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*Chapter 4*

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**The Role of Development  
in Combating Terror**

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The President's National Security Strategy identifies three pillars: defense, diplomacy, and development. To date, however, our response to one of our most critical foreign policy priorities—the Global War on Terror—has emphasized military options that disrupt terrorist networks and activities. As critical as these are, military options are not enough. A more comprehensive approach must recognize that instability, terrorism and extremism will continue to flourish as long as weak or predatory states fail to guarantee security for their citizens, provide access to basic services, and address issues such as corruption, political exclusion, and economic growth. For example, in the case of Iraq, an effective approach to reducing or eliminating the insurgency and stabilizing the country must not only ensure security for Iraqi citizens, but also address underlying conditions—such as inadequate social services, rampant corruption, political exclusion and joblessness—that insurgents exploit to undermine the regime.

These are themes where the United States Agency for International Development (USAID) has significant expertise, and there is already recognition in academic and policy circles of the importance of development assistance in countering terrorism and extremism. For example, the 2003 National Strategy for Combating Terrorism identifies four “Ds”: defeat terrorist networks, deny groups access to support and sanctuary, diminish the underlying conditions that terrorists seek to exploit, and defend the homeland.

USAID has been explicitly assigned the third “D” of diminishing underlying conditions that terrorists seek to exploit. It is an area that some people are familiar with but I want to mention the many important tools that we in USAID bring to the table. However, I want to point out that development assistance also has a critical role to play in the second “D”, denying support and sanctuary to terrorist groups, and I'll discuss the work my office is doing in this area.

## Diminishing Underlying Conditions

First, let's elaborate on the role development assistance can play in terms of addressing the underlying conditions that terrorists seek to exploit, focusing on two themes that have received the most attention—democracy promotion and poverty reduction.

**Democracy Promotion:** In many parts of the developing world, government institutions lack legitimacy and citizens are blocked from meaningful political participation. Democratic institutions (above and beyond elections) that promote transparency, the rule of law, and political inclusion are critical to countering the appeals of extremists.

In a democracy, political inclusion and effective participation guarantee that groups with competing interests can engage in a political search for solutions. A healthy civil society and independent media can articulate priorities and monitor abuses of power. A strong and accountable security sector can guarantee territorial integrity and personal security. An equitable and impartial rule of law can provide protection for basic economic and political rights. Essentially, the institutions in well-established democracies are designed to address many of the underlying factors that lead to violence, whether or not they are always able to find solutions to these problems.

While I would never suggest that we not promote democracy—and in fact USAID is heavily invested in this area—I do want to highlight the fact that it is a misconception that political repression causes terrorism. Findings from empirical studies instead suggest that violence and terror are linked to regime type in an inverted U-shape curve, sometimes called the democracy curve. This means that in highly authoritarian states there is little to no violence or terrorism—think North Korea or the former Soviet Union, given that the regime has a tight hold on power and information, and is able to detect and destroy internal threats. Similarly, in well-established democracies, as discussed above, there are few internal challenges that need to be handled through violence or terror.

However, that path between democracy and authoritarianism is a rocky one. When institutions begin to shift or weaken, the risk of violence and terrorism increases dramatically, particularly when this occurs in authoritarian regimes where there are likely to be many sources of pent-up frustration. Fundamental political change is a highly contested process. It changes the existing distribution of power, opens up new channels for competition, draws in new actors, creates new threats, and often leads to the erosion of constraints governing the behavior of powerful actors. Previously accepted rules of the game no longer apply and in this fluid environment, elites will often attempt to mobilize violence to advance their own narrow political or economic agendas. Think of Serbia, Uzbekistan, Burma. Extremist groups have done extremely well in this type of environment, and in places like Algeria, Afghanistan, and Nepal have used weak democratic institutions to essentially subvert the democratic process by mobilizing a mass base of support.

The answer, clearly, is not to abandon democracy promotion. Rather, it is to develop a deeper understanding of how to adapt our democracy programs to high-risk environments in order to minimize opportunities for extremists to mobilize violence. One example of this type of modified democracy promotion program is in Haiti, where my office is supporting business leaders and youth associations who are pressuring political parties to stop using political violence in campaigns. These models can be transferred to places where religious extremism is making inroads, such as in parts of Indonesia, Nigeria, the Sahel, Yemen, and Morocco.

**Economic Growth:** Poverty reduction is another area that has received a great deal of attention in terms of underlying conditions that terrorists seek to exploit. It is clear that economic growth is critical to stability in poor countries. The World Bank estimates that poor countries are 15 times more likely to have internal conflicts than countries that comprise the Organization for Economic Cooperation & Development, for example. Targeted poverty reduction and employment creation programs—particularly for young people and marginalized populations—have been successful in many parts of the world and these programs have a useful role to play in regions that are at risk for terrorism and violence.

However, as with democracy promotion, it is wrong to believe that poverty causes terrorism. In fact, the evidence suggests that individuals who become terrorists tend to come from relatively well-to-do families and tend to be relatively well educated. There is evidence that existing terrorist groups have recruited from the ranks of very poor and that they may be used as foot soldiers once terrorists are fully mobilized. However, poverty alone cannot explain the emergence of terrorism, nor are poverty reduction programs sufficient to eliminate terrorism. Poverty itself is not the cause of the problems faced in southern Thailand or Nepal, but economic disparities compound the problem. It is important not to subscribe to the overly simplistic notion that economic development by itself will reduce the potential for violence and extremism. It can help manage conflict if the costs and benefits of growth are relatively equally distributed. But if growth exacerbates pre-existing divisions, if benefits are unequally distributed across politically relevant fault lines, or if corruption siphons off most of the gains, then it may fuel conflict.

The discussion above is meant to highlight the point that reducing underlying conditions is an important role for development assistance, but it is not a straightforward one that simply suggests we do more democracy promotion or more poverty reduction without reflection.

### **Deny Sanctuary and Support**

While attention in inter-agency circles has tended to focus on the role development assistance can play in terms of long-term approaches that diminish underlying conditions, it can also make important contributions in terms of denying sanctuary, recruits, and financing. Ultimately, the underlying conditions that terrorists seek to exploit exist everywhere while terrorism does not. We need to be strategic in our approach, and for that reason, we are also focusing much more closely on the contribution development assistance can make to denying support and sanctuary.

Recently, the Office of Conflict Management and Mitigation, USAID conducted a joint assessment with the United States European Command

(EUCOM) of extremism and terrorism in the Sahel. The goals of the assessment were to:

- Understand the potential for radical Islam to make significant inroads in the region
- Explore the role development assistance plays in combating extremism and terrorism
- Begin a discussion about how to better coordinate USAID and EUCOM assistance

The bottom line finding of the assessment is that, given limited resources and immediate term threats, development assistance needs to identify and engage high-risk populations and high-risk regions. Doing so here and elsewhere helps us deny sanctuary and support for groups seeking to destabilize countries/regions. High risk populations include groups who are particularly susceptible to the appeals of extremists working in the region, including alienated young people, business men in the ‘illicit’ or ‘shadow’ economy, and marginalized populations such as former insurgents in Niger and Chad and the former slave caste in Mauritania, which is starting to search for a new identity and is being targeted by radical forms of Islam. High-risk regions included remote northern areas, border regions where cross-border extremist groups are operating, such as the Chad-Sudanese border and the border between Nigeria and Niger, and urban centers where young, unemployed people are concentrated.

Let me provide some examples of the types of programs we are considering in the region and what I mean when I suggest development assistance can deny support and sanctuary.

**Sanctuary:** Because of past successes in rolling back state sponsorship of terror, terrorists increasingly seek out remote areas of the world where they can operate with impunity because the government is too weak to stop them. These areas have long been ignored by governments and donors. They are places where violence and insurgency is a way of life, and where it is easy to make the claim that no outside government is willing to help. It is important to increase visible U.S. foreign assistance to remote areas in

order to provide tangible evidence that the U.S. provides help, where others do not. It is equally important that we support local government's ability to show its face in these regions.

USAID is already in some of the world's most isolated areas, including the frontier provinces of Pakistan, tribal areas in north Yemen, and the Horn of Africa. But this is about far more than just getting more development resources out to remote areas. Of course we need to get more health clinics, or schools, or irrigation projects out to these areas. The difficulty is that we've been trying but it isn't working, because the difficulty is that in many of these places, like north Yemen or the northern reaches of the Sahel, violence is so pervasive that we can't just do development as usual. So we are also working to adapt our assistance models to high risk environments, so that they achieve both stabilization and development objectives. For example, we are using health assistance to broker cease-fires between tribes in north Yemen. In Mali, we support community engagement in local radio programming through training and the involvement of youth which is leading to the production of, among other things, messages of tolerance. The radio programming is also being used to promote a better relationship between the North and other regions of Mali.

**Recruits:** In terms of working with at-risk populations, we recognize that there will always be a 'hard core' of militants or insurgents who cannot be swayed by development in the form of jobs, or basic services such as education, or more open political participation. However, this hard core always exists in a broader population of at-risk groups that may be more or less supportive of extremists' goals and methods. The challenge for development assistance is to 'draw a line' between ordinary people who are driven by frustration from those who are driven by ideology. The clearer this line, the more militants, extremists, and terrorists are pushed into the world of criminality where they can be dealt with in terms of intelligence and law enforcement.

As I mentioned, one important at-risk group is young people. When young people—particularly young men—are uprooted, alienated, unemployed, and have few opportunities for positive engagement, they represent a ready pool

of recruits for extremist groups. Think of Uzbekistan, the North Caucasus, Saudi Arabia, and Morocco.

Several categories of young people appear to be particularly at-risk, including unemployed university graduates, young people who have moved from rural to urban areas, and young people who have lived through internal conflict.

USAID is shifting attention to at-risk youth and is currently funding a broad range of training, employment, and political participation programs. For example, a project in the West Bank supports employment for Palestinian youth through information technology. Our interventions in Iraq have focused on various quick impact projects that generate employment as they help rebuild communities. In channeling the productive energies of at-risk young men, these programs also provide visible signs of hope that can counter the call of those who base their appeals on a sense of hopelessness. A sense of dignity and self-worth comes to individuals who are engaged in productive work that provides for the betterment of their families, communities and societies. Development initiatives that focus on such fundamental truths are part of the answer to the insurgents.

**Financing:** Drug trafficking, trafficking in humans, and the exploitation of valuable resources such as diamonds and timber, provides financing for terrorist activities. Many of these ‘shadow’ economies thrive in remote areas and gain support from disenfranchised populations who have few other economic options. The challenge is to distinguish ordinary people from criminal elements, so that interdiction efforts do not push people in more radical directions. USAID supports programs that provide people with alternatives to illicit economic activities. For example, a program in Sierra Leone worked with the government, businesses, and local miners to move diamonds into ‘clean’ channels. In Afghanistan, we fund a range of market and agricultural activities that support alternatives to poppy cultivation.

**Engagement with Islamic Associations:** Many Muslims believe the Global War on Terror is a war against Islam. Actions speak louder than

words. Direct U.S. support to moderate Islamic associations undercuts that view, particularly if they are working on issues that touch people's lives in a direct way, such as schools, clinics, and access to water. In places like Uzbekistan, Nigeria and Indonesia, USAID already supports programs run by Islamic associations on conflict management, democracy, human rights, and religious tolerance. These initiatives, particularly basic infrastructure projects, need to be dramatically expanded and publicly promoted throughout Africa, Asia, and the Middle East.

In all of the places where we are focusing on extremism, essentially we are proposing a different model for development assistance. This is not development as usual where we are pursuing traditional development goals. Rather, we are choosing to engage in difficult regions and with difficult populations in order to stabilize a potentially volatile situation. Our Mission in Yemen is quite explicit about the fact that it is pursuing a stabilization program in lawless northern areas, and it is doing so through its health assistance, through work with tribal groups on mediating disputes over access to natural resources, and by working to build stronger ties between tribal leaders and the central government.

In Nepal, our Mission is looking at ways to deliver basic services including health and education to populations held hostage in insecure environments that are dominated by the Maoists. We are also examining ways to fill the security gap, for example by working with the police and communities on community policing programs. Finally, we are exploring ways to keep young people out of the hands of Maoists through programs that provide them with constructive forms of political and economic engagement. All of the thinking around these programs has been done in close coordination with the Department of State and U.S. Pacific Command (PACOM),

### **Coordination between the U. S. Defense Department and USAID**

Because these are not traditional development programs, and because we are working in areas that are highly unstable, the Office of Conflict Management and Mitigation, USAID has also been actively exploring ways to coordinate

more effectively with the military. As I mentioned, the recent assessment in the Sahel was a joint USAID-EUCOM assessment, and there were a number of areas where we explored possibilities for closer collaboration. Let me touch briefly on these before I conclude.

First, both the Department of Defense and USAID are delivering ‘development’ assistance in many high-risk areas in the forms of schools, clinics, and other tangible projects. DoD can deliver the hardware – the building – very effectively. But for these projects to be truly successful, the software needs to be in place. I think we have all heard stories about schools that have been built but have stood empty for lack of teachers or because they were built in a nomadic area where the notion of settling down so children can attend school is problematic. USAID has the expertise to provide the software that complements DoD’s hardware so that U. S. Government assistance can be more effective in these areas.

Similarly, development assistance can be used to soften or blunt the impact of U.S. military interventions that have unintended negative consequences. Let me tell you what I mean.

One thing the joint assessment team found in Northern Niger, is that EUCOM’s military training and equipment program had been very successful in helping the government of Niger tighten control of borders and block illicit cross-border flows of people and goods. This is a success, clearly. But, in remote northern regions of the Sahel, for centuries people have earned their living through ‘cross-border’ trade or smuggling, not that borders really mean anything in the Sahara. By shutting down borders, many nomadic populations and traders in these areas have lost their livelihoods, and we have inadvertently created a group of people who may be more receptive to the appeals of anti-western extremists in the future. The point here is that if we know a military activity is planned, we can pre-position development assistance in a way to mitigate any potentially negative effects. But we can’t do this without much more effective coordination.

## Conclusion

In conclusion, USAID can play a key role in countering terrorism and insurgency throughout the world. Terrorism and insurgencies find their roots in countries where governments are unstable and ineffective, where citizens are poor and lack significant opportunities for change. USAID has for many years, and will continue for many years, to address the needs of the poor in many developing nations. USAID hopes to give people in these developing nations a sense of control over their lives. The most potent weapon against terrorism, however, will come not from external aid but from the internal development of such societies. USAID is using a wide variety of programs that address the economic isolation that is imposed on people by their history, multiple impediments to productive enterprise, and disenfranchisement, but ultimately the fight against the terrorists must be won by the local inhabitants themselves. That is why local empowerment, capacity building and jobs are so important—so people themselves can control their lives and destinies.

Although each situation and each country offer unique challenges and differing conditions, USAID is rapidly adapting its assistance programs to respond more strategically and to include an array of useful approaches to counter terrorists. In general, we must:

- Provide support to communities' post-conflict livelihood reconstitution efforts, through community infrastructure repair and development;
- Provide assistance that undercuts shadow economies that fuel conflict such as illegal natural resources extraction (e.g. trafficking in minerals, diamonds, small arms or drugs ) while supporting unemployed youth and former militia and facilitating the establishment of transparent processes designed to expose and manage transnational war economies;
- Provide assistance that addresses both the root causes or symptoms of conflict and the constraints to economic growth, such as issues over access to land, property, and natural resources;

- Create mechanisms that may prevent or minimize potential violence, and in a post-conflict context, that may help consolidate peace-building processes through leadership training and technical support to local or tribal leaders who enjoy legitimate popular support;
- Provide support to peace processes associated with ceasefires and peace arrangements, including assistance with the delivery of critical humanitarian assistance in conflict and war situations (e.g., immunization programs, food aid, reconstruction of essential infrastructure, preparation of return areas, etc.);
- Support security sector reform including demobilization, disarmament, reintegration programs for militia, and limited police training (rule of law, judicial procedure), and human rights education;
- Foster family livelihood support during conflict to promote reconciliation and local-level peace-building efforts, and reduce civilian vulnerability to livelihood failure as a result of conflict. This work will be conducted at the local level with communities directly affected by conflict and instability, as well as at regional and national levels in terms of influencing policy, strengthening service delivery systems, and promoting post-conflict recovery strategies that directly address the needs of affected civilians.

All of this we must do to prevent further extremism, instability and conflict. Our interventions must be about ensuring communities can rebuild lives and livelihoods and live with dignity, it's about ensuring human security, it's about ensuring people have a voice and authorities are responsive to their people and much much more. USAID is changing itself to be more strategic in its approach. Together with the State Department and you, our military colleagues, we can do a better job of undertaking joint stability operations in the future; to leverage our collective wisdom and capabilities to get the job done.

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