneficial to explore the interaction between the field commanders, contractors on the ground, state department officials, and host-nation municipalities. Resulting research using the IAD framework as a tool will be important to understanding actors and how their interactions can facilitate or stymie a commander's effort to successfully achieve a mission. **IAJ**

Notes

- 1 Rebecca Patterson and Jonathan Robinson, "The Commander as Investor: Changing Practices in CERP," *PRISM* 2, No. 2, 2011, p. 116.
- 2 Ibid.
- 3 Chad Livingston, "Beyond SWEAT: Developing Infrastructure in Stability and COIN Operations," *Small Wars Journal*, October 5, 2011, p. 1.
- 4 Stuart Bowen, *Hard Lessons: The Iraq Reconstruction Experience*, Special Inspector General for Iraq Reconstruction, Washington, 2009, p. 4.
- 5 Clark Gibson, et al., *The Samaritan's Dilemma: The Political Economy of Developmental Aid*, Oxford University Press, Oxford, 2005, pp. 34–40.
- 6 Ibid., p. 24.

- 7 Ibid., p. 27. The IAD framework requires that actors in a situation be characterized by four sets of behavior variables: resources (time, energy, finances) that an actor brings to the situation; internal valuation that actors assign to actions and outcomes (including pride and shame); way actors acquire, process, retain, and use knowledge and information; and processes actors use to select particular courses of action.
- 8 Ibid., p. 31.
- 9 Ibid.
- 10 Ibid., p. 61.
- 11 Ibid., p. 62.
- 12 Ibid.
- 13 Ibid., pp. 34 and 66.
- 14 Anthony H. Cordesman, "Past Failures and Future Transitions in Iraqi Reconstruction," Center for Strategic and International Studies, March 2010, p. 14.
- 15 Patterson and Robinson, p. 116.
- 16 Gibson, et al., p. 40.
- 17 Ibid., pp. 16–17.
- 18 Ibid., p. 65.
- 19 Ibid., p. 66. A weak recipient is a government that has grown entirely dependent on external assistance. Iraq lacked sufficient capacity in economic planning and project administration, so most of the initiative in planning development aid was taken a strong donor, the U.S., specifically, the U.S. military.
- 20 Eli Berman, et al., "Can Hearts and Minds Be Bought? The Economics of Counterinsurgency in Iraq," *National Bureau of Economic Research*, Working Paper No. 14606, 2009, p. 8.
- 21 Jason Lyall and Isaiah Wilson. "Rage Against the Machines: Explaining Outcomes in Counterinsurgency," *International Organization*, Vol. 63, Winter 2009, p. 75.
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- 23 Lyall and Wilson, p. 75.
- 24 Bowen, *Hard Lessons: The Iraq Reconstruction Experience*, p. 18.
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- 26 Stuart Bowen, "Falluja Waste Water Treatment System: A Case Study in Wartime Contracting," *SIGIR Audit Reports*, Issue 12-007, October 30, 2011, p. 14.
- 27 Gibson, et al., p. 134.
- 28 Berman, et al., pp. 8–10.
- 29 Patterson and Robinson, p. 117.

30 Lyall and Wilson, p. 98.

31 Berman, et al., 8–9.

32 Ibid., p. 9.

33 Hanson, et al., “Building Peace: The Impact of Reconstruction Spending on the Labor Market for Insurgents,” *National Bureau of Economic Research*, Working Paper, October 2009, p. 22.

34 Berman, et al., p. 9.

35 Hanson, et al., p. 4.

37 Livingston, p. 3.

38 Livingston, p. 7.

39 Gibson, et al., pp. 134–135.

40 Ibid., p. 67.

41 Livingston, p. 4.

42 Stuart Bowen, “Falluja Waste Water Treatment System: A Case Study in Wartime Contracting,” p. 3.