

Joint Statement of  
Christopher Shays and Michael Thibault, Co-Chairs  
The Commission on Wartime Contracting in Iraq and Afghanistan

Hearing:

**‘NGOs and PRTs: Contracting and the Future  
of Development in Contingency Operations’**

Room 216, Hart Senate Office Building, Washington, DC  
9:30 a.m., Monday, April 11, 2011

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Good morning. I am Christopher Shays, co-chairman of the Commission on Wartime Contracting in Iraq and Afghanistan.

The other Commissioners at the dais are Clark Kent Ervin, Robert Henke, Charles Tiefer, and Dov Zakheim.

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 non-governmental 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.”

That 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:

**1. 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.”

**2. Accountable**, assuring both donors and communities that spending is being done transparently on projects that are needed and valued.

**3. Impartial**, being determined by need and impact rather than national governments’ political/military stabilization objectives.

**4. 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 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, non-government-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 forces.

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

These and related questions will figure into the 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 have 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 ask that witnesses 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 today's witnesses for participating in an important hearing. 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 give in this hearing is the truth, the whole truth, and nothing but the truth?

Thank you. Let the record show that the witness answered in the affirmative.

Mr. McGarry, please begin.

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