NGOs AND PRTs: CONTRACTING AND THE FUTURE OF DEVELOPMENT IN CONTIGENCY OPERATIONS

MONDAY, APRIL 11, 2011

Commission on Wartime Contracting

Washington, D.C.

The Committee met, pursuant to notice, at 9:30 a.m., in Room 216, Hart Senate Office Building, Hon. Christopher Shays, Co-Chairman of the Commission, presiding.

Present: Commissioners Ervin, Henke, Tiefer, Zakheim, and Executive Director Dickson

SHAYS:

I'm smiling because I've never gotten such attention by just tapping three times.

(LAUGHTER)

It says something about NGOs and company.

Welcome, everyone. And thank you for attending this hearing.

I'm Christopher Shays, co-chairman of the Commission on Wartime Contracting in Iraq and Afghanistan. The other commissioners at the dais right now are Clark Ervin and Robert Henke, and we're expecting Charles Tiefer and Dov Zakheim to come.

The idea for today's hearing took shape in Afghanistan. Commissioner Zakheim and I were on a commission information-gathering trip there in January. We spoke with several representatives of nongovernmental organizations, NGOs as they are commonly called, that do development work among the Afghan people.

They had some interesting perspectives on development and shared a jointly produced NGO white paper titled "Being Smart about Development in Afghanistan".

The white paper reflects lessons learned from projects involving more than 6,000 Afghan communities for the benefit of more than 10 million Afghans.

The paper argues that smart development should be, one, Afghan driven, tapping NGO knowledge, but with local acceptance and community participation to target projects that are appropriate, feasible, and sustainable, with close oversight to mitigate the ever-present risk of corruption.

Two, accountability: ensuring both donors and communities that spending is being done transparently on projects that are needed and valued.

Three, impartial: being developed by need and impact rather than national governments' political/military stabilization objectives.

And, four, sustainable: focusing on projects and support mechanisms that will enable Afghan communities and institutions to continue delivering services after NGO assistance has ended.

Criteria like transparency, oversight, accountability, and sustainability have been key concerns for this commission, and have featured prominently in our reports to Congress.

In particular, we believe insufficient attention to sustainability will prove to be one of the main sources of waste in Iraq and Afghanistan. If, after the United States withdraws from a country, the local government can't supply trained operators for a project, can't afford to maintain it, or can't afford to run it, then that project was simply a waste, no matter how well-designed and built.

The impressive but likely unsustainable Kabul power plant built under the auspices of USAID is a conspicuous case in point.

One of the four NGO white-paper principles, impartial, deserves a special note. Our hearing title begins with PRTs and NGOs. PRTs are provincial reconstruction teams. They were developed in Afghanistan 10 years ago to provide an interagency approach to public diplomacy and reconstruction.

Usually led by U.S. personnel from Defense, State, USAID, and other agencies, they are not impartial but take political-stabilization objectives into account as they carry out their work.

Both PRTs and many NGOs receive funding from U.S. taxpayers. So one interesting question is whether the impartial nongovernment-connected approach may yield better outcomes for contracting activity in the long run than the PRT approach that can obviously be perceived and resented as an arm of the occupying force.

Other interesting questions include oversight and budget discipline. How do NGOs with real budget constraints oversee performance and impose accountability on contractors and other implementing partners?

Also, some NGO representatives told us that if a project goes over budget, they do not ask donors or the U.S. government to cover the overrun, but absorb it from their own reserves. I'd like that verified under oath.

Would federal adoption of such a policy foster closer attention to cost by our agencies?

These and related questions will figure into findings and recommendations of the final report to Congress that we will submit in July. We will explore them today with our panel of expert witnesses. Four witnesses represent NGOs; the fifth will speak from the perspective of the congressionally chartered U.S. Institute for Peace.

Our panelists are Matthew McGarry, country manager, Catholic Relief Services; Anne Richard, vice president, International Rescue Committee; Michael Bowers, regional program director for South Asia, Mercy Corps; Michael Klosson, vice president, Save the Children; and Beth Cole, director of intergovernmental affairs, U.S. Institute of Peace.

I will note for the record that all four of the NGOs represented here today participated in the white paper on smart development. The other two organizations involved were the Aga Khan Foundation and the Cooperative for Assistance and Relief Everywhere, better known as CARE.

We've asked our witnesses to offer five-minute summaries of their testimony. The full text of their written statements will be entered into the hearing record and posted on the commission's website.

We also asked the witnesses to provide within 15 business days responses to any questions for the record and any additional information they may offer to provide.

On behalf of the commission, we thank all of our today's witnesses for participating in what I view as a very important and I think an interesting hearing.

And so now, if our witnesses will rise and raise their right hands, I will swear them in.

Do you solemnly swear or affirm that the testimony you will take before this commission is the truth, the whole truth and nothing but the truth?

Note for the record all our witnesses responded in the affirmative.

And I will just note that we are now joined by Dr. Zakheim who will probably tell us that it was traffic that delayed his being here.

And so let me just thank the witnesses for being here.

And, Mr. Bowers, we're going to start with you, and, Mr. Klosson, Mr. McGarry, and Ms. Richard, and then Ms. Cole.

And this is the only panel, five minutes would be appreciated. If you run a minute or two over that'll be okay, but after seven, I will be brutal.

Mr. Bowers?

BOWERS:

Thank you. I want to express my appreciation to Co-chairman Shays and to the other commissioners serving on the commission for opportunity to testify today.

I'm here today in the capacity as a regional program director for South, Central, and East Asia with Mercy Corps International, a humanitarian and development nonprofit organization currently working in over 40 conflicted countries, such as Iraq and Afghanistan.

I, myself, was the country director in Afghanistan for 2004 to 2006 in the early days of the PRT formations. Mercy Corps has worked continuously in Iraq since 2003 with projects benefiting nearly 6 million Iraqis.

In Afghanistan, we have worked there since 1986 under the Taliban regime, as well as post, and currently work in 12 provinces in the north, central, and eastern part of the country.

Both of those countries receive U.S. taxpayer support through USAID, Department of State, and others.

Today I will provide information and examples to illustrate why Mercy Corps has observed that development in contingency operations currently practiced by the U.S. government is largely designed for failure.

This is primarily due to the lack of conceptual clarity about the important differences between activities aimed at stabilization and activities aimed at development. My testimony aims to contribute toward clarity on this conceptual flaw that will be required for the U.S. government to transform current stabilization activities into sustainable development investments as we look toward reducing our military commitments during transition.

Our experience suggests that careful attention to three key areas would help the U.S. government to increase the impacts of developmental programs in contingency operations, while significantly reducing waste and improving transparency and the accountability of those efforts.

These three key elements are ensuring that the right actors are engaged in the right goals, aligning U.S. government funding mechanisms with intended goals, and employing proven empirical-based approaches to promote sustainable development.

The first key element, which is ensuring that the right actors are engaged in the right goals, is particularly of interest with contingency operations where we see many groups or actors present and engaged in a variety of development activities.

For this hearing, commissioners have specifically asked for thoughts on the differences between NGO and PRTs, so I'll focus on explaining areas of comparative advantages for NGOs as compared to PRTs.

First, as many of you know, NGOs are predominantly staffed by local citizens who are known to those areas and live in those areas. As we are staffed mainly by local people and have been doing these works in these communities, such as in Kandahar and Helmand, since the 1980s, Mercy Corps, as others, are seen as different from many of the other actors. This has the comparative advantage of allowing us to be seen as impartial.

Second, NGOs are different because we have traditionally structured our programs to allow longer time frames for implementation, lower expenditures, and process-oriented methodologies to improve and involve local peoples and programs.

We have found that when they feel ownership, local citizens are more likely to involve themselves in project monitoring, and therefore accountable to sustainability.

When these three elements of slower implementation, measured spending, and local ownership are present and working in tandem, this allows for a full scope of the procedures we have in place to minimize waste and build accountability.

Finally, most traditional NGOs are not associated with the military and are not part of the integrated civ-mil strategy currently being employed. NGOs operate on the principle of independence, are 100-percent civilian, and most practice methodologies adapted from

promoting development in transitional environments. In this context, our comparative advantage of NGOs from the standpoint of local citizens is that we are able to operate in ways that is less intimidating.

The second key area I wish to highlight is aligning U.S. government funding mechanisms with intended goals. Just as there is a myriad of actors working on the ground in contingency operations, there are also multiple funding sources and procurement mechanisms operating simultaneously. While Mercy Corps traditionally does not accept contracts, which is acquisition in U.S. government parlance, we operate through cooperative agreements and grants for assistance.

Since the commission has expressed interest in analysis of the differences between these two procurement mechanisms, this testimony provides our perspective on some of the advantages of grants for assistance.

First, because contractors represent USAID primarily, they maintain no independent identity while implementing programs and therefore are not seen as independent or impartial. There are situations in which this could be seen as an advantage for a U.S-government policy planner. However, as discussed above, it can also carry limitations that need to be acknowledged and planned in design, especially in contingency operations where the U.S. military forces are party to ongoing conflict.

Finally, employing proven empirical-based approaches to promote sustainable and effective devolvement is a third key area. And in this, I would like to remark that methodology does matter, which is often lacking in PRTs. Good development can happen only when proven methods are employed, evaluated, replicated, and in fact scalable in different contexts.

In 2007, Mercy Corps undertook a field study to gauge the post- program success of two USAID-funded programs in Central Asia. One to five years after projects had ended, we had research to understand the lasting impacts of this program and we had found that as a result of the community-mobilization methodology used by Mercy Corps and many other NGOs, and when communities continued to maintain their projects, over 93 percent surveyed that they are still being actively used. In addition, we saw significant and lasting benefits in terms of local governance, with 73 percent of community group members reporting it easier now to approach them concerning local government issues.

This provides concrete evidence that community-led development can foster significant change in transitional environments. To do this, program timeframes have to be extended. To be sustainable, development programs in Afghanistan should be built around three- to five-year timeframes, not 12 to 18 months. The additional time is required to maximize U.S. investments by planning for a careful handover. Unfortunately, at present the very obsession with stabilization ends up creating missed opportunities.

I thank you again for your leadership and commitment in addressing the essential question of how to best support effective development efforts. While the history of difficulties with doing development within contingency operations may seem to offer more examples of failure than success, at Mercy Corps we believe that opportunity does exist even in the world's toughest places.

By employing the rights actors for the right tasks, aligning funding with intended goals, and supporting proven methodological approaches, the U.S. government could make concrete contributions towards improving development outcomes.

SHAYS:

Thank you, Mr. Bowers, very much.

BOWERS:

Thank you.

SHAYS:

Mr. Klosson?

KLOSSON:

Thank you, Mr. Chairman and other commissioners.

We very much welcome today's hearing as a continuation of a conversation that some commissioners began with our country directors in Kabul not too long ago. Save the Children's country director would have liked to have been present today, but I'm based in Washington and here in his stead to talk about how U.S. assistance through a smart-development approach can best serve the needs of vulnerable children who, after all, represent the future of their country.

I have submitted a comprehensive statement for the record and so what I'd like to do is briefly highlight the circumstances that children face in Afghanistan, briefly mention the work of Save the Children, and then talk about the importance of accountability in the smart-development approach our agencies employ in Afghanistan.

Children are always the most vulnerable in fragile states, and Afghanistan is certainly no exception. Children in Afghanistan have one of the worst chances of survival in the world. In fact, one out of every five children dies before the age of five, mostly due to preventable causes. And that's not to say that progress isn't being made. The infant mortality rate has dropped. There are many more children in school today than there were 10 years ago, but there's still millions of school-age kids not getting an education.

So Afghanistan is a really tough place to be a child, despite donor engagement and despite the provision of significant humanitarian and development assistance. Adopting comprehensively the smart-development approach that we've outlined in our paper can change those circumstances.

A brief word about Save the Children: We've worked with Afghans for over 30 years and through a staff that's about 98 percent Afghan, we provide protection, health and nutrition and education programming in nine provinces directly through our own staff and in another dozen or so through partners. As an example of one stream, health, we work with families, communities, health-care workers in homes and health posts, clinics, and hospitals to provide basic health care and well being, particularly for children under five and for women of childbearing age.

So we're in the business of supporting doctors and nurses, as well as community midwives directly with training and materials and we train and support community health workers who work out of their own homes to reach some of the poorest in the most remote areas of Afghanistan.

I think our extensive experience working in Afghanistan has taught us some basic lessons about what conditions are most likely to lead to successful outcomes. And together with our other colleagues here at the table, we believe that our work should be guided by certain principles. Let me highlight one of those four principles, accountability.

Smart development, which is what we've talked about in our paper, is accountable both to donors and to communities. Accountability in development programs is really a matter of building relationships among donors, communities, governments, private sector, and NGOs in which all actors have incentives to fulfill their responsibilities.

I think accountability to donors is pretty well understood. NGOs are accountable to donors and we suffer financial consequences if we don't meet our commitments—disallowed costs, possibly jeopardizing future funding. And as a result, we have very clear financial incentives to propose and deliver appropriate, feasible, and sustainable programs.

But accountability to communities is also a fundamental tenet of how we work. We are accountable to communities to provide assistance that meets their priorities in a manner that is culturally acceptable, impartial and does not jeopardize their security.

So what does this actually mean in practice? I think local perceptions of Save the Children, our programs, and staff are critical to our ability to gain access to communities. It's really access through acceptance, and that means that we really have to know the people we're working with, understand the dynamics, identify the needs and aspirations through dialogue.

So access is key and that means we can continue to make field visits and directly monitor the project implementation and outcomes. But also delivering results is key because unless we meet the community's needs and meet their aspirations, acceptance is going to diminish and that potentially makes it much more difficult for us to gain access.

NGOs are accountable to communities, but communities are also, and their leaders are also accountable. So what does that mean? Well, I think let me give you an example of how this tends to work. When we first come to a village to do some work with a community, we actually sit down with the elders and we talk about what we can do to help the community. We hear what their priorities are and then through that, there's a discussion that results in agreement on a project. That is all done in a very public fashion.

So that we sit with the shura. People are understanding what we’re saying. There's a public discussion. The community actually knows what's happening and who is benefiting. And I think that communication is done by our national staff. So it's very transparent. It's very open. It's very public. And through that transparency, we're able to assure greater accountability.

I think our smart-development paper recommends strengthening accountability with an increased emphasis on and resources for monitoring the valuation within the U.S. government, U.S. government implementing partners, and within local partners and local NGOs. And we much welcome USAID's new policy that was announced in January on monitoring the valuation.

So I think the road ahead in Afghanistan is a difficult one, but the dramatic needs of Afghan's children really require our continued engagement. And we have proposed an approach that we think works, which is an approach based on long-term commitment, genuine partnership, and transparency. And we've seen this approach, which is Afghan-driven, sustainable in design and accountable and impartial in execution, producing results.

Thank you.

SHAYS:

Thank you very much, Mr. Klosson.

Mr. McGarry?

MCGARRY:

Thank you Co-chairman Shays and members of the commission for holding this hearing. CRS appreciates this opportunity to appear before you today to share brief field-based observations on the smart-development principle of sustainability.

Based on this principle and CRS's experience, we recommend that the U.S. government treat development in Afghanistan as a process, and consider the comparative advantages of all development implementers when designing, awarding, and assessing assistance programs in Afghanistan.

Catholic Relief Services is the official overseas relief and development agency of the Catholic community in the United States. We work in over 100 countries around the world to provide humanitarian relief and development assistance.

As CRS's country representative in Afghanistan from 2008 to 2011, I had the privilege to lead a team of over 450 Afghans and 15 international staff working in the provinces of Herat, Ghowr, Bamiyan, Kabul, Kapisa, and Panshir.

CRS teams work in close partnership with local communities, local government, and civil-society groups to implement programming in the sectors of agro-enterprise, integrated water security, community-based education, and emergency response.

The idea that development must be sustainable in order to be meaningful is neither new nor is it disputed. What we observe on the ground in Afghanistan, however, suggests an enormous gulf between acknowledging the theoretical importance of sustainable developments and putting that theory into practice.

Over and over, we see the principle of sustainable development sacrificed in order to meet political timelines, expedite burn-rates and deliver easily quantifiable outputs without measuring more relevant impacts.

Thus, a small success today all too often produces extremely negative consequences tomorrow.

If a school is built in a location that is easily accessible for the construction company but not for children in surrounding villages, or if there are no qualified teachers assigned to it, it will not endure and will only dampen that community's enthusiasm for educating their girls and boys.

If the construction of a water system in one village buys temporary goodwill at the expense of inflaming preexisting conflicts with neighboring villages, then that project is not only unsustainable but it is actively harmful.

Therefore, though it may seem self-evident, we continue to emphasize that smart development is sustainable development. That unsustainable development programs are almost always worse than none at all. And that poorly implemented stabilization or development activities may in the end actually be destabilizing.

In contrast, we offer the recommendation that development be treated as a process. By approaching development as a process that requires careful planning, assessment, implementation, monitoring, follow-up and frequent course direction, we are able to demonstrate consistent incremental results while working toward sustainable, long-lasting impact.

Process-driven development is inherently Afghan driven, impartial, accountable, and sustainable. CRS's work in Afghanistan provides examples of what this process looks like.

Our agro-enterprise activities are designed in consultation with both the communities that will benefit from them and the planning team at the provincial department of agriculture.

Before any activities are undertaken, CRS staff and local farmers conduct extensive assessments and consultations to develop a business plan and profitability analysis, including the value of any inputs contributed by CRS.

Farmers who participate in the project receive inputs and participate in workshops, but they also receive regular follow-up monitoring and on-the-job training visits.

CRS staff and Department of Agriculture economists jointly visit project sites to assess progress, suggest corrections where necessary, and disseminate lessons learned and best practices.

Farmers not only reap individual benefits but also work together in growers associations or collective marketing arrangements. Through these associations, they gain enhanced leverage through economies of scale and a long-term support network.

These growers associations and our collaboration with the Department of Agriculture build individual farmer's skills and their technical capacity for future success.

As this example illustrates, the process-driven method ensures not only financial sustainability but also structural sustainability. Programs are linked to relevant government agencies and build local capacity to carry on programs after CRS leaves. Moreover, they plant the seeds for further growth and develop.

CRSs' example after nearly a decade in Afghanistan illustrates that the principle of sustainable is not only feasible, but essential for the effective delivery of U.S. development assistance.

Commissioners, we appreciate your inquiry into NGOs unique approach to development in Afghanistan, and we respectfully suggest that a full exploration of the comparative advantages of various development implementers by the GAO would help to measure development impacts and sustainability over the long term.

Benchmarks and standardized measures of progress to assess impact will help ensure a standard of comparison among various implementing agencies.

Secondly, we ask that Congress closely monitor the procurement reform currently being undertaken by USAID to ensure that its needs-based, community-led programming is prioritized.

Thank you again, commissioners, for this opportunity to testify. We appreciate your interest in these principles and look forward to working with you as you prepare your final report.

SHAYS:

Thank you, Mr. McGarry.

Ms. Richard?

RICHARD:

Thank you very much, commissioners for the invitation to provide testimony. My name is Anne Richard. I'm the vice president for government relations and advocacy at the International Rescue Committee.

The IRC has been around since 1933. We began working with Afghan refugee communities in Pakistan in 1980. And we launched programs inside Afghanistan in 1988.

Today the IRC is in five southeastern provinces and Herat in the west. We have a staff of nearly 400 in Afghanistan, of which 98 percent are Afghan.

Our funding comes from a mix of sources, including the U.S. Department of State, AID's Office of Foreign Disaster Assistance, the European Commission, and, as will be described in my remarks, from the World Bank through the Afghan Ministry of Rural Rehabilitation and Development.

One of the three key recommendations from the smart-development white paper is that genuine partnership between NGOs and local communities is necessary.

To quote from the paper, "The success of any development intervention is dependent upon the investment and genuine cooperation of those that it is designed to serve. Initiatives that are designed, implemented, and maintained by beneficiary communities have the greatest potential to deliver sustainable results."

An example of genuine partnership that works is the National Solidarity Program, or NSP. The IRC has been involved in the NSP since 2003. It was developed by the World Bank and is managed in Kabul, as I said, by the Afghan Ministry of Rural Rehabilitation and Development.

And I should say that there are 28 facilitating partners that work on the NSP, and CARE and the Aga Khan Foundation are also facilitating partners along with IRC.

The program operates throughout all 34 provinces of the country. Over 20,000 villages have benefited from this partnership. It's a program where communities identify, plan, and manage their own development projects in a very inclusive way.

Here's how the program works. One, IRC or another facilitating partner approaches local elders, religious leaders, and other powerful people in a village and asks them to endorse the program. Once they have done that it opens a lot of doors inside a village.

Community members prepare community development plans and identify projects. Elections are organized to create community development councils, also known as CDCs, with the responsibility to implement projects. Men and women vote and serve on the CDCs.

Block grants from the ministry are calculated at about $200 per family with a maximum of $60,000 per community. A number of financial steps help ensure the funds are not diverted.

Community members are informed about how the money is being spent through public notice boards and in large public meetings. Monitoring committees are established to promote transparency and accountability.

And it should be mentioned that CDCs hire local people to undertake and complete projects while monitoring their progress.

Over the past eight years the IRC has helped to establish 1,728 community development councils in districts in four provinces. The councils have spearheaded over 3,406 projects, reaching more than 2 million people. The projects have ranged from the construction of roads, schools, hospitals, and irrigation systems to classrooms to learn to read or acquire a skill.

The intangible benefits of the NSP are also meaningful. For many participants it represents the first time that they have been able to play a role in determining how their needs are met.

The opportunity to elect council members and build consensus empowers citizens. It's an exercise in good governance on the community level.

Funding is protected from corruption and communities see results. Communities are invested in NSP, as the success of the program depends on their choices and ability to deliver. This level of buy-in is not only critical to the success of the projects, but also to their long-term sustainability.

The NSP program has paved the way to more easily improve services in other areas.

I also want to mention a second program, also a partnership with Afghan organizations. This approach was critical in IRC's ability to oversee humanitarian assistance to over 30,000 people in southeast Afghanistan following severe flooding in 2010.

The IRC now receives funding from USAID's Office of Foreign Disaster Assistance to support this humanitarian-response program. In this emergency response program, the IRC provides training to four Afghan partner organizations in how to help after a humanitarian emergency or a natural disaster.

In visits to the region in my time working on Afghanistan issues in Washington, I have been impressed again and again by the quiet courage of the Afghan people. Many have experienced terrible things, yet they strive to build a better society.

On a trip to Afghanistan a few years ago, I visited NSP programs in Logar province, and saw how different villages were investing their NSP funds.

One community built a stone bridge over a creek that provided a shortcut to bring farm products to market. In another, I saw schools for children and classes in tailoring for women.

It is a great frustration to me that most Americans never see evidence of these brave Afghans. The media tends to report on roadside explosions and terrorist attacks and corrupt politicians. These negative portrayals are a far cry from the impressive, dedicated people I have met and who are among my colleagues.

We must learn from models like NSP and Humanitarian Response Program in order to ensure that our actions in Afghanistan are rooted in the needs and desires of Afghans and facilitate Afghan leadership.

We appreciate your broadening your research to look at how aid agencies operate and the strengths of the smart-development approach. I hope you can also devote some attention to the Afghans whose hard work undergirds everything I've talked about, and explore how we can be better partners with them in securing a better future for all Afghans.

Thank you.

SHAYS:

Thank you very much, Ms. Richard.

And Ms. Cole, you will finish up and then we will start at questions.

COLE:

Thank you, Mr. Shays and members of the commission for giving me the opportunity to testify before you today. I'm director of intergovernmental affairs for the U.S. Institute of Peace, a congressionally created and supported federal institution focused on international conflict prevention and resolution. The views I express here today are my own.

I was a lead writer for "Guiding Principles for Stabilization and Reconstruction," the first doctrine for whole-of-government and whole-of-community-action published by USIP and the U.S. Army in 2009. What I say to you today reflects some of what I learned during the writing and vetting of this manual.

I'll also discuss the unique role that Congress gave to USIP 27 years ago to act as the primary interlocutor between our military, our diplomatic and development agencies, and U.S. humanitarian organizations that are working in zones of conflict. In fact, I have the honor of co-chairing the only regular contact group between these actors in the U.S., the Working Group on Civil-Military Relations in Non-permissive Environments.

The spark for this group arose from issues in Afghanistan. In 2005, Interaction, the largest U.S. umbrella organization for NGOs, approached State with concerns about encroachment by the U.S. military in the humanitarian assistance sphere in Afghanistan. State asked USIP if we could convene the relevant parties.

The assistance activities conducted by the military were alleged to be blurring the distinction between armed forces and armed humanitarian-development workers, jeopardizing the safety of the latter and forcing retreat among them to more secure areas. This shrinkage of humanitarian space, NGOs argued, led to less, not more help for needy people.

Our first meeting of this working group in March of that year was tense and tumultuous. But over time, we have learned that regular dialogue often leads to better understanding, less duplication of effort, increased safety for Americans on the ground, clearer roles and responsibilities, and faster response in emergencies.

This dialogue produced an historic document released in July of 2007 by the U.S. Department of Defense, Interaction, and USIP, entitled "Guidelines for Relations between U.S. Armed Forces and Nongovernmental Humanitarian Organizations in Hostile or Potentially Hostile Environments." I've provided a copy to each of you of these guidelines.

What we have learned—all of the parties to this dialogue—are some simple facts. First, years before the U.S. military is on the ground in places like Afghanistan, NGOs are likely to be there providing assistance in the worst conditions. In years after our forces have departed, U.S. NGOs will still be there. Humanitarian assistance and development is their business. The dramatic increase in profit-making contractors working in this business is muddying the waters, leading to legitimate questions about the accountability, role, and conduct of these for-profit entities.

Second, the widespread perception that major U.S. NGOs operate on the fly without standards and rules is simply not true. The Interagency Standing Committee under the auspices of the UN brings NGOs together routinely to create and update guidelines for assistance operations.

SPHERE, the groundbreaking project, has created a humanitarian charter and minimum standards for humanitarian assistance.

Third, a reading of these fundamental building blocks for NGOs shows that the line between humanitarian and development assistance is not a sharp one. When emergency health care is delivered, the involvement of the community, the on-the-job training of future health care workers, the infrastructure that is often built, leads to the rebirth or creation of a health care system that might endure beyond any emergency phase. That is development. And you can trace that path for the other sectors—sanitation, water, food, shelter and education.

In Afghanistan, the civ-mil dialogue has been halting and difficult. It has been jump-started by civilians in the U.S. embassy and then disbanded. It has been led by the UN and then halted. It has been revived in some form by a new general assigned to ISAF, and then petered out as rotations brought in new officers.

But the imperative of delivering humanitarian and development assistance does not stop. In our working group, we are focusing almost solely now on this Afghanistan problem. Time is growing short for the U.S. and its partners to show significant progress before transition targets are missed. Delineating respective roles and responsibilities is critically important at this phase.

The organizations most likely to remain in place assisting the host nation for the long haul are the NGOs, both international and local. So it is imperative that we build the trust that is necessary, the trust we have found so fleeting, to enable development and ongoing humanitarian and development assistance to be successful.

USIP remains committed to fostering the dialogue that is necessary. Members of our working group in USIP believe that our civil-military working-group model in Washington has proven its effectiveness and should be replicated at some level in Afghanistan to remedy the collapse in effective communication among the key actors there. We stand ready to assist in this process if Congress preserves USIP.

Thank you very much. I'm happy to answer your questions.

SHAYS:

Thank you very much, Ms. Cole.

I'd like to again thank all five of our witnesses. The way we're going to proceed is the commissioners will do a first round of eight minutes, and we'll probably do a second round of eight minutes, so we'll see how that works.

And welcome, Mr. Tiefer. He's usually the first one at a hearing, so the four of us who were here were a bit concerned about his wellbeing. So it's nice to have you.

And because we thought he might not be here, we invited Mr. Dickson, our executive director, who has participated in other hearings, to participate, and he's still invited to participate. So I'll go second to last. He will go last, and we're going to start with Dov Zakheim.

Commissioner Zakheim?

ZAKHEIM:

Thank you very much, Mr. Chairman.

I also want to thank you all for coming here and thank you for meeting with us in Kabul as well. It was really very useful and it's the reason you're all here.

Ms. Richard, nice to see you again.

And Mr. McGarry, I was chatting with my friend the other night, Cardinal McCarrick, who as you know is in charge of CRS. I told him how helpful you had been in Kabul and what a pleasure it is to have you.

This group in many ways is not usual for all NGOs. When Mr. Karzai talked about getting rid of I think it's 300 corrupt NGOs, he didn't have you in mind. So there are NGOs and NGOs, and that's one of the things we do need to highlight and think about how you guys do it right, and what we do about those others because that has not been mentioned at all.

But I have a couple of questions about your relationships with the military. One of the messages that's come out of all your testimonies, including yours, Ms. Cole, is that the military doesn't really get it right. It doesn't really understand sustainability. It's in for short-term results. And there's a second message. Sometimes it's been subliminal, sometimes it's been explicit, that you really don't want to have too much to do with them, that you'd rather stay neutral.

So I have a couple of questions. You've all been in Afghanistan, apart from obviously the Institute of Peace, for a long time. And you've had access you claim, and you've met the needs of the communities. But until 2001, you weren't getting very far. Obviously, you weren't under the Taliban. And it was only when the United States in particular came in and the Taliban was overthrown that you've had much more access.

So didn't the removal of the Taliban open doors for you that were closed before? Or at least result in outcomes that you couldn't achieve before? Or would you say that you were doing just as well under the Taliban?

I'll just go down the list.

Mr. Bowers?

BOWERS:

No, certainly we would not advocate a regime change where we would be working under the Taliban. Our access during those times was limited, in fact, probably more by the definition of responding to a humanitarian crisis in a certain geographic area. During that time, we were primarily a southern-Afghanistan entity dealing with refugee repatriation and sources of that nature.

In terms of actually progress made during the Taliban time, certainly there were limitations during that time. We could not advance a development agenda that would highlight women's needs. We could not advance other progress in a market-led economy as that did not really exist.

ZAKHEIM:

So then, let me just ask you, in that case why is it so important to stay—it's not even arm's length, you know, body's length, away from the military, since they've created opportunities you didn't have?

BOWERS:

The opportunities they create, we agree, in fact, in terms of when they're acting as a stabilizing force and promoting with their Afghan partnerships law and order. We certainly would agree that's a very important mission of the PRTs and, in fact, the U.S. military when they can advance that.

The primary issue for us is it clouds and, as Ms. Cole indicated, clouds the relationship between civilian assistance and military assistance.

We are impartial to the needs. Though we'll respond to all parties in our consultative process, you will see typically the PRT responding to the needs of local power structures, like the governorship. And those may not necessarily be community-led.

And then, finally, there is just the issue of security and safety, and having a close relationship with an armed combatant like a military force just, frankly, is too dangerous for our staff.

As that they are high-value targets, and it is our goal to remain deterrent through community acceptance strategies, not through force military.

ZAKHEIM:

Mr. Klosson, are you pretty much on the same page?

KLOSSON:

Let me add maybe two points. One is that although we keep our distance from the military on the ground, we don't keep our distance from the Afghan government.

And if you look, last year, for example, there was some flooding and humanitarian disasters. Those the NGO community communicates closely with the Afghan government.

So it's really the military and not governmental authority at large. I mean, we do want to be coordinated.

And I think the second point that—and I wasn't in Afghanistan prior to 2001 and certainly agree with Mr. Bowers on many of his points—is that, also, I think the availability of resources for us to do development work has expanded considerably during that period, and that's something that's enabled us to do more work in the communities.

But we, again, to gain access to communities, and our security's very much based on acceptance. It's not based on deterrence; it's not based on prevention. And that requires us not to be seen as sort of the vanguard of a military force.

ZAKHEIM:

Mr. McGarry?

MCGARRY:

Yes. At CRS we established a permanent office presence in 2002, so your point's well taken.

For us, similar to the other organizations, it's not a question of just the military even, it's armed actors. So we don't, you know, some organizations have Afghan National Police guarding their guest houses and their offices. We don't. We have unarmed guards who are full-time CRS employees.

Communities, local commanders have offered to protect food distributions with their local gunmen, and we always decline and say, no, that's not the way that we work.

So for us the primary driver is the safety and security of our staff. And if we're viewed as a direct participant and party to the conflict on whichever side, that endangers us.

And just to emphasize, also, that we frequently have these conversations with the military in Afghanistan, and they are extremely understanding of our perspective of the need to keep our staff safe. They just, you know, want us to keep doing what we're doing and are very understanding of the need for that space.

ZAKHEIM:

Ms. Richard?

RICHARD:

You know, a few years ago I visited the PRT in Jalalabad, and I talked to some reservists that were there. And I was so impressed by these guys because they were sort of the best face of the U.S. in terms of, you know, they came from lots of different walks of life, they, you know, clearly were, you know, taking up this role at real great personal risk.

But it struck me—and they were very enterprising. They would talk to each other, e-mail back and forth, to try to figure out different approaches to development in Jalalabad.

But it struck me that they hadn't been trained for this role, that wasn't their original mission, and that it was something of a disservice for them to be thrust into doing reconstruction development work without the proper background.

And so it's not surprising to me then that they would produce projects that aren't sustainable, because they weren't trained to do that.

And also, I think we should say then that also a lot of our efforts to be impartial and provide aid based on need and not to be affiliated with any particular political or armed group is based on principles, humanitarian principles, that go back to the mid-1800s and that have stood the test of time.

So this is not something that was dreamed up, you know, for the Afghanistan issue.

So there are tensions sometimes when we come and brief on Capitol Hill. Especially more and more staff I'm finding up here are veterans of Iraq or Afghanistan, and they don't want to hear that we're too good to work with the military.

And I assure you, that is not the case. Instead it's a very deliberate design to work independently and to work from the perspective of the communities and on their behalf.

It's a very different mission than what the military has taken on.

ZAKHEIM:

My time is up.

SHAYS:

Your time is out. I just would like Ms. Cole to respond to it as well.

COLE:

Just a point of information also: USIP has been on the ground in Afghanistan since 2002 supporting rule of law and community and national reconciliation activities.

But I think at the existence of this contact group that we have in Washington . . .

SHAYS:

Excuse me, one second, because his time has expired. He asked a specific question, could you direct it to Ms. Cole?

ZAKHEIM:

Yeah.

SHAYS:

Just so there's consistency in our . . .

ZAKHEIM:

Yeah. The question was very simple. It was really two parts. One was, and Mr. Bowers answered in detail, the others, the other panelists, didn't really disagree with him, that, you know, they weren't very successful prior to 2001. The military, therefore, came in and opened doors in ways that were just not possible for the NGOs prior to 2001.

And, therefore, the question is, why this emphasis on neutrality, given that the military has done what it's done and enabled the NGOs to do exactly the kinds of things they want to do?

COLE:

Well, you know, again, I was just going to say that I think that the existence of the number of DoD entities that are involved in our working group has shown there's a voracious appetite for them to understand exactly what the role is of the nongovernmental organizations in Afghanistan.

And they clearly have learned over the last five years—I wouldn't say that they started there—that in order for them to, you know, I agree with you that in the beginning they were in there, they were dislodging the Taliban, they felt like they should conduct humanitarian assistance and development activities themselves.

But they have learned over the last five years that really their lane is not in that sphere and that these actors can to it much more efficiently and with the local population.

And as we transition out of Afghanistan, they are increasingly looking to understand and, in fact, give the space to these nongovernmental organizations to perform their activities, because they know they're going to be there after they depart.

SHAYS:

Thank you. Thank you.

So now we will go to Commissioner Ervin.

Commissioner?

ERVIN:

Thank you, Mr. Chairman.

And thanks, likewise, to all of you for being here today. I want to tell you that I commend each of you for the work that you individually do and that your respective organizations do.

And I had a very high regard for NGOs in general and the role that they play in Iraq and Afghanistan in particular before preparing for this hearing, but in the course of preparing for this hearing, I should tell you that my esteem for you and your work has only increased.

That's kind of a predicate for the first question I want to ask, which is kind of an uber-question. And both you Ms. Richard and you, Ms. Cole, I think set it up very well.

Given the common-sense principles that your respective organizations employ—I'm not just talking about the principles that were laid out in that document, but just the whole range of principles—the local support and local buy-in which necessarily leads to sustainability, the apolitical nature. You are not working with the military or, rather, you're not being seen as an arm of the military, I should say.

The fact that you generally are there for years before conflict begins and that you're there after conflict ends. The small amounts of money that are involved, such that that money can be sustained and can be absorbed by the local government, your tendency to rely on local workers, et cetera.

All of this leads me to ask kind of the overarching question of whether—and you were going, it seems to me, Ms. Cole, in this direction—in the future, as we transition out of Afghanistan and Iraq and as we look to future contingencies, and there surely will be some, whether the whole of this development work ought to be done by NGOs, and not the military, not by civilian United States government personnel, and not by private, for-profit contractors.

I'd just like each of you just quickly to give me your view on that question.

Start with you, Ms. Cole.

COLE:

Well, I certainly think that there's a lot of lessons to be examined from both Iraq and Afghanistan. And I think if we could take a break from our up tempo in these operations, we would be well-served by doing that.

ERVIN:

But as quickly as possible.

COLE:

Yeah, I do think that we've all learned a lot about what the capabilities of nongovernmental organizations are. I take your point that there are NGOs and there are NGOs. But the NGOs that we're talking about, that are here before you today, do exercise rules of accountability for both their donors and the U.S. government and have well-honed methodologies . . .

ERVIN:

So, therefore . . .

COLE:

. . . that should be employed in other missions. I think we should start with that as a starting point.

ERVIN:

Okay. Mr. Bowers?

BOWERS:

You know, I've also worked in Kosovo, before Afghanistan, and that is often a cited situation, where we run into U.S. military personnel who served in that operation as well, who said, "Why can't we do it like Kosovo, you know, when we're in Afghanistan, Iraq?" And the conditions there really aren't the same.

So, you know, not to dodge the uber-question of can it—you know, what's the future model of a blended approach, it really is contextualized. But certainly I would think many NGOs see and value and understand there are times when the U.S. military in a recovery, humanitarian assistance role has a place, there are operations that they can bring. In Pakistan, during the floods

last year, there was certainly a role for the U.S. military to help the Pakistani government and its people.

But then there was a clear role on what the NGOs can do in terms of . . .

ERVIN:

. . . to stop you there, but on that role that you mentioned in Pakistan with military, and you were the one in your testimony who distinguished among relief and development and stabilization. Wasn't the military role there largely a relief role?

BOWERS:

Correct.

ERVIN:

. . . as opposed to a development one?

BOWERS:

Correct.

ERVIN:

I'm talking about development then. I mean, in your judgment, should the whole of development operations be done by NGOs, like the good NGOs like you rather than the bad one?

BOWERS:

I think we have a significant role, yes.

ERVIN:

OK.

Mr. Klosson?

KLOSSON:

I'm tempted to say yes, but I think it actually requires to look at the capacities that different players bring to the table. And you've very nicely summarized the value-added that NGOs can bring to the table, particularly in the social sector, linking up communities with governments.

But I don't think you see a lot of us building roads and doing power plants and that type of thing, which is also important for economic growth. So I don't think we ought to take on those kinds of projects. I think there's still room for others to do that kind of . . .

ERVIN:

Should the military do that?

KLOSSON:

I think . . .

ERVIN:

Who should do that?

KLOSSON:

I think who should do it is the one who can do it best.

ERVIN:

And who is that?

KLOSSON:

You tell me.

ERVIN:

You tell me.

KLOSSON:

I don't know. I mean, I haven't really studied. I imagine I would think there are a lot of companies out there that are adept at building roads and building power plants.

ERVIN:

Mr. McGarry?

SHAYS:

Could the gentleman just . . .

ERVIN:

Sure.

SHAYS:

I think that what we're trying to get at is, if the military does it instead of the contractors, does that then pollute, I'll use the word, development, and then does that make you suspect? And that's why we're trying to wrestle with it.

If you had a preference, would you say the government, the military should not be doing this work?

KLOSSON:

I think particularly where the NGOs have value-added on the social-sector side I think NGOs should be doing that in partnership with the host government and local authorities, not with the military.

ERVIN:

Mr. McGarry?

MCGARRY:

So I don't have any access to a comprehensive study of this, my information's basically anecdotal from the last three years in Afghanistan, a couple years before that in Pakistan, a year and a half before that in Sudan.

But I would say that when we wrote this paper it wasn't with the military in mind, it wasn't necessarily with private security companies in mind or for-profit contractors or even NGOs. The idea was we see so much bad development in Afghanistan done across the board, there are international NGOs that do a terrible job, there are local NGOs that do a terrible job.

What I would like to see is that these principles be the metric by which anyone is evaluated for it. And so in Afghanistan the distinction between private contractors and the military is often not a very meaningful one because private contractors operate with, as you know, with heavy, close protection, armored vehicles and so forth. And so in the community's mind, it's six of one, half a dozen of the other.

ERVIN:

Let me try you out a little bit on that, because I think that's a very interesting and helpful answer.

You know, as you say, I think it's the principles that ought to matter most here. But is the military capable? Are civilian private for-profit contractors capable of taking these principles, which are all common-sense principles, and being as effective at implementation as the good NGOs are?

MCGARRY:

I would say that based on what I've seen for long-term, sustainable, community-driven, impartial development, the principles laid out here, as currently constituted, no. And, you know, maybe in time, maybe in another five or 10 years with the emphasis that's certainly been given on these principles lately, perhaps.

But consistently what we see in Afghanistan is that if you're interested in long-term, impartial, Afghan-driven, transparent development, NGOs are typically the way to go.

That's not to say that, you know, it's 100 percent one or the other, but that's been my observed experience.

ERVIN:

Thank you.

And Ms. Richard?

RICHARD:

I was thinking about this comparative advantage of NGOs, and you said there are NGOs and NGOs. And I think that was part of the impetus behind writing the paper, was that the six organizations came together to say, let's put out how we do it.

ERVIN:

Right.

RICHARD:

Because we take great pride in that.

The large international NGOs, less than a dozen of them deliver 90 percent of the funds mobilized by the NGO community globally.

ERVIN:

Right.

RICHARD:

And I think that probably the four of us are part of that dozen.

So I agree with what Mike Klosson said and Matt McGarry in their response.

ERVIN:

All right. So it sounds like there's a consensus that in the ideal world, the whole of development efforts would be undertaken by NGOs. And let's just stipulate that we're talking about good NGOs as opposed to the bad ones, and NGOs that follow the principles that we've all laid out here in today's testimony. I think that's helpful, and I'm inclined to agree with that.

Second question: Given the fact that NGOs are generally perceived to be apolitical, not taking sides in the conflict, and, therefore, presumably more accepted by the local populace—and I think your experience, each of you says, indicates that that's the case—I would think that the casualty rates among NGO American personnel and your local contractors would be far, far lower than that for United States military, for civilian personnel and for American expat or Western expat contractors in the theater.

Is that right? What's your casualty rate relative to theirs?

MCGARRY:

Speaking from the CRS example, again, we work in, as you'll note, relatively stable areas across the central highlands. So it's not a direct comparison with someone working in Kandahar and Helmand. I would let Mercy Corps and the others who work in those more unstable environments speak to those.

But we've had zero international fatalities of any sort in our time in Afghanistan. We've had zero work-related Afghan fatalities. We've had some people who were killed in roadside robberies and things like that, but nothing to do with their affiliation with us or their work.

ERVIN:

And do you think that has everything to do with the nature of how you're perceived?

MCGARRY:

I think that has everything to do with the quality of our work, because if we do bad work then we can be as impartial as you want and communities are going to get sick of us and then drive us out.

I think it has to do with the way we work, with the humble approach, the community-driven approach, and observing or following these principles.

ERVIN:

Thank you. If I could just get a response from each of . . .

SHAYS:

Sure, sure, absolutely.

ERVIN:

. . . from each of them, and then I'll stop.

Ms. Richard?

RICHARD:

I'm sorry, did you say before that you, from our previous round, you got the conclusion that NGOs were best at doing all of this? Because I want to just correct that. My colleagues think that if you're building a ring road around Afghanistan, that really IRC is not the group to do it.

But clearly some of the things that we do, like having 98 percent of our staff be Afghan, has got to be a benefit not just to the sustainability of the programs and getting them done, and also the longevity of it, and our security.

So, you know, if you look at the PRTs, you look at the military, they're bringing in—and even the civilian surge and the State Department and AID—they're bringing in young Americans who are North Americans and don't speak the language necessarily. Some do. And it's just a very different profile than our hiring folks who started out working with us when they were refugees in Pakistan.

ERVIN:

And what's your casualty rate?

RICHARD:

We've lost seven staff in the last several years.

ERVIN:

And how would that relate to the military and to the private contractors in the . . .

RICHARD:

I think in terms of percentages it's actually bad. I mean . . .

ERVIN:

It's actually what?

RICHARD:

It's not a good. What I was reading is that being an American aid worker is one of the top, it's the fifth most dangerous job in America today. So I think it's a little relative. I mean, these are very dangerous jobs.

ERVIN:

OK.

And, Mr. Klosson, Mr. Bowers?

KLOSSON:

Sure. I checked with a colleague before coming here today, and my understanding is that we haven't lost any expats in Afghanistan. We have had national employees who have been held and things like that, but not lost any expats.

ERVIN:

And Mr. Bowers?

BOWERS:

We have lost staff, local staff before in the past. Most of our casualties lately have been natural causes due to avalanches and airplane crashes.

ERVIN:

But I'm talking about violence. I mean, being killed.

BOWERS:

No. Our rate of ability to stay safe there is remaining high right now.

ERVIN:

And this question would be relevant to you, Ms. Cole, I assume.

COLE:

I mean, we have staff, obviously, on the ground in Afghanistan, and we've not taken any casualties.

ERVIN:

Thank you very much.

SHAYS:

Thank you.

Mr. Tiefer—Commissioner Tiefer?

TIEFER:

Thank you, Chairman Shays.

TIEFER:

This preparing for this hearing and this day is a learning experience for me. I, with trepidation, mentioned to my students at the University of Baltimore Law School that there's such a thing as grants in the legal world, and I don't know enough to really teach it to them. I'll know a little more after today.

I also want to express my respect for Chairman Mike Thibault, who could not be here today, but it's his insatiable appetite for going to Afghanistan that, I think, led the way to the trip by Chairman Shays and Commissioner Zakheim which has been our inspiration.

This is a hearing where we wanted to know, as you do, from the ground up in Afghanistan not just well, what does Washington want to impose on the world?

I'm going to ask this question of you, Ms. Richard. And I have a bit of an introduction. And it's about the principle of impartiality and what it could mean for the future.

Let's suppose that the current conflict in Afghanistan doesn't end with an absolute victory for one side or the other, but the Taliban—and that's a word I haven't heard much of today, excuse me for even bringing it in—the Taliban still end up in control of certain areas; they can't be rooted out. But the central government ends up in control of other areas.

Do you think it would be possible for your organization or similar organizations to play a stepped-up role in that situation, since, as part of whatever truce or arrangement there is, there would be, one would hope, both sides would want more development going on. But there's not a complete end of the conflict in that sense.

Would there be a large role in a post-conflict Afghanistan for your organization, is what I'm asking.

RICHARD:

I would hope that no matter what Afghanistan emerges from this that IRC will be able to stay and continue working. We were in Afghanistan during the Taliban era, and what we did was we had supported schools for girls that were hidden away in people's houses.

Now, Dr. Zakheim is completely correct that there's a lot more Afghan children being educated today than there were in those times. And, you know, we can reach far more of them and do a lot more out in the open.

But I would like to hope that our folks would be able to continue working no matter what the government that shakes out over time is.

TIEFER:

Let me ask, in your report, I'm asking this for the panel, but there's only one person who need answer. There's a case study under impartiality of Helmand province. I've learned a little about that, and I'm curious if one of the organizations here did that. Or either I can just talk to one of you about that.

Should I talk to you about it, Mr. Bowers?

BOWERS:

Sure.

TIEFER:

All right. And I might keep Ms. Richard into that also.

I was impressed, impressed understates it. Helmand province is a terrible place in the world not just because of the conflict there—in fact less because of the conflict. It's the heroin capital of the world.

It's not just in our war interests, it happens to be in the our civil interest as well as Russia's, as well as Iran, as well as all the nations inflicted with the heroin plague that there be agricultural development in Helmand province. But until I read this, I didn't think it was possible.

How is it possible to have agricultural development? How do you answer this paradox? The Taliban, their number-one source of income is poppy-growing and heroin. And so Helmand province is like a bankroll to them. How can you do, how could anyone do agricultural development in Helmand province?

BOWERS:

You do it by the blended approach we talked about earlier, in terms of where you have an Afghan-led approach at the community level, and you're espousing the ideas of the more you can demonstrate the value in legitimate, licit production that will meet the needs of households in that community, the more they will buy into that.

You have to then couple that with the dilemma of the nature of work there is that the police are under corruption to transport that poppy production you mentioned earlier before, and often the legitimate government there has a stake in that. So we often have a parallel need to not dismember the legitimate government, but to work from a community level-up approach.

So you're essentially building development that doesn't have to exist at the government level. It can exist at the community level.

The dilemma also is—you know, not to be too technical—is are you going to do harm in that as well? Because if, in fact, that irrigation canal you helped clean and fix, are you irrigating poppy land or are you irrigating wheat land? And really that is a very fine line on how much we can control and monitor that.

And a lot of it has to do with how much that local elders structure has bought into the principles of if you provide a certain input, the expectations of a certain output will happen—that wheat will be grown or corn will be grown and not opium.

And that if opium is grown, then, essentially, we're not going to be able to offer the same inputs the year after. So you are conditioning a little bit of your development based what they understand we can help them achieve.

TIEFER:

Now I want to put together the two questions I've asked for you, Ms. Richard and for you, Mr. Bowers.

Let's suppose there's a post-conflict situation and part of the price we say the Taliban must stop protecting the heroin trade, and they want to impose something awful on us, like the Karzai government must get rid of corruption—a high-level rather than lowest common-denominator deal.

Could NGOs play a role in that kind of higher-level thing? Could you provide enough, if funded enough, enough of a development engine to fill the place taken by the getting rid of the illicit economy, so to speak, and the illicit government?

RICHARD:

Well, I think that the possible service that NGOs could play in that kind of a scenario is the ability to reach so many villages and to reach so many people really at the ground level.

And that's something that I know everybody involved in Afghanistan is just really amazed by. And so I think that that holds a lot of potential.

But in order for us to work with those villages, we need, you know, to be able to travel there and to have it be relatively peaceful.

TIEFER:

The principle of impartiality and absence of violence.

RICHARD:

Well, and also that there'd be a basic level of security.

TIEFER:

Security.

Mr. Bowers, what do you think about that possibility in a post-conflict situation?

BOWERS:

Well, in reality, that scenario is occurring right now. In fact, in many places in Afghanistan where you have de facto Taliban control of districts, most of our staff would already have some sort of dialogue with them in terms of how permissible will it be for us to do X, Y, and Z?

And there are many red lines there we then have to morally deal with. You know, if it's a program that focuses on maternal-child health care, how far are they going to allow us to work with women's groups, et cetera?

You know, in terms of working at a higher level, I think that most of these agencies at this table would agree it is our goal to support the Afghan government and their strategy that they set at a national level, and that involves state organs at the ministry level.

So, you know, we do recognize that good community-led development cannot be sustained without proper governance at some role and level, and that we still need a functioning state organ.

TIEFER:

Thank you. My time's up.

SHAYS:

Thank you, Mr. Tiefer.

Mr. Henke, Commissioner Henke?

Do we have someone who wanted to quickly respond?

Yes?

MCGARRY:

Just briefly, in response to your question, one of the things we observe in the field is that, you know, farmers aren't growing poppy because of any traditional experience with poppy, because they love it, because there's any culture of poppy growing. They grow it because it's generally profitable, and because they're extremely risk averse.

And if you grow poppy, then, you know, a poppy dealer will advance you seed and tools and fertilizer on credit.

And so one of the problems that we see with some of the stabilization programming, which is cash-for-work driven—let's give these farmers cash for work right now so they don't grow poppy—what happens is somebody from the household comes up, takes the cash-for-work card, does the cash-for-work project, while the rest of the family stays home and grows poppy because they know the cash for work is here today and it's gone tomorrow.

So in answer to your larger question, you know, if there's a real emphasis on alternative livelihoods, on licit development, things like that, these principles, again, hold where you have to be planning for what is this farmer going to be doing next year, in two years, in three years, why are they growing this stuff in the first place?

And the farmers need to be confident that—you know, we're incredibly destitute, we're poor, I have a family of 12 I have to provide for. I'm not going to do your cash-for-work project and stop growing poppy unless I know that there's some plan for the year after. And I think that's one of the advantages NGOs can bring.

SHAYS:

Thank you very much.

Mr. Henke—Commissioner Henke?

HENKE:

Thank you, Mr. Chairman.

Ms. Cole, in your statement, you mentioned the fact that private actors implementing development programs, private contractors, are muddying the waters, which lead to legitimate questions about the accountability role and conduct of these for-profit entities.

Could you each just give us your response or a general sense: does on the contracting side when we have an implementing organization for aid implementing a project, do we have the right public accountability mechanisms in place, the right oversight mechanisms?

So take a step out from are your NGO role, but in your experience working near and with private implementers for aid projects, do we have adequate oversight of their activities? Do we have enough insight into the outcomes from their projects to be effective, Ms. Cole and others?

COLE:

Well, I would say probably the umbrella answer to your question is no.

On experience side, I will speak only on rule-of-law and police issues. We know when we try to look at the contractors that are providing police and police assistance in Afghanistan, that the information they hold is, you know, proprietary. I mean, you cannot get the proper information that you need to even understand and conduct any oversight.

HENKE:

Like what kind of information? Do they . . .

COLE:

Budgetary information: You know, what are their budgets? I mean very simple questions because they have—it's proprietary information.

HENKE:

OK.

COLE:

So it's difficult. We just did a study of police operations in most post-conflict states and we could not get any of that information. Now, you would argue that is that development. Well, I think, you know, I think it is development of the security forces that these people need to operate.

So I think that that's a pretty good example.

HENKE:

Yes. And these are private companies implementing public programs and public . . .

COLE:

Yes, correct, like DynCorp and (inaudible) et cetera.

HENKE:

OK.

Mr. Bowers?

BOWERS:

I certainly do welcome more oversight. I think the nonprofit world even here in the United States is buckling under the issue of having clear oversight either at the state or federal level.

In Afghanistan itself, there are a series of initiatives . . .

ZAKHEIM:

Excuse me. What do you mean by "buckling under"? I don't follow that.

BOWERS:

Well, in terms of that even from my experience, we often don't know how to communicate back to the public our accountability in terms of what we do with either private money or certainly when government gives us a grant.

But in terms of oversight of contractors in Afghanistan, I think the fault lines there have usually been on the expedient nature of when they have to complete something by date and their burn rates, which causes a lot of— it looks like short-circuiting in their own internal compliance systems and ability to regulate fraud and waste.

HENKE:

What does that mean by "short-circuiting"?

BOWERS:

Often, these contracts, I mean usually they're very high-value contracts and under 12 or 18 months. And so really they're jumping through the hurdles to get these roads built and power plants built in quite a short time span.

HENKE:

So speed dominates.

BOWERS:

Speed dominates. And . . .

HENKE:

And there's an accountability tradeoff there, is your point?

BOWERS:

We see that a lot, and then of course just the turnover rate in terms of their own oversight from USAID or the embassy is quite high.

HENKE:

Right, right.

Mr. Klosson?

KLOSSON:

We certainly, as I mentioned in my remarks, welcome increased accountability and monitoring and evaluation. I don't have sort of an independent view on the private side.

HENKE:

OK, OK.

Mr. McGarry?

MCGARRY:

I think in answer to your question, generally no. And I think it's partially a function of the nature of assistance mechanisms versus acquisition mechanisms, where there's a great deal of oversight. And conversely, USAID has a lot more control over a contract. They can, you know, change the geographic location. They can, you know, completely shake up the entire project and tell you to go this way or that way.

But a lot of the inherent nature of these contracts is that a lot of the success or failure is not judged on impact. It is judged on how many metric tons of seeds we distributed, not whether they got planted, whether they germinated, whether they were distributed through three strongmen who kept 75 percent for themselves and gave the rest to their family members.

Whereas cooperative agreements, there's a lot less control, but the monitoring and evaluation does tend to be much more focused on impact. Did the teachers retain what they learned and so forth.

HENKE:

OK.

Ms. Richard?

RICHARD:

You know, our country directors have explained to me, and this is over several years now, that, you know, contractors will subcontract, subcontract, subcontract, and everybody gets a cut along the way. So that by the time you get to where the project is actually being carried out, there's very little of the original money left. But I imagine you're all much more expert about this than I am.

What I fear for in Washington is when these big stories hit the news that, you know, billions wasted in Afghanistan . . .

HENKE:

Right.

RICHARD:

. . . it undercuts our ability to raise money and to continue holding the interest of Americans in the enterprise that we're involved in. So think that it really bothers me and that's why I've tried to get the press interested in covering some of the positive stories, but that's not really news.

We have a bunch of us, you know, we try to go to the Hill together, these NGOs. And we tried, starting a few years ago, to get more attention from the various oversight bodies to looking at the comparative advantages of these different methods of doing reconstruction and development in Afghanistan.

And so we were supporters of Senator Lautenberg creating the special inspector general in Afghan reconstruction, and that has not panned out well at all. And so I feel like apologizing that it hasn't been a success.

HENKE:

Why is that?

RICHARD:

I don't know why, but I know why we were behind it was because we felt we could be an open book; come look at us. And that's also why I believe that the call one of my co-panelists put forward for a Government Accountability Office review is also something that we would welcome. And that's why we welcome your having this hearing this morning because we want to talk about this.

HENKE:

On this issue of comparative advantage, I want to ask each of you, in the situation that we're in presently in Afghanistan, what are the comparative advantages of doing let's call it development, call it stabilization—I'm not sure whether there's a bright line there—but what are the comparative advantages of doing development-like work with a PRT in the PRT model in the PRT space? Any comparative advantages to that?

Mr. Bowers?

You've each talked about comparative advantages. Well, I'm going to try to compare.

RICHARD:

I can point one thing out, which is the military, American military representatives and troops were very frustrated that they were being expected to do everything. And they looked to the civilian side of the government for help and they weren't getting it.

HENKE:

Government-civilian, yes.

RICHARD:

And so now they have a lot more attention and resources from the civilian side. But our point is that's perhaps not the best . . .

SHAYS:

You say "government side." There are too many governments around here. Are you talking Afghan government or U.S. government?

RICHARD:

U.S. government. I know in talking to members of the military, they were very frustrated that they felt the civilians weren't showing up. And now with the PRTs, there is much more of a U.S. government departmental civilian presence from State, from AID, and from other governments.

But what we're challenging is the whole PRT approach.

HENKE:

So what's their comparative advantage? I'd like to hear if there is one, one or two of them.

MCGARRY:

I would say a comparative advantage for PRTs is in the areas of police training, mentoring local security force, capacity building. That's not something that I don't think any of us on this panel would do and we have zero capacity to do that. So if anyone's going to do that, it makes sense for it to be the PRT which is down there at the provincial level.

I think for the longer-term development we're talking about, they don't have a comparative advantage, if for no other reason than they tend to be there for a year and then they rotate out. And that's not enough time to do what we're talking about here.

HENKE:

OK.

Mr. Klosson, any thoughts on this?

KLOSSON:

I think I would agree with what Mr. McGarry said. There's this maybe on the security side, but the longer-term development work at the country, grassroots level, is best done by NGOs.

HENKE:

So what I'm hearing is it's very limited.

MCGARRY:

Just in terms of development for PRTs, I think very limited.

HENKE:

Right.

Mr. Bowers do you want to say something? I've got to wrap up in about 30 seconds.

BOWERS:

Yes, I agree. I think the comparative advantage is they speak from authority and they represent at the very field level an authorized body that most people respect, at least the licit people we want to respect. So often they can create some stabilizing effects if led well by their local commander with governments there that are failing.

HENKE:

OK. Thank you.

SHAYS:

Thank you.

I'll recognize myself for eight minutes.

And first, I'd like a short answer. If you need to give a longer answer, do it at your own peril.

Are you, Ms. Richard, involved in nation building? Is your organization involved in nation building?

Who wants to start?

Mr. Bowers, are you involved in nation building?

BOWERS:

In terms of capacity building and building infrastructure for communities, yes.

SHAYS:

Mr. Klosson?

KLOSSON:

If it's about strengthening Afghan institutions, yes.

SHAYS:

Mr. McGarry?

MCGARRY:

I'd say in the same sense that we are in many other countries around the world, yes.

SHAYS:

Ms. Richard?

RICHARD:

Well, I'm not going to disagree with those guys.

(LAUGHTER)

SHAYS:

How about Ms. Cole? Do you think they're involved in nation-building?

COLE:

Well, yes, and I would also say USIP is also doing nation building in Afghanistan.

SHAYS:

Who was?

COLE:

USIP is also doing nation building in Afghanistan.

SHAYS:

Right. PRTs involved in nation building, Ms. Cole?

COLE:

I think PRTs are trying to be involved in nation building.

SHAYS:

Right. OK.

Why do you think it's so difficult for us to say that we're involved in nation building, Ms. Cole?

COLE:

Us as a country?

SHAYS:

Yeah.

COLE:

Because I think it carries a lot of baggage and it is a term that's been bandied about in many ways, and there's not a political consensus behind nation building.

SHAYS:

OK, I'm going to have to report a real bias. I love NGOs. I love what you do. I'm huge fans of yours. I cannot even be impartial, but I'm going to try, because I love the fact that I'm a former Peace Corps volunteer. I just have a general sense that you reach people, you listen to people, you're doing more what they need.

But there are criticisms. And one of them is how do we measure? Some of what we ask you to do is hard to measure. You know, you're involved in capacity building, I mean, empowerment, democracy training, institutionalizing, getting people to realize they can poke their head out of the ground and make a suggestion and it won't be ripped off. And they can ask their neighbors what they think, and you can build consensus.

That's something we intuitively do, but overseas in some places, that's foreign.

So you do it. But how do we measure it?

Mr. Bowers, how do we measure it?

BOWERS:

We have a very clear set of definitions of metrics on how we do that at Mercy Corps. And in fact we're employing that on a global level with all of our field missions.

There is always donor reporting. Donors like to see outputs; donors like to see results. Rarely do they ask what the impact is.

It's the impact that most of us with character will try to achieve because that is where you see the longstanding, sustainable effect. And many cases what you're doing is unless you have a horizon of time that exceeds, say, two years, you're really not going to measure impact. You're going to measure results that are achieved.

And whether or not the results stick, whether or not the results have changed behavior of population-based effect is the key dilemma of our industry. And all NGOs are faced with that dilemma.

But in terms of how do we do it at a very pragmatic level, we always create a set of indicators on how we're going to at least get it result-based . . .

SHAYS:

Rather than having each of you give me a long answer, Mr. Bowers can just elaborate more, and tell me where you agree or disagree.

So give me an example of something that would be a measurement.

BOWERS:

One measurement right now, for instance, a very specific example, is five years ago we created a microfinance institution in Kabul to serve women through microcredit, so if that is not a self-financing entity by 2014, we probably have failed.

And there are a lot of failures out there right now. So that measurement right now is an institutional-level measurement of ability to finance itself.

SHAYS:

But say rule of law. How would you determine a measurement on rule of law?

BOWERS:

Well, in the culture of Afghanistan if the elder has not shot some other family member in the informal justice system, a rule-of-law measurement, I would think, is a judicial system that is actually performing the way it's set up by the constitution.

SHAYS:

How would you all elaborate or disagree to the answer Mr. Bowers gave?

KLOSSON:

I think one thing is to distinguish between measurement with regard to a particular project and then sort of a broader context. So with project-specific type measurement, you know, for example in health interventions, you're looking at increased coverage and how many more local, say, community health lives are providing that coverage than was the case with the baseline.

The broader perspective is can you actually then leave the community eventually, and they can take it over?

I mean I think the broader impact of actually building self-sustaining institutions is something that's harder to measure. It needs a number of years. And you also have the question sometimes of attribution.

But we've seen this, I mean Save the Children has seen this in Afghanistan where a number of years ago we were doing a lot of basic health-package service provision, and three years ago some of the local Afghan NGOs started taking them over, so we no longer provided that. I think that's impact.

SHAYS:

Let me ask you, Mr. McGarry and Ms. Richard, to respond to CERP money is money that commanders in the emergency response program . . . And, you know, thank goodness for people like Petraeus that realized it wasn't, you know, just finding in Iraq Al Qaeda and other dissidents, but terrorists but to realize that they had to start to be involved, frankly in nation building.

Is there a danger that when the military does it, people then look at anything where development is taking place as a military instrument and rather something nonmilitary?

Ms. Richard or Mr. McGarry, you can go first.

MCGARRY:

I think there is a danger in that. I think it can be overstated. I mean, I think a lot of times, you know, communities, you know, assume that our money is coming from the U.S. government. You know, they know we're an American Catholic organization, so there are certain risks involved. And, you know, the degree to which we stick to these principles is . . .

SHAYS:

Catholic organization in a Muslim . . .

MCGARRY:

In a Muslim country, yes. And a very devout, you know, conservative Muslim society.

I think with CERP there is a danger then that all development assistance gets tainted as being somehow party to the conflict, but there's also the risk that if it's done, you know, again, not for development means, if it's done, you know, largely for force protection, if it doesn't work out well, just as if, you know, development is done badly by an NGO or a contractor or whoever else, it then becomes that much more difficult to do effective development in that community for the next organization, be it an NGO or the military or whoever comes next.

SHAYS:

But I do have a sense that—and it's probably not standardized, but some of the military really try to involve the community, try to use the model that you all use.

Ms. Richard?

RICHARD:

Well, if Matt gives the Kabul-based answer, I can give the Washington, D.C.-based answer, which is we have a double standard in our aid programs in that funding through the Agency for International Development for long-term development done by development experts is tied up in all sorts of checks and balances that have been imposed by Congress to prevent waste and fraud. And the CERP money is subject to none of that.

SHAYS:

Yeah. You have no disagreement with the commission on that. Thank you very much. And I made my best effort to be aggressive.

Mr. Dickson, our fellow commissioners have invited you to participate, and we thank you.

DICKSON:

Thank you, sir.

And good morning to you all. I share a high regard for the work that you and your personnel do around the world. And I'm mindful this morning as we meet here that one of the mandates for this commission is to focus on waste, fraud, and abuse.

And in preparing for this, Mr. Bowers, I read some of your statement for record, and I'd like to bring up one example that you cite, but then I would like to then have you respond and then the other witnesses respond as well.

In this example, you're referring to southern Afghanistan in 2008, where USAID awarded the Global Development Alliance a $2.1 million grant for agricultural development, and then

subsequently the U.S. government awarded a $300 million grant to another organization for agricultural development in the same area. And in that case it ultimately led to the payment of farmers to work in their own fields. So in that sense the U.S. government was competing with itself for limited resources of nongovernmental organizations.

And we found in other places that competing programs can contribute to waste and inefficiency. The question is, how do we avoid that?

In your opening remarks, you talked about the right actors and the right goals. You talked about aligning funding with goals. The question is who does that? How with NGOs and with USAID and the military and these kinds of contingencies, who is responsible for kind of like the architecture, the strategic plan, and making sure that, hopefully, all the arrows are pointed in the right direction?

BOWERS:

In the ideal world, it would be the host government, either at the provincial level or their capital level, depending on the complexity of that environment.

Afghanistan, all rules are off, essentially, in terms of inter-coordination that most NGOs would normally find in the development context are simply extraordinarily difficult to accomplish.

I mean, the panelists here represent organizations that routinely meet to at least share some of that. In some cases, the UN leads that cause where the government is either too weak or nonexistent. And in some cases, we have seen in other places, you may share that information with a military force such as a PRT. Often we would share that with the PRTs.

But, frankly, there are so many actors with competing interests. And contractors are one of these actors that unless they complete that deliverable, they won't be reimbursed. So they don't really care at the end of the day if that farmer’s been disincentivized to actually do something voluntarily, because that's a data point they have to accomplish.

So their AOTR (Agreement Officer’s Technical Representative), the USAID officer, may not even be aware that Mercy Corps already has a pre-existing AID program to support that initiative.

So I would say there is a donor requirement that they collaborate and coordinate that.

But in again, like Afghanistan, where you've seen an exorbitant amount of money really flowing into only three different regions of the country, it's extraordinarily difficult to crystallize who's in charge.

The governor's office is either incapacitated or lacks the ability, and then often lacks the sense of how to get all those actors together.

DICKSON:

Thank you.

Mr. Klosson?

KLOSSON:

I would agree. If the Afghan government could take this on, that's the place to do it.

From your example, it sounds like even on the part of the U.S. government, it's not taking place. And it would seem to me that you actually need sort of an interagency mechanism, both in the field through the mission, but also back here in Washington to make sure that the work that's being done is aligned and, certainly, you don't have that duplication.

DICKSON:

Mr. McGarry?

MCGARRY:

I'd agree with Mr. Klosson. Again, at the village level it's basically impossible for us to duplicate someone else's effort because these are small villages largely in the middle of nowhere and we know what's going on and are in regular contact with the villages.

But in the example you cite, that's really a Kabul, you know, U.S. Government-based decision that we don't have any influence over. So I think intergovernmental, inter-donor coordination and communication would be great, would be helpful to resolve that sort of problem.

DICKSON:

Thank you.

Ms. Richard?

RICHARD:

I don't really have anything to add, Mr. Dickson.

DICKSON:

All right.

Ms. Cole?

COLE:

I would only say that after five or six years of trying to build an interagency capability in the United States that we are far from achieving any kind of predictable way to bring our agencies together, let alone lash up with the nongovernmental organizations and the host nation.

It's a critical gap, and it will continue to plague us as we go forward in any country that we can think about that is in disarray.

Libya planning is going on at the moment and is experiencing the same kind of disarray that we've seen in other places. So it's really a serious problem.

DICKSON:

Thank you.

My second question focuses on time. We've heard a lot of discussion this morning with regard to the long-term and the short-term and value that NGOs bring for the long-term.

Contingencies, by definition, are supposed to be short term, and yet in Iraq and Afghanistan we find that a tremendous amount of time has passed.

For the future, though, in terms of planning resources for contingencies, the role of the military, the role of USAID, and the role of NGOs, how do we as a country plan for and prepare for short-term contingencies? How does that change the equation with regard to your role versus that of the military and AID?

And I would just ask to go down the line, starting with Ms. Cole.

COLE:

You ask a difficult question. I think if you see the guidelines that we produced in this working group that you'll see we recommended that the interaction, the umbrella organization for NGOs, have some kind of ability to interface with our combatant commands as they're preparing for contingency operations in the very short term.

And so that's one recommendation. It's not going to solve everything. We do need a more predictable interagency process. And I think that the military and others have recognized that they can't just plan in the abstract. They need to consult with the organizations here and elsewhere that have some very, very specialized skills and will allow them not to have to repeat and duplicate those skills.

DICKSON:

Thank you.

I have just a minute left of my time, so perhaps not all, but if anyone has a comment.

Ms. Richard?

RICHARD:

You know, in the international-affairs budget there's a couple of accounts that are supposed to be used for responding to contingencies internationally.

One is there's a regular refugee-assistance account, the Migration Refugee Assistance account at the State Department, and there's also an Emergency Refugee and Migration Assistance account, ERMA, that can be tapped then when an unanticipated refugee crisis happens.

At the Agency for International Development there's the fund for the Office of Foreign Disaster Assistance, international disaster assistance. And that tends to get oversubscribed because there's only one account.

So that is used for promoting disaster prevention and readiness overseas. It's the first thing that usually goes out the window.

Response to natural disasters: responding to complex humanitarian emergencies, such as in Afghanistan. I talked about in my testimony that funding has been used for the humanitarian crises in parts of Afghanistan. And also AID takes the lead on internally displaced persons all around the world.

So in my mind there ought to be more funding for contingencies, but as you all know, that’s usually the first thing cut from a budget.

DICKSON:

Thank you.

SHAYS:

Go to Dr. Zakheim.

ZAKHEIM:

Thank you very much, Mr. Chairman.

Ms. Cole, you mentioned Libya. And, frankly, apart from the fact that our commission is thinking about lessons learned for the future, not just Afghanistan and Iraq, to me that's a nightmare. We decided to go into Libya very, very quickly. We still haven't decided how we're going to stay in Libya. And now you're talking about planning.

I'd like to hear from you whether this administration and our government has in fact changed its processes at all in terms of the kinds of issues we're discussing as it looks at Libya.

And I'd like to hear from each of our other panelists whether you've been brought into this conversation at all or whether, once again, we're going to find ourselves just doing it catch as catch can.

So, Ms. Cole, could you talk about Libya, please?

COLE:

Well, I'll just talk about just the little bit that I know.

You know, we have brought together an array of organizations under a Interagency Planning Committee, IPC, at the White House to do regular planning. They have been brought together. They are looking at various sectors and seeing where the United States might bring resources to bear.

You know, I think it's a very imperfect process. There is no . . .

ZAKHEIM:

Is it better than it was last time around? You've been in the government a while.

COLE:

I think with each iteration we get a little bit better. But the . . .

ZAKHEIM:

You mean each contingency?

COLE:

With each contingency.

ZAKHEIM:

God help us.

COLE:

But I think that the problem remains that we really do not have any lead actors . . .

ZAKHEIM:

OK.

COLE:

. . . and yet we're talking about bringing together assets from across the government.

ZAKHEIM:

Mr. Bowers, do you think there been any lessons learned? Are you guys involved?

BOWERS:

Yes, I actually think we are involved. In fact, we have teams in Libya as we speak.

ZAKHEIM:

But I'm talking about government planning.

BOWERS:

Government planning, I would agree with Ms. Cole that I think at the Washington level there's always, you know, seemingly another iteration that seems to be improving it. At the field level, which is what I represent, very hard to see right now.

ZAKHEIM:

Mr. Klosson?

KLOSSON:

At the Washington level there, I think, there has been outreach. I mean, we certainly saw that in the case with contingency planning for South Sudan, where both the State Department and the Office of Foreign Disaster Assistance, through a number of meetings reached out to the NGO community, compared notes.

And something similar I think largely with the Office of Foreign Disaster Assistance has occurred with regard to Libya since, like Mercy, we're on the ground in that area.

ZAKHEIM:

Mr. McGarry?

MCGARRY:

I'm afraid I was all Afghanistan all the time until a couple weeks ago. So I know CRS is . . .

ZAKHEIM:

Are you Libya at all now?

MCGARRY:

No. I know CRS is working on both sides of the border. I don't know to what extent, if any, they're been involved in the planning.

ZAKHEIM:

Ms. Richard?

RICHARD:

Yeah, we have sent teams to the Egyptian side and Tunisian side of the border. And the parts of the U.S. government that fund us have been in touch with our teams.

Libya is an odd situation right now because there haven't been a lot of refugees flowing over the border. The people who have come have been workers from third-countries going back to them,

and we did do a little help on that. But there is a puzzle why we are not seeing more refugees from Libya.

We've also I know been contacted by the NATO forces to make sure that they don't inadvertently bomb us. But since my colleagues are not inside Libya right now, that's not a concern.

ZAKHEIM:

Thank you.

Let me switch to something else. Several of you mentioned attribution and you talked about the fact that there needs to be more coordination here with respect to Afghanistan.

Let me ask you this though. Several of you have talked about success in educational programs and agricultural programs. How do I know and how do you know who's behind the success? Is it you all? Which organization is it? Is it CERP, in spite of everything?

How do you figure that out when you go and say, you know, "I think there was a number, two-and-a-half-million kids in school?" Is that due to any one organization or what?

Ms. Richard?

RICHARD:

Well, I do think everybody claims credit for the education successes in Afghanistan. So . . .

ZAKHEIM:

Success has many fathers.

RICHARD:

Yeah. If you've heard people boasting about it, I think there's probably a lot of fathers.

ZAKHEIM:

Would that include CERP? Would CERP be one of the fathers?

RICHARD:

Well, what I would suggest, and one of my colleagues who was killed by insurgents in Afghanistan taught me a lot about this in terms of education, is that education in Afghanistan is more than building a school. So a lot of groups have taken credit for building school buildings.

But education in Afghanistan is also getting the support of the community, send kids to school. Having the parents buy into sending kids to school. Having female teachers so that girls can go to school, because they're not supposed to go if there's a man as their teacher; having a curriculum that's real, so that they're not just going through the motions; and having parent-teacher associations created so that there is continued involvement in the school, the way we have in the U.S.

So this gets back to the question about benchmarks. You know, you can count up how many school buildings have been built, but what you really want to do is test to see are children learning in Afghanistan?

And I think, in some of the places where we've been working, these community-based schools—there are no other—there is nobody else there to take credit.

So I think we have made a contribution, yes.

ZAKHEIM:

Mr. McGarry?

MCGARRY:

Yes. I mean, we wouldn't take credit for the two-and-a-half- million number. We only take credit for the stuff that we can measure and quantify ourselves.

I know that, you know, in our case, for the education achievement over the last five years, we've helped 13,000 children, 60 percent girls, achieve a primary education as part of a consortium with IRC and CARE and the Aga Khan Foundation. That number goes up to 110,000 across the country.

I think —and this gets back to Chairman Shays' question earlier about measuring some of these more abstract, higher-level-impact questions. One of the ways in which we do it—which is fairly straightforward, is we ask people, and we ask them over and over. We ask the same people. And we write down whatever it is they tell us.

And so, you know, sometimes, looking at these four principles, we violate some of them ourselves. I mean, we don't always get it right all the time, but when we get it wrong, we ask and then we try to take corrective action.

ZAKHEIM:

So for you, Mr. Klosson and you, Mr. Bowers, let me modify the question a little bit. Does CERP get in your way when you're trying to do these sorts of things?

KLOSSON:

We don't access CERP money.

ZAKHEIM:

No, no, no. But those who are doing CERP, I say out of the PRTs, who also get involved in the exact same activities—I mean, you know, we have Reserves who, for instance, are teaching farming techniques. You know, they're coming out of Iowa and Indiana and places with, you know, farmers who are teaching those techniques, or people who are involved in the schools.

Do you find that those kinds of activities cross wires with your activities, Mr. Klosson and Mr. Bowers?

KLOSSON:

I mean, what I would say is that I don't know for sure that we've encountered them in the community-level work that we've been doing. Were we to encounter them, I think our impartiality could be called into question.

ZAKHEIM:

OK. Mr. Bowers?

BOWERS:

Yes, they have at times.

ZAKHEIM:

They have?

BOWERS:

For instance, in Helmand, we were privatizing veterinary field units, for many years in fact. And, you know, often commanders arrive and want to do something very quick and meaningful for the

population so they do what is called vet cap missions. They provide free vaccinations to animals. So you essentially destroy the market you are trying to build for these private vets.

ZAKHEIM:

Ms. Cole, what's your impression of this?

COLE:

The only thing that I would add here is how would we know?

How would we know who is responsible for what? What is attributable to what?

We simply do not have a system to extract lessons from the field. The military has an incredible system. They spend incredible sums to understand exactly, or they try, anyway, to understand what leads to what. We don't have that on the civilian side. It just simply does not exist.

ZAKHEIM:

Well, let me point out, I think that's fair. And I would simply point out—I know I've overrun my time—that if we can't measure, then we can't really say, unless you have an explicit case like Mr. Bowers, that the military gets in the way necessarily. You just don't know.

The military does do education. It does do agriculture. So I'm not sure—you know, you said earlier that, in effect, the military gets in the way very often and it shouldn't be into this. And you've just told me you can't measure it. So how do you square that circle, ma'am?

COLE:

We have case studies. I mean, we have some evidence, but in terms of a whole string of case studies, that doesn't exist. I think that we can extrapolate from experiences in various sectors about CERP, for example.

ZAKHEIM:

So it's more tentative, rather than a firm conclusion, you'd admit?

COLE:

Yes.

ZAKHEIM:

OK.

SHAYS:

Thank you. Mr. Ervin?

ERVIN:

Thank you, Mr. Chairman.

I just want to start with a quick editorial comment. I think we've had, as a commission, 23, 24 hearings, something like that, over the course of our tenure. I think this is the most important one we've had.

I hope very much that our staff is taking note of everything that's transpired here, and I know that they are doing that.

Because I think there are some tremendously important lessons to be captured here, and I just think of the money that could be saved. As important as that is, and that's very important indeed, especially in these tight budgetary times, as important as that is, even more important, the lives that could be saved and the likelihood of our increased ability to achieve America's strategic objectives in war zones, I think, would benefit enormously from the recommendations that I hear coming out of this hearing today.

So I just wanted to start with that.

Two other quick things: One, I just wanted to follow up on where I began in my first rounds of questions, and Mr. Henke continued that. It sounds like the consensus is really the only unique role that, in your judgment, your collective judgment, the military plays here that you can't play and that they play better than you is the role of police training. That is a security-like function, obviously, and the military obviously is a security-focused organization, so that makes some sense.

And you, Ms. Richard, talked about road building. I'm not quite sure why the military uniquely is capable of doing that.

RICHARD:

No, no, I was referring to big contractors.

ERVIN:

OK.

RICHARD:

Big construction contractors.

ERVIN:

OK, big contractors should do the road building, but otherwise everything else in the long-term development sphere sounds like, in your judgment, ought to be done by NGOs operating on these principles.

If anybody disagrees with that, for the record, by all means weigh in, but I'm going to take that as a given if I don't hear anything from any of you to the contrary.

SHAYS:

So we'll give them two seconds.

ERVIN:

Yes.

COLE:

It's not just police. I think the military has a role in development of the security sector writ large.

ERVIN:

Yes, OK, fair enough.

All right, and then secondly, I want to follow up on Mr. Dickson's line of questioning. You mention in your testimony Ms. Cole that USIP was called upon to play this kind of coordinating de-confliction role in the absence of anybody else really doing it. And you've gathered at least some of the relevant parties to try to, you know, work out issues, and that's commendable.

I want to ask what you in particular, and if anybody else has any comments on this, I'd welcome it. One of the things we also want to do in this commission is to reach out to relevant actors,

relevant parties in this enterprise with regard to your views on the recommendations that we've already made.

And you know, we were just out with another interim report a couple of months ago. And one of the recommendations that we made goes to this issue of the need for there to be more coordination in the field and in Washington.

And among our recommendations is establishing a dual-headed official, one person, but dual-headed who has an OMB function to ensure that all the relevant resources are provided in the contingency context, of which, obviously, development is a big part, and also that person would play a role at the National Security Council to ensure a coordinating function.

Do you have any thoughts about that recommendation?

COLE:

I think I would want to reserve judgment and look at that report in more detail. And there's been a lot of recommendations about various entities that we should construct in the U.S. government. I think there's one floating around that's going to be introduced on the House side. So I think each one of these should be looked at individually.

In terms of de-confliction, USIP provides a safe space for these organization, the entities, both U.S. government and non-government, to come together. We don't necessarily de-conflict. They de-conflict among themselves.

ERVIN:

Sure.

COLE:

And I think it's a very, very important role that should be kept and preserved.

ERVIN:

Fair enough. Anybody else have any quick comments on that particular recommendation?

If not, I'd like for each of you please to submit for the record your views on that particular recommendation. It's Recommendation 11 in our last interim report.

Third, a couple of questions to you, Ms. Cole: This is neither here nor there, I suppose, but I'm just intrigued by it. You made a point of saying that the views that you're expressing here are your own and not those of USIP.

I would not think that there would be any daylight between the views that you've express and those of USIP officially. Is there? And if not, why did you say that?

COLE:

USIP is not an organization that advocates for specific policies, so, you know, it is here in my individual capacity that I come before you today. My views, obviously, are a result of the work that USIP allows me to do, so there's a direct correlation.

ERVIN:

OK. And also a question on USIP: You referenced this, I think, in your statement. I know that the funding of USIP has been under attack, I think it's fair to say, recently. It seems to me the work of this organization is more important now than ever.

Can you just quickly give us the status of things in that regard? What's the likelihood of you're being able to continue?

COLE:

Well, thank you very much. Our funding was zeroed out under HR 1 in the House of Representatives. It was preserved in the Democratic Senate alternative. But, of course, you know now there's a deal, so we expect to learn what our number is today, or early this week.

We have been very gratified by the support of the Department of Defense, military commanders, our colleagues here, State Department, USAID and others in support of our mission. So we hope to continue that mission for the American people.

ERVIN:

I do, too.

Another question: We, kind of, touched on this in a number of rounds, but I don't think we've really drawn it out explicitly to get your views on this, but, you know, kind of a threshold question is whether stability has to precede development for development to be sustainable.

Are we wasting money and putting contractors at risk by working in more dangerous areas?

It seems to me that a number of you have had some success in rather dangerous areas, so what are your views about this question?

Anybody? Mr. Klosson?

KLOSSON:

Yes, what I would say is I think there's a continuum. So if it's an all-out battlefield where you have to be holed up in a compound, we don't do that. But if it's an area which is insecure, but you're able to work out access to communities and there's receptivity on the part of the community for work to be done, we will do that.

So in Afghanistan we are in some of the more insecure provinces, in Kandahar and Ragmust (phonetic), for example, as well as places in the north.

So I think if it's an all-out pitched battle, we're not there. But if it is insecure and we're able to gain access to the community and they want assistance, then we can work in those areas.

And so in that sense, it's not clear-cut, black and white, with stability preceding or following development. Does that make sense?

ERVIN:

How about the others, you basically agree with that or?

RICHARD:

Yes, IRC agrees with that.

BOWERS:

Yes, Mercy Corps does too.

ERVIN:

All right, perhaps two other questions if time permits.

One is, you know, we've talked a lot about the fact, the commendable fact it seems to me, that the vast majority, I think 98 percent is the figure that I heard from Ms. Richard, of your employees on the ground in the field are local Afghan nationals in the case of Afghanistan.

That having been said it's also the case that there can be a rather large percentage of local nationals employed by contractors, by AID, et cetera, et cetera.

So can you tell us what differences, if any, there are in terms of, you know, labor practices, pay differences, insurance issues, safety, morale, et cetera? What is it that, let's say the percentage is basically the same in a given area, or, you know, the same enough for purposes of comparison, what's the differentiating factor, would you say, any of you?

MCGARRY:

I mean, in our experience, we tend to hire people fairly young. I mean a lot of our staff, you know, we don't pay as much as a contractor. We don't pay as much as the U.S. government.

So people come to us often straight out of college. We have people who came to us, you know, we were their first job back in 2002, and they're still working with us because we place an incredible emphasis internally, the same as externally on capacity strengthening.

And so, that's not just sending somebody to a training in Thailand once in a while, but we have staff who, you know, we have English teachers on site for our cooks and cleaners. We offer everybody a university-education stipend. We take very good care of people when they get sick. We have essentially unlimited health-care services, and we also are going to be around, we hope, indefinitely.

So for the same reason that communities work with us through thick and thin, and take, you know, tremendous risks to guarantee our safety and our security, our staff will often take significant, I mean factors of three or four pay cuts, where they could walk next door to a contractor and, you know, earn that much more money, because they know we're going to be around and they know that we'll do our best to take care of them as long as they're with us.

ERVIN:

Thank you.

Ms. Richard, if you'd quickly respond. My time is . . .

RICHARD:

I also think that our staff benefits from knowing that they're part of a global enterprise that's working to help people in similar situations around the world.

And we've also had examples of, for example, our National Solidarity Program, which I described, is an example of community-driven reconstruction.

And we had a Rwandan staffer who went over early on on that in the 2003 and 2004 to help that get started. And we've had a couple of Afghan staffers go to Aceh, Indonesia, and to Myanmar to talk about this type of approach to projects.

So our staff has the ability to become international staff and to make a contribution in other situations.

ERVIN:

Thank you.

SHAYS:

Thank you.

Mr. Tiefer—Commissioner Tiefer? I'm sorry.

TIEFER:

Ms. Cole, part of your enterprise is an elaborate network of experts in several ways. And, excuse my curiosity, there are some aspects in which you seem to border on government contracting in terms of public budgets and their transparency and so forth.

Does USIP take an interest in government contracting in, say, post-conflict situation?

COLE:

Are you saying are we taking an interest in looking at that issue?

TIEFER:

Yeah.

COLE:

Yes. In fact, we have looked at that issue both from the context of our military working group, but also in our peace-and-stability operations program. We've looked at the issue of contracting for particularly in the rule-of-law-aspects for many, many years. I'd be happy to share with you some of the results of our work.

TIEFER:

I would appreciate that. I would appreciate that.

Let me press on to this is not necessarily a post-conflict situation, but I'll ask Ms. Richard, I'll start with you. In terms of the type projects you mentioned, several of you have mentioned, roads, power, which currently our U.S. contracting, the future plan, certainly of AID, is that with enough capacity building by the Afghan ministries they would take over some aspects of roads, power.

As this becomes more and more an in-country thing, not a U.S. government thing but an Afghan government thing, do you anticipate working with it or are you still in parallel, you do sort of agricultural sustenance and things like that and leave what we were calling the big things, but which become at this point the smaller things, smaller roads, local distribution of power, become smaller things, do you take a role or is that still somebody else's sector?

RICHARD:

Well, in the last couple years, there's been a policy coming out of the State Department that I believe was prompted by a desire to avoid establishing parallel systems, in both Pakistan and Afghanistan, but starting with Pakistan, to bypass international NGOs like ourselves, and to go directly to the government or to local NGOs.

And we felt that this is, over the long term the ideal, to have governments provide services to their own people. But in both cases the governments were not ready to do that, in both the cases of Pakistan and Afghanistan.

And that we were in the midst of programs that, instead of being parallel, were actually raising standards and sort of stiffening the spine, if you will, providing a sort of a skeleton to support local development.

And so, for example, in the national agri program, we're working with the ministry at the village level. It's not a parallel system. It's intrinsically linked to the ministry.

So there's another program that was mentioned, the PACE-A program, which is an education program. That is coming to an end, not because we can't continue to run it, and do a good job at, I think we could, but because the sense is it's time for the Ministry of Education to step forward and take that on, even though all my colleagues tell me the Ministry of Education cannot take that on.

So we have talked to Ambassador Marc Grossman about this, and we've talked to folks at AID about this.

But I think that the pressure to shift right now is quite dominant.

TIEFER:

Let me ask either Mr. McGarry or Mr. Bowers a further question on when we oversee electrical projects in Afghanistan, we discovered, this was quite recent, that AID has an ambitious program to turn, build the capacity in the Afghan public utility and turn it over to the Afghan public utility to build the transmission line between Kandahar city and Kajaki Dam.

You are apparently somewhat informed about the capacity of Afghan national institutions. Are they ready for this or is this way down the road before they can take this stuff over?

MCGARRY:

I think, you know, it varies very much from institution to institution. I think MRD (Ministry of Rural Development) is one of the ministries that gets mentioned a lot of being a very high capacity. Ministry of Public Health is another which many NGOs partner with directly and have had a tremendous amount of success with.

So to build up the PACE-A, this partnership for advancing community-based education, an example that Anne mentioned, it's not just a question of the capacity of the ministry, you know. It's a question of how that handover is done.

And so, capacity building may be, you know, the most overused phrase in Afghanistan, a place filled with jargon of all sorts.

But, you know, when we talk about capacity building, we're talking about starting today for something that we hope to accomplish in three to five years. When a lot of other people talk about capacity building, it's this process of starting today for a turnover that we're going to do in two months or six months or maybe on the outside, a year.

And so that's exactly what happened with PACE-A. That's a very successful, sustainable project that could have been handed over quite smoothly in a year if we had started planning for it a month ago.

Instead, we started planning for it a month ago to hand it over today.

And so I think you know, to answer your question, it'll vary a lot from ministry to ministry, depending on personnel, depending on, you know, the sophistication of the work that they're doing, depending on what level of capacity strengthening they've had over the last 10 years.

But it also depends tremendously on how the U.S. government side hands things over and whether it's a genuine handover, just, "here you go, best of luck."

TIEFER:

Well, I'm going to keep going and trying to build on that. Either Mr. Bowers or Mr. Klosson, we had something of a sense that because the goal of the U.S. effort is supposed to be stability operations, and it's supposed to be stability soon enough that we can turn over security in 2014 and pull the troops out in 2015, we're being told that capacity building is going to occur so fast that that timetable is possible.

Do you have some sense that that timetable is unrealistic?

BOWERS:

It is most certainly unrealistic, especially because it's tied to different agendas and not so much on the agenda of the right institutions handling that kind of hand-off. I mean, for instance, if you

look at the telecom industry in Afghanistan, which is for most parts private-sector led, that does not require a whole lot of interventions from a donor-assistance community.

So clearly where the private sector can lead, it should lead. And where the government should regulate, it should. I think on some of these signature projects, because design of them were initially done in the fog of confusion on when and how long we should be there, often their exit strategy is very poorly conceived.

TIEFER:

Yes?

KLOSSON:

I would just say that I think capacity building needs to be sort of evidence-based and sort of baseline-driven, rather than sort of deadline-driven. And the example that's been given on this education program I think is a good one. I think we all would agree that at the end of the day, you know, success represents Afghan ministries being able to do what they're supposed to do to carry out the responsibilities.

How you get there is a very different question. And you can't force the pace. I mean, you can't give somebody 12 years of education in two months.

TIEFER:

OK. My time is up, but this has been very informative and I thank you.

SHAYS:

Commissioner Henke?

Thank you, Commissioner Tiefer.

HENKE:

Thank you, Mr. Chairman.

One of the things I'm continually amazed with is that when we drop in with large development programs—a billion for CERP, $300 million for this, $50 million for this—which in the world of grants and NGOs tends to be massive on a new scale. What I'm amazed with is that we continue to be surprised that we're changing the very thing into which we're dropping all that money.

And it seems to me that the phrase you used in your testimony, Mr. Bowers, is "local absorptive capacity." What I want to do here is just open up a dialogue with you. You have a great example in your testimony about absorptive capacity in scale. And it's in the section that talks about the comparative advantages of grants.

And what I just want to do is just set it up and kind of unwind you and see where you go with it. Mercy Corps received a grant through USAID, through the Global Development Alliance, to increase grape and pomegranate production in Southern Afghanistan; a three-year grant, 2008, $2.1 million. Your statement says the project took root and was—I guess that's a well-chosen phrase—and was beginning to show results. Five-hundred farmers were trained. Grape production increased by 30 percent and farmers began to find new markets for their products.

Then, Mr. Bowers, then what took place?

BOWERS:

Well, then our focus on stability in Kandahar province happened, essentially. So inadvertently by design or accident, a little hard to tell, the U.S. government decides it wants to solely invest quite a lot of money in a province which, frankly, you know, that represents far more development aid than that province should ever receive.

HENKE:

Right. The U.S. government who—what agency?

BOWERS:

USAID.

HENKE:

OK, USAID awarded a $300 million contract, I suppose.

BOWERS:

Actually, I believe that one was a cooperative agreement, but I could check on that for you.

HENKE:

Oh, it was. OK, but $300 million through some mechanism to another organization and then what unwound?

BOWERS:

Well, essentially, you know, money comes into the system and they lack the ability to understand where in these key-terrain districts, which is the latest terminology now in Afghanistan, to focus these funds into. And essentially you have a finite group of farmers. You have a finite group of associations to work with. And so you can see the pile-on effect happening.

And rather than that group X going back to the donor and saying, "You know what? It's covered here. You shouldn't do it here. Let's go somewhere else," the mandate is key terrain district, so many outlets by end-date to show that we're in part of that stabilization process.

HENKE:

And your statement says they had an effective spend rate of almost $1 million a day, and effectively very little to spend it on in Southern Afghanistan. So what happened? Your statement talks about it, but I'd like you to talk about it a little bit on the record for the benefit of . . .

BOWERS:

Well, like anyone who's engrossed with how to get rid of money fast, U.S. taxpayer money in this case, you make very poor decisions based upon that timeframe that is allowed to you. So again, rather than the normal system of going back to that donor, that U.S. implementing agency and saying, "We need to redirect, where else can we do that," you know they get locked into that area, locked into that farmer because it's built into their agreements, built into that, if it's a contractor contract.

HENKE:

Right. The organization, according to your statement," began to pay farmers in our program to attend training and to work in their own fields, both activities that local people were doing at no cost to the USG under our AID-funded program. Since the local farmers then preferred to receive payment," no surprise, "Mercy Corps had to refocus our program further up the marketing chain, working with more local traders."

So keep unwinding the example about what happened, which you lead to the conclusion that it creates a, quote, "contractor mentality." Can you talk about that?

BOWERS:

Well, you know, in essence we demonstrated a little bit more flexibility because we had so much less money to try to burn on a monthly or a daily basis. You work up through that value chain in trying to leverage different resources. So in this case, it's finding the right buyer in Europe. It's forming the relationships and different technical assistance with those farmers on how they actually package that product, et cetera.

The contractor mentality does definitely seep into us as well.

HENKE:

And what does that mean?

BOWERS:

It means that we have a deliverable. It means that performance-based management systems which we encourage in our cooperative agreements as well, becomes essentially, well, produce that result. It doesn't really matter if the impact, in fact, isn't a sustaining impact. In this case, you know, that farmer is being paid now to do something where previously we didn't have to pay that farmer.

So the contractor-type mentality, I mean, a contractor typically wouldn't be worried about that because their deliverable is important.

HENKE:

But in the context of this example from Kandahar province, you cite local people who became used to selling their services to the highest bidder, rather than focused on what you all agree is a priority, which is sustainable outcomes.

BOWERS:

Correct. And you know, this analogy could be used in many other sectors where vouchers are given out for 100-percent free subsidy for seed provision or an input. So the mentality, then, in the local community and in the private sector is: Why work on a market-based system, which we're trying to achieve, a sustainable development market, when money is just going to come here anyway? So the incentives are very low now for farmers and groups to actually deal with these issues on their own risk basis.

HENKE:

Yes, sure.

ZAKHEIM:

Are you saying in effect that although our government, regardless of party, is trying to push free enterprise, in fact we are creating or supporting the socialistic system?

BOWERS:

Typically, you do find that in post-relief environments, you have a lot of subsidies flowing in because people want to do it on an expedient basis. And the mentality there is that whether or not those individuals, those beneficiaries, don't have the ability to pay. Many places in Afghanistan have the ability to pay.

So right now, the donor community and other donors as well, not just the U.S. government, are certainly pushing off the future of a privately led sector that can capably deal with these issues.

HENKE:

Thank you for the answers, Mr. Bowers.

And thank all of you today for being here and for the organizations that you work for and that you represent. I applaud you for your work and the hard work of the people that are in the field.

Thank you very much.

SHAYS:

Thank you, Commissioner Henke.

We'll give our executive director, Bob Dickson, to ask some more.

DICKSON:

Thank you, Mr. Chairman.

I'd like to go back to talk a little bit about ideas for solutions here. In our interim report to Congress, we focused on some recommendations that deal with contingency contracting, with specific offices at State, USAID, and Defense, and even on the joint staff, the greater focus on contingency contracting.

Ms. Cole, I'm going to start with a question to you, but then ask that the other witnesses also respond. In 2009, you testified before the House Armed Services Committee, the Subcommittee for Oversight and Investigation. And at that time, you were asked to comment on an interagency

coordination cell at the Department of State which basically became known as the Office of the Coordinator for Construction and Stabilization.

And the idea was to replace the, quote, "ad hocery" with deliberate planning and execution in the areas of reconstruction and stabilization.

Could you, please, give me your assessment of to what extent that office has had the desired effect?

COLE:

As you may be aware, under the Quadrennial Diplomacy and Development Review that office is now being absorbed into a larger bureau, the Bureau for Civilian Stability Operations.

You know, that has been an experiment in progress. I think they have made some headway. They have, with the help of the military in large part, established a planning mechanism, and they have been able to exercise that in a couple of different scenarios. Most importantly, in Afghanistan they helped staff the last civ-mil planning exercise that occurred there under Ambassador Eikenberry and General McChrystal.

They have also developed a lot of standing agreements with agencies throughout the U.S. government to bring them into the Civilian Response Corps and then, hopefully, deploy them.

I think that where this enterprise has fallen short is in the deployment. They have not been able to deploy whole-of-government interagency teams that can really execute what the United States needs them to execute on the ground.

And I'm very concerned, actually, that at this time some of these other agencies might indeed pull out of those agreements because of the lack of progress.

If you are going to send a team to Sudan you want border experts from the Department of Homeland Security on that team. So this should not be a State Department-USAID corporate exercise. It really is a whole-of-government exercise. And I'm of concern that that is not what's in the offing right now.

DICKSON:

Thank you.

Any of the other witnesses on that particular point? I'm really looking for how that office fits in, or now the new Office of Stabilization, how it fits into being part of the solution that we're talking about today and whether or not there's a specific model, either through QDDR or through other initiatives that are out there that you know of that would take the principles that you've outlined in if your paper and then kind of bring it into sharper focus about a specific solution or initiative that would help further that objective.

Do you know of anything out there—Mr. Klosson?

KLOSSON:

I just want to make maybe one point.

I think there is a question of sort of optimal organization and how we go about doing this. But I think what our paper is also talking about is a question of strategy and how you get the balance right between some of the objectives that the U.S. has and how you have, then, the metrics to drive those objectives.

So I think even if there's a proper organization, I think if we don't get the strategy piece right, we still may not have the result we're seeking.

DICKSON:

Thank you.

Ms. Richard, you had a comment?

RICHARD:

Yeah. I think that some of the initiatives you see happening inside the civilian agencies of the U.S. government may not be fully developed or may not be perfect yet, but what they do help point to are the gaps that they're trying to fill. And the gaps are real.

So, for example, all of our organizations have struggled with the gap between relief aid and longer-term development. And when done well, you actually lay the groundwork for longer-term development at the time you're responding to a crisis or a natural disaster.

Yet at the U.S. Agency for International Development, at the State Department these things tend to be handled in different silos. And so it's very clear to me that there is need for cross-cutting both in terms of looking at money to cut down on duplication and waste, and also in terms of roles and responsibilities.

DICKSON:

Thank you.

The next question I have deals with a comment that Mr. Klosson made earlier about strengthening and monitoring evaluation of these programs overseas, particularly the long-term programs. You also mentioned transparency.

And I'd just like to just take a moment to ask each of you, how do you do that? Who's responsible for that? Is there an international standard that you adhere to, to basically ensure that

you're strengthening and monitoring evaluation in a transparent way so that the funding that flows into your organizations, basically, is well spent and accounted for?

KLOSSON:

Well, it's an area that over the last number of years that we've put a lot of emphasis on. So we actually have an office here in Washington whose job it is to strengthen Save the Children's ability to do monitoring and evaluation.

And each of the major programs that exist within Save the Children—I oversee the humanitarian response one, the emergency response one—we have a monitoring-and-evaluation person. So that if we feel a country program needs additional capacity to properly carry out that responsibility, we would then send people out from headquarters to help build the capacity of the staff on the ground to do monitoring and evaluation.

There's a methodology, and each of our programs does go through an M&E (monitoring and evaluation) process as it's implemented. So I think if you looked at where we were, say, five, 10 years ago, we, as an agency, have come a long way and we much more regularly deploy it on the ground.

DICKSON:

Any—Mr. McGarry?

MCGARRY:

Yeah. You know, in country we face a tremendous amount of scrutiny. So we're audited once a year externally by the government of Afghanistan, we're audited internally every two years by our headquarters internal auditing group.

For our monitoring and evaluation, we're accountable to the donor for that, we're accountable to the relevant line ministries. So we do joint monitoring visits to our community-based schools with Ministry of Education representatives, we do joint monitoring visits to farmers' demonstration plots with Ministry of Agricultural representatives, we're regularly checked up on by the Ministry of Economy and the Ministry of Finance.

We have a regional technical adviser for monitoring and evaluation. We have deputy regional directors for program quality and management quality. And then we have full-time, permanent in-country technical-advisory positions for the quality of our natural-resource management work, for example. And then, also, a head of programming and management quality coordinator who kind of get out and get their hands dirty making sure that things are the way they're supposed to be.

ZAKHEIM:

Very briefly, could I ask either of you, or Ms. Richard, Mr. Bowers, how does the monitoring of our country here over what you do compare with the monitoring that other countries have for your work when you're getting assistance from other countries or the World Bank, for example? Are we better, are we worse, are we the same? Very, very briefly.

KLOSSON:

I mean, I would just say, and this is really anecdotal, what I hear from our country directors, is that there's a lot more done for U.S.-based donors than there are for others.

MCGARRY:

I don't think—even within U.S. government we can't say—or even within USAID it varies from department to department. We have an extremely mutually supportive relationship with the Office of Agriculture who monitors us very rigorously. With some of our other, say, European donors, there it may be very hands-off. And then with other departments within USAID they may also be very hands-off.

DICKSON:

I just have one more very brief comment, and it has to do with thanking you, again, for all of the things that you do, but also for taking the time to write a paper which has stimulated a lot of discussion and, ultimately, led to our interest today.

So thank you, Mr. Chairman.

SHAYS:

And thank you, Mr. Dickson.

And the full commission would also want to tell you that that paper was, obviously, very interesting and provocative and well written.

I have four areas that I think I would love to cover in my eight minutes. First, to say that I was mostly in Iraq when I was a member of Congress; I went 19 times, and the first four times I went with NGOs, not the military.

In fact, I went the first two times with Save, and they had to sneak me into the country. And I remember we were at the gate, and DoD was calling up saying, don't let the Congressman get in. It was April 2003. And the Save person said, "I'm sorry, I can't hear you, I can't hear you. What are you saying?" I was trying to break into Iraq. It was very fun.

But I learned more in those four times than I learned in the other 14 times I went. And I really believe, had our government been on the ground like you all are on the ground, we would have done things so much differently. We would have spent less money, and we would have ended that war much sooner, because we wouldn't have made the mistakes that we made had we been there.

And one of the things I'm pretty convinced of is that you focus on what folks want. The question I'm now asking, though, is what happens if what folks want is something they shouldn't have? They don't always get it right. And do you step in, or do you allow them to make a mistake and say, "Well, you know, if we started this process, we've got to let it work"?

Ms. Richard, I'll start with you.

You can't ask someone else for the answer.

(LAUGHTER)

RICHARD:

I don't know the answer, though.

(LAUGHTER)

I don't feel I should make things up.

SHAYS:

Well, you know what, if you don't have an answer, you don't have to answer.

Mr. McGarry?

MCGARRY:

I think it's striking a balance there, that it depends on how egregious the . . .

SHAYS:

Do you sometimes just say, simply, you know, we just don't think that's a good idea; can we try to do something else?

MCGARRY:

You know, in everything we do, we do genuinely try not to be overly prescriptive.

And so, in my experience these last three years, you know, we will sometimes go to a community, and they'll say, it's worth mentioning that the first thing communities always want is security, and we have to explain, you know, that that's not who we are; that's not what we do. We can work at, you know, peace-building and conflict resolution and things like that, but inevitably the first priority is always security, and even in the relatively stable and secure areas where we work.

SHAYS:

You know, that's an important thing. You know, one of the things my fellow commissioner and I were saying is it's so refreshing to have you just tell us the truth, whether it always makes you look good or not. And, frankly, by always telling us the truth, it makes you look better even when you're acknowledging a mistake made or lessons learned.

And so, you know, you're giving an example of where you can't meet a need that's important, and thank you for doing that. That's something the military has to do with the government.

MCGARRY:

No question. And so, you know, the next line, you know, down is generally water, education, and health, in some order.

We don't do health work, and so a lot of times we'll have to have a series of conversations in which we explain that we can't build a clinic, or we can't do mobile health units. And then eventually, you know, either the community comes around and says, OK, you know, we'll prioritize a water system or something that you can help us with, or we agree to disagree.

And if it's something that we physically can't do, we don't try to do it just to make them happy. We connect them up with MSF (Médecins Sans Frontières) or somebody else who does do it.

SHAYS:

And the grant gives you the flexibility to do what the community wants to do; it's not you have to build this school at this place at that time?

MCGARRY:

Right. So I mean, in our case, we don't really build schools. It's all community-based. But if ,and that's one of the nice things about grants or cooperative agreements is that, ultimately, we are able to walk away.

And so within an individual community, if there's an extremely volatile conflict and working with anybody in that community is going to exacerbate that conflict or throw off the power

dynamic and, oops, we've inadvertently empowered this commander and now he has additional resources and he's going to go after the other . . .

SHAYS:

I get it. Let me get Mr. Klosson and Mr. Bowers, real quick.

KLOSSON:

Sure. One example would be the maternal mortality rate's quite high in Afghanistan, and so one of the interventions to deal with that would be training midwives. So Save was part of a grant to stand up a school for training midwives. That first, which means having younger girls go to another town to be trained for 18 months.

It was very, very, very hard to get that first group of girls to go to the midwife to be part of the first class. It took a lot of persuasion, a lot of discussion. The good news is that the second time around, you had fathers; you had brothers; you had parades, you had all kinds of things going on to, sort of, pick my daughter, pick my wife, to do it.

SHAYS:

Ah.

KLOSSON:

So there are ways that this can take place.

SHAYS:

Thank you. Great story. Mr. Bowers?

BOWERS:

Yes, I think although I'm told failure shouldn't be said up on Capitol Hill, there is failure with good intentions, and there's also success with really bad development.

And so often we have to calculate what's our risk; what's the community's benefit here; what's the reward? If there's failure in that, we need to learn from it then and then understand where to avoid that in the future. And then there's just saying no to money that just looks wrong.

SHAYS:

Just quickly, and I'll start with you, Ms. Cole. I don't want a long explanation. Are we spending too much development money in Afghanistan, particularly right now, because we're trying to do too much?

So that's the question.

COLE:

It's my judgment from everything that I hear, that we are throwing way, way too much money at the situation right now in order to facilitate a rapid transition.

SHAYS:

Would anyone in the panel disagree with that?

OK. Ms. Richard, qualify . . .

RICHARD:

No, I'm not disagreeing. I just want to add on, I think we're misspending too much money in Afghanistan. And also, what happens is that, when you have these countries that become so associated with, you know, American success, the success of administrations, they tend to vacuum up all the money that could be spent in other countries as well.

SHAYS:

So your bottom line, while you're coughing, I'm going to just say spending too much money, and we're misspending money. And that's two points.

Let me just end by saying I don't usually respond this way, but Dr. Zakheim got an e-mail from someone who was watching this, saying they were enjoying the questioning. And it happens to, actually, be a cousin of one of our employees, Heather Mercer, who was 24 years old when she was with Dayna Curry. I think I have it right. And they were imprisoned shortly after by the Taliban, after 2011, working for Shelter Now International.

And the question I have directed to you, Mr. McGarry, is how do you deal with being a Catholic Relief Service, a Christian organization in a Muslim world?

Is there a challenge that you face, and should we be aware that there's certain things you shouldn't be doing because you have a religious name in a Muslim world?

MCGARRY:

First, the first thing is just being incredibly explicit about who we are and what we do and what we don't do. And so, both internally and externally, we're a relief-and-development organization. We're not a proselytization organization. That's the same in Afghanistan as in the other 99 countries where we work.

SHAYS:

And you feel pretty much that you're able to convince people that's the truth?

MCGARRY:

So again, so long as we do good, quality work, we've never had a complaint about this Catholic-American organization until we mess something else up. And then if we accidentally leave somebody else out of a distribution . . .

(LAUGHTER)

. . . then the grumbling starts about, oh, these—you know, these Catholics, they're here for no good. So as long as we do quality work and have a zero-tolerance policy for Afghan staff or international staff dealing with proselytization, it hasn't been an issue for us.

SHAYS:

Great.

Let me just thank you all for coming again. I'll let you all have the last word, a last closing remark. And thank you for making this such an interesting and productive morning for us.

Ms. Cole, we'll start with you. Any closing comments you want to make?

COLE:

Well, I just want to thank you very much for offering the opportunity to have this hearing today. I think that you have opened up the door to understanding that there are very unique capabilities, that if we could just bring them to bear in a more predictable and efficient manner, we might have improved success on the ground.

SHAYS:

Thank you. Mr. Bowers?

BOWERS:

I also want to send a sincere thank you for your commission's work. And I think, in the end, it's in our best interest to see how we can better serve the communities we work in, but also better serve the American taxpayer.

SHAYS:

Thank you, Mr. Bowers. Mr. Klosson?

KLOSSON:

Ditto for the appreciation of focusing on this set of issues with your commission. I would say that there's, sort of, when you're looking at Afghanistan, there's, sort of, three big issues that, kind of, confront you.

One is a question of security; one is a question of corruption; one is a question of capacity. And I think, on all three counts, when you look at community-based approaches, that's one way to tackle a big portion of those, and that's what I think we've discussing today and what we can bring to the table.

SHAYS:

Thank you, Mr. Klosson. Mr. McGarry?

MCGARRY:

Just, again, to really appreciate the opportunity to be here. I missed you when you were in Kabul because I was based out in Herat, but so, as Ms. Richard mentioned earlier, we were one of the organizations that was pushing for the creation of SIGAR a few years ago, and so we're very excited to continue to try to help to shine a spotlight on what's not working but also what is working. And I'm very grateful.

SHAYS:

Thank you, Mr. McGarry. Ms. Richard?

RICHARD:

I want the commissioners to know that, when Mr. McGarry took the oath and said "I do," it was the second time he said "I do." He said he got married on Saturday, and so this is part of his honeymoon, being here with you all.

(LAUGHTER)

SHAYS:

Wasn't it I'm supposed to say, "I will"?

(LAUGHTER)

We all get it wrong. All grooms get it wrong. We say "I do."

(LAUGHTER)

RICHARD:

Thank you.

SHAYS:

Congratulations.

RICHARD:

Thank you very much for having this. As you can tell, we're very eager to talk about these things, and if the other commissioners would like an informal chat, we'd love to follow up and do that.

SHAYS:

OK.

RICHARD:

We appreciate so much that you went to Kabul, that you met with some of our staff in the capital there. And, you know, Congressman Shays, if you have former colleagues who you think want to talk about this, we'd like to talk to them, too. So thank you for shining a spotlight on this.

SHAYS:

Thank you very much.

I was going to let you all get the last word, but, Mr. McGarry, I don't want you to make the mistake that a congressman made who served in Colombia, in Bogota. He thought it was such a memorable moment for him that he thought that he should take his wife on their honeymoon and go to the boweries of Bogota. And when she got there, she said, "What the hell are you taking me here for?"

(LAUGHTER)

So Afghanistan is not where you're going to have your honeymoon.

(LAUGHTER)

Thank you, and with that, we'll end this hearing.

SHAYS:

It's the best advice I've ever given anyone.