Money as a Force Multiplier in COIN

Lieutenant Colonel Leonard J. DeFrancisci, U.S. Marine Corps Reserve

BEFORE OPERATION AL FAJR, the second battle of Fallujah (in November-December 2004), an estimated 4,000 insurgents roamed the streets of Fallujah, Iraq, killing government soldiers and policemen and essentially turning the city into a rebel stronghold. They could do so not just because of their numbers and ruthlessness, but because they derived significant strength from the local population. In essence, the people provided the insurgents with the recruits and support necessary to thrive and move freely within the battlespace.

To attack this strength, the Marine Corps’ Regimental Combat Team 1 (RCT-1) would use a powerful weapon—money—to drive a wedge between the insurgents and the people and help win the second battle of Fallujah. In particular, the combat team’s civil affairs units influenced the people by providing money to alleviate their immediate needs, settle grievances, and reduce frustration arising during the course of the battle. At the same time, the units developed long-term reconstruction efforts to help local Iraqi leaders gain control of the area. In this way, RCT-1 built legitimacy for coalition forces and further increased rifts between insurgents and their much-needed popular support. These actions reduced the enemy’s base of operations and ability to maneuver.1 As this article will show, RCT-1 civil affairs units wielded financial power as a combat multiplier and reduced the enemy’s overall combat potential.2

Setting Conditions for Success

The initial program to provide money for Iraqi relief and reconstruction was strategically oriented and designed for deliberately planned, long-term reconstruction projects. A modification to the program was needed to allow the use of money in a tactical mode as a mechanism to act on the immediate needs of civilians and to respond to grievances. The change would set the conditions for operational success

Building capability. For Operation Al Fajr, RCT-1 designed a system to allow the immediate payment of money to Iraqis. The system was built around civil affairs elements that contained all the pieces necessary to approve and make on-the-spot payments in a field environment. RCT-1 civil affairs designated one Marine as a paying agent with $50,000 in cash on hand and a second Marine to execute contracts of up to $3,000 without having to use normal project-approval procedures.3 This gave the Marines a mechanism similar to a petty cash system to make immediate, discretionary payments as the need arose.
Previously, securing funds required approval at division level or higher and, once approved, cash payments had to be made by a paying agent from the disbursing office. Redundant checks and balances and centralized fiduciary oversight at the division level had created a cumbersome, bottlenecked approval system. The process required submission of electronic documents to 1st Marine Division headquarters in Ramadi for approval and often took several days to complete. This time lag between identifying a need and disbursement was an unacceptable operational delay that made outcomes far less effective. If one views the delivery of such funds as analogous to force targeting, then identification-to-execution delays caused Marines to miss a high-profile target while they waited for permission to engage it. Such delays often nullified the money option, especially for fleeting targets of opportunity.

Designated financial officers and comptrollers understandably sought tight accountability of money because of the potential for the misuse of funds in Iraq’s chaotic environment. Thus, they built the funding process around centralized financial control, which included earmarking money for projects in Al Anbar province (where Fallujah is located) prior to authorizing its use. For Al Fajr, however, effective disbursement required delegating control to Marines in contact who were in the best position to influence events as they unfolded.

Decentralizing control improved disbursement timeliness and allowed Marines to make immediate transactions to influence events. This streamlined execution proved pivotal.

Delegation of authority was limited to a maximum of $3,000 per use, a sum that paid for most high-impact projects requiring rapid execution. By design, the $3,000 limit excluded long-term reconstruction programs—for such undertakings, Marines used normal approval procedures. This limited approach struck a good balance between responsiveness and control; it decentralized approval for high-impact ventures needing quick execution, yet maintained centralized approval for more costly deliberate reconstruction.

Despite decentralizing controls, RCT-1 preserved accountability by having two Marines in the payment process, one letting contracts and the other dispensing money. Submitting all payment vouchers and contract records to the division on a regular basis provided additional accountability. In the end, the integrity of Marines in money-handling positions ensured the money was used properly.

**Funding pipelines.** In a report to the U.S. Congress, the Special Inspector General for Iraq Reconstruction (SIGIR) grouped funding sources that supported Iraq relief and reconstruction into three categories: U.S.-appropriated funds, international donor funds, and Iraqi funds. As of 30 June 2006, the combined funds totaled over $85.4 billion. Each category contained subcategories of funds that were received through different means, including seized assets from the old Saddam Hussein regime, Iraqi national government budgets or grants, and pledges or accounts from coalition partners, the world community, and international governments. The various funds’ sources and intended uses determined how they could be spent.

For example, in the international donor funds category, multiple non-U.S. donors pledged money for Iraq relief
and reconstruction. This money went into a trust under the auspices of the World Bank, and funds went to projects through a local staff of 800 UN representatives.\(^8\)

In the Iraqi funds category, the money in the subcategory of development funds for Iraq (DFI) was “drawn primarily from [Iraqi] oil proceeds and repatriated funds.”\(^9\) The “CPA [Coalition Provisional Authority] established DFI with UN concurrence to serve as the primary financial vehicle for channeling revenue from Iraqi oil sales . . . and repatriated Iraqi assets to the relief and reconstruction efforts of Iraq.”\(^10\)

In the U.S.-appropriated funds category, the subcategory Commander’s Emergency Response Program (CERP) served as a funding channel specifically for military commanders. CERP is “a program that [allows] coalition military commanders to respond rapidly to urgent humanitarian, relief, and reconstruction needs in their geographic areas of responsibility.”\(^11\) According to the SIGIR, “The aim of CERP… [is] highly visible projects that yield immediate benefits and nurture positive relations with the local populace.”\(^12\) CERP gives the coalition flexibility and accessibility to funds and so has become an important tool for the commander. Also in the U.S.-appropriated funds category is the subcategory of Iraq security force funds (ISFF), which allocates money to establish Iraqi security forces. Accordingly, the rules for ISFF limit the money’s use to that purpose.

The funding lines described above have supported relief and reconstruction efforts, each with its own purpose and guidelines for use. Relief and reconstruction funding involves the UN, the U.S. Agency for International Development, and the U.S. Departments of State, Defense, Treasury, and Health and Human Services.\(^13\) In the fall of 2004, the array of funding lines and agencies involved, each with a different objective, created a challenging environment. Maximizing financial power required understanding what funds were available and how to obtain them. For instance, CERP funds often dried up quickly because of their popularity and ease of use. Thus, a command that relied only on CERP ran the risk of an interrupted money flow. Establishing multiple resource lines and creating a financing cell within the command helped RCT-1 maintain a steady funding stream. RCT-1 civil affairs teams understood the system and worked multiple funding lines to avoid interruptions. The steady flow of money was essential for the unit’s success on the battlefield.

**Using money on the battlefield.** Drawing civilian support away from insurgents was the goal, but it was a tricky endeavor. Cultural and language barriers made progress difficult. Success came slowly and required persistent, time-consuming, resource-heavy efforts, but frequently resulted in small gains, or even setbacks. Commanders had to balance the effort with competing priorities, specifically, the desire to eliminate enemy forces through kinetic means. Moreover, insurgents placed a high value on civilian support for their operations, and they did their best to undermine coalition efforts with the local population. But in the battle for legitimacy, money employed effectively against the insurgency provided RCT-1 with an economy of force measure—a cheap yet effective method for pulling community support away from the insurgents.

**Selecting effective targets.** RCT-1 sought targets that offered the best opportunities for financial leverage. Careful target selection proved as important as combat power. Civil affairs teams preferred to have a large number of lower-cost projects. More projects

---

**Iraqis unload humanitarian goods during Operation Al Fajr, January 2005.**
meant wider coverage and more people involved. These projects also had better completion rates, and they got money to people quicker to attend to needs faster. Larger-scale projects were vulnerable to insurgent sabotage because they were complex, took much longer, and were more visible.

This small-project approach also created more opportunities to engage civilians constructively and promote positive perceptions. More frequent opportunities to talk with civilians under good circumstances helped build relationships that often yielded actionable intelligence. Sometimes, the financial targeting’s real objective was to bolster local leaders’ prestige, help them build credibility, and enable them to better control their areas and constituents. Local leaders were often powerful allies who were crucial to attracting people to the coalition. With their positions and status, they influenced broad audiences. Projects aimed at civil, religious, business, and tribal leaders and at town elders, technocrats, and medical and legal representatives were critical in settling intractable grievances.

The high unemployment in Al Anbar province was another target, particularly in areas the insurgents hit heaviest. Insurgents recruited those who were most disaffected by the economy: unemployed military-aged males. Short-term, labor-intensive projects were the best way to counter such recruiting. When Marines evaluated project proposals, they usually chose the one that offered the most local jobs because it would have the greatest impact on reducing the insurgent recruiting pool.

Unfortunately, most reconstruction projects only generate employment that lasts for the duration of the project, after which the jobs expire. Programs that created long-term jobs would have been ideal in Al Anbar, but they were difficult to initiate due to restrictions on the use of CERP funds. (CERP cannot fund projects that enhance an individual’s personal gain, e.g., funds cannot be used to help a private business).

To promote the growth of long-term jobs, RCT-1 civil affairs proposed offering business grants tied to job creation. This program would have provided money to businesses that planned to grow in a way that directly added jobs. Providing assets to assist or create new businesses was also part of the proposal. For example, it would have given a welding machine or a bread-baking oven to an Iraqi to enable him to start a new business that employed others. This approach could have had a significant benefit. By giving away equipment, not money, it would have been easy to account for its use. Unfortunately, restrictions on CERP funds remained, and Marines in the field could not act on these proposals.

**Throughput of Projects and Reach of Force**

Throughput was the constraining factor for the “more projects, low-cost” scheme. A civil affairs team could only manage a limited number of projects effectively at one time. RCT-1’s civil affairs detachment added two additional teams, which enabled it to execute more projects and cover a larger geographical area. However, only civil affairs Marines and a few Seabees were permitted to disburse money in Fallujah. Allowing Marines who had daily contact with civilians to pay out money might have worked better, but doing so would have required an even more decentralized control structure—a tough sell to the comptrollers.

RCT-1 built important connections to civilians, and effective throughput over a wider area reinforced those relationships via quick responses to local needs. When the Marines made things happen, civilians saw that Americans kept their promises. The ability to resolve problems better than the insurgents gave the Marines an advantage in building legitimacy and public support.

Establishing relationships with civilians dovetailed with the 1st Marine Division commanding general’s mantra, “Marines, no better friend, no worse enemy.”

**Shaping the battlefield and assisting civilians.** In Al Fajr, Marines gave money to displaced Iraqis to ease their hardship. This helped to expedite evacuation and shape the environment. The money enabled displaced persons to purchase items from the local economy while away from Fallujah, reducing the coalition’s requirement to provide humanitarian assistance at a later point. In the short term, removing civilians from contested areas helped Marines identify insurgents and limit their mobility, and it reduced the chances of unintended civilian casualties. Furthermore, dislocated civilians helped spread the coalition’s message by word of mouth to other areas, adding value to the information operations (IO) campaign.
Humanitarian crises tie up military resources and force immediate responses, often with a minimal return on investment. Avoiding them is also critical because insurgents exploit crises to their advantage. These situations promote instability, create fertile ground for enemy recruiting, demonstrate the local government’s inability to care for its people, and bring the people closer to the insurgents by estranging them from a government unable to ensure their well-being.

Money not only helped prevent the development of humanitarian assistance problems in Fallujah, but it also provided flexible response options to contain problems. Marines used local resources to solve problems when they occurred instead of doing it themselves. During the battle, for instance, a civil affairs team purchased supplies locally, and Iraqi merchants delivered them. Marines on patrol also distributed supplies when they saw needy people in the city and in Saqlawiyah, a neighboring town. Initially, the workers were reluctant to go while combat operations were underway; however, money provided the necessary incentive. Afterwards, these workers were proud to say they had worked with the Marines. Indeed, they told other Iraqis that they had teamed up with the Marines to save infrastructure and houses—thereby delivering a powerful IO message from Iraqis to Iraqis.

In this operation, civil affairs teams used on-hand reconstruction funds to hire Fallujan work parties to do a variety of tasks. These parties helped clean up the city, alleviating the burden on the Marines to perform such activities, but more important, they provided employment and money for the economy during a critical time.
Marines also provided each Iraqi head of household in the city with a $200 solatia (compensation) payment. Over 33,000 Iraqis received this payment, which amounted to a total distribution of more than $6.6 million dollars in a one-week period. The payment recalled a Marine experience in Vietnam at the Battle of Hue. Such disbursements helped foster goodwill, jump-started the economy and the rebuilding effort, and focused the people’s energy on reconstruction instead of trouble.

During raids, civil affairs teams followed the assault elements to provide immediate payment to noncombatants who had incurred battle damage. This proactive effort eliminated the requirement for civilians to make a claim at the civil military operations center (CMOC). The CMOC often had long lines of claimants, and settling a solatia claim usually required multiple trips, creating delays and frustration. Immediate payment for damage after a raid eliminated grievances before the insurgents could exploit them.

The guiding principle for civil affairs during phase IV (transition) was to focus on the people, not solely on reconstruction. Using money to eliminate grievances disarmed the enemy and stifled his initiative because insurgents particularly exploited the aggrieved segments of the population.
the population to build support for their cause. Information operations highlighted the insurgency’s destructive nature by contrasting the coalition’s efforts with the insurgents’ propensity to destroy.

RCT-1 civil affairs knew that to win over civilians in the end, the coalition would have to help them see the situation improving as the insurgents were eliminated. While Marines aggressively sought out insurgents, they also monetarily assisted neutral parties caught up in the conflict. By doing this, Marines helped maintain popular support for the coalition and government forces.

Do’s and Don’ts

When selecting projects or spending money in Fallujah, the civil affairs teams considered it important to—

- Avoid larger, more expensive projects involving only a few people. Many Iraqis saw such undertakings as favoritism, because the project benefitted only a small number of people.

- Align projects with the people’s needs to achieve a desired effect. Those who selected projects for a far-removed area rarely knew what the people there needed. In fact, enterprises that seemed like a good idea from afar were often counterproductive. For example, Baghdad officials discussed building a high-cost, state-of-the-art sewer treatment plant in Fallujah. However, the Fallujans cared little about such a project, and it would not have added value to the effort to stabilize the area or win hearts and minds. In addition, the Fallujans lacked the technical expertise to run such a facility.

- Use the local contractors, even if they are more expensive or do lower quality work. In Fallujah, some contractors had worked in Baghdad, and so they tended to use workers from Baghdad as well. This did not sit well with the Fallujans.

- Watch for undue corruption or graft. Having to deal with a certain level of graft is always a cost of doing business in Iraq, but if it is excessive, a high percentage of it probably includes pay-offs to insurgents.

- Attempt to gain local buy-in of projects with the city council and keep them informed of progress. The city council can either facilitate or hinder the execution of a project, and the council gains credibility with the public for implementing it.

- Spread-load contracts to promote fairness and expand reach. Executing contracts in the CMOC or at a central location often leads to repeated use of the same contractors and employment of the same people, and it increases the chances of such criminal activity as stealing from contractors or intimidating them.

Conclusion

In Fallujah, civil affairs achieved results with money by shaping public opinion and promoting legitimacy. Money provided options to solve local problems, resolve grievances, and reduce frustration. This financial leverage shored up support for the coalition and Iraqi officials by enhancing their credibility and their capability to respond to the local population’s needs. It set favorable conditions to draw civilians away from the insurgency and kept “fence-sitters on the fence.” Money also exposed the insurgents by stripping away their local support and stimulating dialogue that led to usable information about the enemy. Used wisely, money weakened the insurgency by countering its ability to promote its cause or exploit a situation.

In Iraq, units must be able to spend money in a timely manner. This is especially important when many relief organizations are not willing to enter an area due to security concerns or because they do not understand the local dynamics well enough to operate successfully in the region.

Commanders asked much of their junior leaders in Fallujah, so arming them properly was important. These “strategic corporals” interacting with civilians on a daily basis needed more constructive and decisive methods to build relationships and engage the local population effectively. Passing out soccer balls and sunglasses was good, but making something useful happen that created a real difference in the life of Iraqis was a far better approach to winning hearts and minds. Money provided that ability.
NOTES

1. The author commanded Detachment 4-4, 4th Civil Affairs Group. Detachment 4-4 was assigned to Regimental Combat Team 1 (RCT-1) from August 2004 to March 2005, a period that included Operation Al Fajr, the second battle of Fallujah. Al Fajr, or "victory," is the name of the November 2004 offensive to seize control of Fallujah. Originally, the name was Operation Phantom Fury, but it was changed early in the operation. The first battle to rid Fallujah of insurgents occurred as part of Operation Vigilant Resolve, in April 2004.

2. In a permissive environment, civil affairs teams were usually the link between the "pots of money" designated for relief and reconstruction and the actual on-the-ground spending of money in a combat environment. This was especially important because most relief organizations outside the military, including nongovernmental organizations (NGOs) and intergovernmental organizations (IGOs), did not operate in nonpermissive environments.

3. First Marine Division promulgated this policy through Fragmentary Order 0364-04 during Operation Al Fajr. The order authorized civil affairs teams to conduct rapid funding of projects. After spending $50,000, the civil affairs team received a new allocation of money. This ensured that a steady flow of money was available and that the team would have sufficient funds to purchase materials and supplies.

4. 1st Marine Division was located at Camp Blue Diamond in Ramadi, the capital of Al Anbar province.

5. The supporting arms field commonly used "targets of opportunity" to refer to lucrative opportunities that present themselves on the battlefield, usually unexpectedly, and which were typically perishable if not acted on quickly. As an example of using money in an unplanned but effective way, the RCT-1 commander gave $20.00 to an injured woman who was drying clothes down the street of Fallujah, and he hailed a cab for her. He stated at the daily operations and intelligence brief that he had won a friend for life that day.

6. Marines use the normal funding approval process for long-term reconstruction projects not requiring immediate implementation, such as building a school.

7. Special Inspector General for Iraqi Reconstruction (SIGIR), July 2006 Quarterly Semiannual Report to Congress (30 July 2006), 90. Congress created the SIGIR to provide independent oversight of the Iraq Relief and Reconstruction Fund, one of the major U.S.-appropriated funds for Iraqi relief and reconstruction. The $85.4 billion included $36.2 billion of U.S. appropriated funds, $14.6 billion of international donor funds, and $34.6 billion of Iraqi funds.

8. ibid., 93.

9. ibid., 90.

10. ibid., 92. Established after the fall of Saddam Hussein’s regime, the Coalition Provisional Authority served as an interim governing body for Iraq during the early stages of Operation Iraqi Freedom (OIF).

11. ibid., C4.

12. ibid., C1.

13. ibid., C1, 22.

14. The reasons for this are beyond the scope of this paper. However, civil affairs teams operating in Fallujah repeatedly noticed a direct correlation between money exchanged with civilians and information received. Actionable intelligence included information about the location of improvised explosive devices, weapons caches, or persons intimidating others that led to the commander taking action based on information.

15. Civil affairs teams and unit commanders who were familiar with the local area and understood the atmospherics (see note below) knew which leaders to empower. The one-on-one nature of enlisting the people away from the insurgency and most likely to promote stability and local control. Marines felt that using civilian leaders became particularly important when trying to maintain an Iraqi "face" (message delivered by an Iraqi) in an area with respect to civilian administration, public safety, and law enforcement. In the long run, this was consistent with the overall objective of gaining local support and the desired end state of transferring local control to the Iraqis. Note: "atmospherics" was a popular term used in OIF to describe the general, collective feel among a population of the major U.S.-appropriated funds for Iraqi relief and reconstruction. The $85.4 billion included $36.2 billion of U.S. appropriated funds, $14.6 billion of international donor funds, and $34.6 billion of Iraqi funds.

16. ibid., 93.

17. ibid., 90.

18. First Marine Division promulgated this policy through Fragmentary Order 0364-04 during Operation Al Fajr. The order authorized civil affairs teams to conduct rapid funding of projects. After spending $50,000, the civil affairs team received a new allocation of money. This ensured that a steady flow of money was available and that the team would have sufficient funds to purchase materials and supplies.

19. The inability to use Commander’s Emergency Response Program (CERP) funds for assisting businesses was a major complaint of the civil affairs teams in Fallujah. Some said that CERP was based on CERP severely hampered economic development.

20. RCT-1’s civil affairs detachment had five teams in the city of Fallujah and two in the surrounding areas. A civil affairs team in Fallujah consisted of four to eight Marines specially trained in civil affairs activities, with additional personnel attached or supporting. All teams were HMMAW-mobile, except for one at the civilian-military operations center. The number of projects or initiatives a civil affairs team could effectively manage depended on both the operating environment (permissive/ nonpermissive) and the size and complexity of the projects. Generally, a nonpermissive environment greatly limited the civil affairs teams’ ability to manage projects. Indeed, the environment had much more of an impact on project management than project size or complexity.


22. Because it provided the ability to obtain commercial transportation and a place to stay in another area, money made it easier for civilians to leave an area. During Al Fajr, many Fallujans went to the neighboring town of Saqlawiyah.

23. The speed at which Fallujah restored itself became a powerful theater-wide information operations message that focused on the Iraqi Interim Government’s focus on the population’s concern for the coalition’s mission.


25. The reasons for this are beyond the scope of this paper. However, civil affairs teams operating in Fallujah repeatedly noticed a direct correlation between money exchanged with civilians and information received. Actionable intelligence included information about the location of improvised explosive devices, weapons caches, or persons intimidating others that led to the commander taking action based on information.

26. ibid., C4.

27. ibid., C1.

28. ibid., C1, 22.

29. Each civil affairs team managed work parties of from 10 to 200 Fallujans. An Iraqi foreman paid these parties daily and served as a point of contact for paying workers. Because the work parties consisted of all military-aged males, the Marines jokingly referred to them as "Muj working parties" ("Muj" was short for Mujahideen).

30. During OIF, military commanders used solatia to compensate a neutral party (a civilian not affiliated with the enemy) whose house or business had sustained collateral damage claim.) the CMOCs were often busy places with long lines. The CMOCs were places where civilians went to broach issues or get assistance (such as with a battle damage claim.) The CMOCs were often busy places with long lines.

31. The author of this paper was in Fallujah and saw the repairs to the city begin and the local economy come back to life. Shulimson et al. note that some early improvements were seen in and around Hue during Operation Recovery After the "South Vietnamese government had begun reconstruction, resettlement, and economic revival programs" (905).

32. Visiting an area immediately after a raid or other coalition action to pay for battle damage or initiate a contract to fix damage affecting neutral parties became standard operating procedure (SOP) for RCT-1 civil affairs. The SOP called for the civil affairs team to follow "in trace" or directly behind the assault element. Any houses harboring insurgents or weapons caches were not eligible for battle damage remuneration.

33. Fallujah had a civil-military operations center, or CMOC, called the Fallujah Liaison Team about one kilometer to the east of the city. It established another CMOC in late November 2004 during Operation Al Fajr. This second CMOC was called the "Fallujah Help Center," and it was located in the center of the city at the "mayor’s complex" or governmental center. Among their numerous functions, CMOCs were places where civilians went to broach issues or get assistance (such as with a battle damage claim.) The CMOCs were often busy places with long lines.

34. Fallujah insurgents and threats centered at CMOCs. Marines at the CMOC frequently distributed large sums of cash to the locals.

35. Relief organizations outside the military included NGOs and IGOs, such as the International Committee of the Red Crescent and the UN World Food Program.