

## **WELCOME AND INTRODUCTION**

**William S. Reese, ACVFA Chair**

William S. Reese, ACVFA Chair, welcomed the ACVFA members, the U.S. Agency for International Development (USAID) staff, and meeting participants. Mr. Reese remarked that this is only the second ACVFA Public Meeting that Andrew Natsios has not attended during his tenure as Administrator of USAID. He said that Mr. Natsios very much wished that he could participate in this meeting. However, he is chairing the Tidewater Conference, the annual meeting of the development ministers of the industrialized countries, in Massachusetts this week.

Mr. Reese introduced the new members of the ACVFA: Benjamin Homan, President and CEO, Food for the Hungry; Iqbal Noor Ali, CEO, Aga Khan Foundation USA; Michael J. Nyenhuis, President, MAP International; John Sullivan, Executive Director, Center for International Private Enterprise; and Larry Diamond, Senior Fellow, Hoover Institution, Stanford University. Mr. Reese also thanked the following ACVFA members whose terms recently ended: Peggy Curlin of CEDPA, Robert Chase of CEDPA, Jane Pratt from the Mountain Institute, and Jim Henson from Washington State University.

Mr. Reese then introduced the new Executive Director of the ACVFA, Jocelyn Rowe. Ms. Rowe has experience in working with children and families at the Department of Health and Human Services and working as a consultant with foundations and charities. She also worked for two U.S. Congressmen. Mr. Reese welcomed her on behalf of the ACVFA.

## **"DEVELOPMENT AND HUMANITARIAN ASSISTANCE: LESSONS IN POST-CONFLICT RECONSTRUCTION"**

**Panel Discussion of lessons learned from experiences in Afghanistan, Angola, Bosnia, Kosovo, Mozambique, Sierra Leone, Sudan, and Iraq**

**Moderator: Charles MacCormack, ACVFA Member**

Mr. MacCormack stated that the panel would discuss the lessons learned in post-conflict reconstruction and draw some conclusions to pass on to colleagues at USAID. He said that post-conflict reconstruction is an important and timely subject. Ten years ago Save the Children was operating in seven conflict or post-conflict situations. Today they are operating in twenty-six such situations around the world. Mr. MacCormack noted that the partnership between the U.S. voluntary community and USAID is implemented more and more often in situations of conflict and post-conflict reconstruction. It is not easy to recognize when a post-conflict situation begins and ends. Each situation has its own particular characteristics. Mr. MacCormack asked each of the panelists to introduce themselves and share lessons learned about post-conflict reconstruction.

**Argentina Matavel, *World Vision***

Ms. Matavel remarked that her experience in post-conflict situations has been primarily in Mozambique, Angola, and the Democratic Republic of Congo. Mozambique is a success story in post-conflict reconstruction. Ms. Matavel stated that one of the factors that was key to the success in Mozambique was coordination. The government took a firm role in coordination. While participating in the overall coordination with the government, donors also had their own coordinating mechanism. As a result, when non-governmental organizations (NGOs) needed support they knew where to go.

Ms. Matavel commented that for NGOs to be able to work on the ground they must deal with political issues. It is necessary to be aware of which areas are controlled by the government or other factions and, as much as possible, smooth out the relationships. In Mozambique, it was important to bring in high level people to negotiate with rebel groups for access to the areas under their control. She said that NGOs must not be seen as serving one side or the other. They must be able to negotiate and deal effectively with all sides.

Another factor for success in Mozambique was complementary interventions. In addition to distributing food, World Vision also engaged in other interventions, such as the provision of seeds and health care, that helped people get back on their feet as quickly as possible after the war.

In Angola, Ms. Matavel remarked that the United Nations (UN) coordinated the humanitarian aid. In the Democratic Republic of Congo, however, there is a lack of coordination, making humanitarian work very difficult.

**Ken Isaacs, *Samaritan's Purse***

Mr. Isaacs opened his remarks by saying that he has seen a lot of changes over the last eighteen years that he has been involved in development work. He has experience in Somalia, Bosnia, and Rwanda. He was asked to focus his remarks on Sudan where Samaritan's Purse has six active program sites, forty ex-patriot staff, and approximately 600 national staff. They also have programs in Afghanistan.

Mr. Isaacs remarked that determining who is in charge in post-conflict situations is often difficult. The U.S. military has not been involved in Sudan. He said that in his experience the guys with guns are in charge and it is good policy to have a positive relationship with them. In Sudan that means building relationships with non-state players.

Mr. Isaacs commented that promises of USAID support have acted as a great leverage in peace talks in Sudan. It is his hope that this will help to bring about peace soon. Mr. Isaacs said that agreements and protocols have been signed in Sudan, but there is still a question about what money will actually be available for infrastructure development.

He remarked that the situation in Sudan is really a chronic emergency. The situation has been going on for decades. The population is primarily illiterate. There are no roads, bridges, or schools, and little, if any, health care. The country has a long way to go in six years, before the end of the interim period at which time there will be a referendum for independence. He said there are a lot of expectations in this regard.

Mr. Isaacs stated that there are not really many post-conflict situations in the world. Most of these places are still in conflict. People are being shot at and are running over landmines. He said the basic paradigm of a working environment is changing radically. It is important in these changing environments to identify the players, their capacities, and their agendas. It is an ongoing challenge at the field level.

**Frederick Barton**, *Center for Strategic and International Studies (CSIS)*

Mr. Barton co-directs the project on post-conflict reconstruction at CSIS and has worked in more than twenty post-conflict countries. He was the first Director of the Office of Transition Initiatives at USAID and later became Deputy High Commissioner for Refugees at the United Nations.

Mr. Barton said that over the last few years CSIS produced a number of action strategies for countries that might go to war soon. They produced a paper entitled "Wiser Peace" several months before the war in Iraq that suggested ten action steps to win the peace. He noted that some of those good ideas were not immediately adopted. CSIS recently produced a paper on Sudan and Sri Lanka.

Mr. Barton commented that the trend line in post-conflict reconstruction has moved from small problems in small places, to small problems in big places, to big problems in small places. He said that the twin towers of Afghanistan and Iraq are the next phase on the way to dealing with countries like Pakistan, Indonesia, and Nigeria. He remarked that global capacity is equipped to deal with places the size of East Timor. Therefore, it is no surprise that the U.S. has run into some problems in countries the size of Afghanistan and Iraq. He said that this should be a wake-up call.

He also remarked that there is a great deal of intellectual agreement on what needs to be done in these places. The Post-Conflict Reconstruction Commission developed a four-pillar approach, with which most people seem to agree. Security and public safety are first and foremost in this approach. The other pillars address governance and participation; justice and reconciliation; and economic and social well being.

Mr. Barton outlined three factors that will determine success in post-conflict reconstruction campaigns. First is the determination of who is in charge. He said that much of the discussion between the Department of State and the Department of Defense in pre-war planning for Iraq revolved around the issue of who would be in charge. This issue has still not been resolved and continues to be a problem.

Second, Mr. Barton highlighted the issue of funding. Funding must be available and it must be flexible enough to do the job. Third, Mr. Barton emphasized that the most important issue on the ground is public safety. He quoted a speaker from another conference that said, "We have not made the Iraqi people feel safe and they have given up on us." He said it is difficult to argue with that assessment.

Mr. Barton commented that there is legislation pending in the Congress, but in his opinion most of the bills underestimate the size and complexity of the task. He said that the Department of State is planning a twenty person Office of Coordination, but to date it has no money and no authority. Other offices that are already working in post-conflict reconstruction are short on the resources necessary to do the job properly. He remarked that it is critical to overcome this constant underestimation of the task. The weakness of the civilian side of the operations should be a battle cry to the NGO community. Mr. Barton concluded by saying that if these issues are not addressed, the legitimacy of the whole aid community is put at risk.

**Colonel Paul Hughes, *National Defense University***

Colonel Hughes works with the Institute for National Strategic Studies (INSS) at the National Defense University. He has the portfolio for post-conflict reconstruction, crisis management and disasters. He was previously the Chief of National Security Policy for the U.S. Army and the Deputy Director for the Office of Humanitarian Assistance and Land Mine Policy in the office of the Secretary of Defense. His experiences have taken him from natural disasters to arms control negotiations.

Colonel Hughes coordinated the first conference among the U.S. Government agencies in post-Saddam Hussein Iraq. He remarked that not many of the ideas from the conference report were heeded, with, in his opinion, disastrous results. He said that he would focus his remarks on Iraq and the military perspective on post-conflict management.

Colonel Hughes was the Director for Strategic Policy in Iraq under Jay Garner in the Office of Reconstruction and Humanitarian Assistance. He continued in that capacity under Ambassador L. Paul Bremer. He left Iraq in August 2003, but returned to Iraq in January to write the strategy for rebuilding the Iraqi military.

Colonel Hughes remarked that he tends to look at things through a specific paradigm of balancing ends, ways, and means. The goals are typically expressed through policy statements. He quoted Karl von Clausewitz's famous statement, "War is a continuation of politics through other means." Clausewitz went on to say that nobody should start a war unless they understand what it is that they intend to achieve, and they are willing to apply the necessary resources and willpower to see it through to the end. Colonel Hughes also referenced a British theoretician, B.H. Liddell Hart, who said that the object of war is a better state of peace, and it is essential to conduct war with a constant regard to the peace that is desired. Colonel Hughes said that this lesson is typically overlooked by the U.S. military.

According to Colonel Hughes, creating peace is a more comprehensive and challenging task than defeating another army. The U.S. military can defeat any military in the world. The bigger challenge is establishing a peace that accounts for all of the issues related to governance, civil society, and humanitarianism. One of the biggest factors in how the military gets involved in these operations is the legal basis under which they proceed. It makes a difference if the U.S. goes into a situation unilaterally or as a U.S.-led coalition, or if the U.S. goes in as part of a multi-national organization with UN top cover through a Security Council resolution. This defines how the U.S. forces see their role in the operation. It also defines where the mission begins and ends, as well as the lines of responsibility.

Colonel Hughes pointed out a paradox with stability operations. The U.S. military has to establish the secure environment that is necessary for reconstruction. The paradox lies in the fact that the military has to be there in full force to establish a secure environment before it can withdraw from the operation.

Colonel Hughes stressed that developing a unity of effort among the various players on the ground, the U.S. military, federal agencies, and NGOs, is essential. In the U.S. military there is a tenet that there must be unity of command. This works well in wartime, but it hasn't worked as well in peacetime. Translating the unity of command in wartime to a unity of effort in peacetime is a topic that needs further exploration and discussion. Colonel Hughes remarked that he sees NGOs as significant partners in this process.

**Jim Kunder**, *United States Agency for International Development*

Mr. Kunder is Deputy Assistant Administrator for USAID's Asia/Near East Bureau, which has responsibility for managing USAID programs in Iraq and Afghanistan. He previously served as the Director of the Office of Foreign Disaster Assistance (OFDA). He noted that post-conflict reconstruction is one of the hot topics in Washington, DC today.

Mr. Kunder remarked that the post-conflict countries under discussion present radically different situations. There are coalition environments, peacekeeping environments, and on-going wars. The reality is that many of these situations, Iraq and Afghanistan in particular, are not peacekeeping environments - they are ongoing wars. Mr. Kunder said that this raises the question of whether consistent models can be applied across the board, or whether new models of cooperation are needed for ongoing warfare of a coalition nature.

Mr. Kunder emphasized that the organizational structure for managing post-conflict situations is critical. He said that the reason people like to work with OFDA is that it has essentially solved many organizational problems by creating an entity that provides structure. There are many players in post-conflict situations and it is necessary to have a central focal point, an organized structure, in which to work out the issues. He stressed

that it is important to organize for post-conflict reconstruction in a transparent and ongoing manner.

**Nancy Lindborg**, *Mercy Corps*

Ms. Lindborg remarked that Mercy Corps has been involved in a number of post-conflict situations over the last decade. Her remarks focused on Bosnia, Kosovo, and Afghanistan. She said that it is difficult to draw lessons from such vastly different situations, but she proposed four themes for consideration.

First, security is essential. In Kosovo, there were 50,000 peacekeepers, a ratio of one peacekeeper to 48 Kosovos. In Bosnia, there were 62,000 peacekeepers, a per capita ratio of one to 58. In Afghanistan, there are 5,000 peacekeepers, a ratio of one to 5,300. Ms. Lindborg stated that there is a price to be paid when one attempts development work in a complete security void.

Second, there is a need for longer-term transitional funding that enables one to move more seamlessly from the early stages of an emergency through transition and laying the groundwork for development. She commended the flexibility that OFDA has shown in pushing the envelope in this area, but added that much more can be done.

Third, Ms. Lindborg remarked that in Afghanistan, Bosnia, and Kosovo there were lost opportunities with USAID in not working with NGO partners into the development stage. In all three instances, once the acute phase was over, USAID moved into a macro-reform and institution building mode that focused entirely on a contractor environment. She said this should not be an either-or situation. There are many macro-reform issues that need to be addressed, but focusing completely on the macro level loses the constituency building, networks and community contacts that NGOs bring through their longer-term presence in the country. She lamented that there were many lost opportunities.

Lastly, Ms. Lindborg highlighted lessons learned about elections. In Bosnia, an early rush to elections hardened and validated the power base of some of the most extreme actors. There are fears that the same might happen in Afghanistan in the lack of a secure environment, and not having dealt with the issue of continuing to fight a war while trying to build a nation. She said that some of the actors who are currently in power might simply gain a consolidated power base, resulting in a much longer-term problem. Ms. Lindborg stressed that the timing of elections is a critical issue in post-conflict situations.

## **DISCUSSION**

**Mr. MacCormack** remarked that there appeared to be consensus among panel members about the lessons learned and the interventions needed in post-conflict reconstruction. He asked the panel members to comment on why there has not been more movement from lessons learned to public policy.

**Mr. Barton** responded that the tasks that are required for post-conflict reconstruction do not really fit the preferred directions of most of the institutions involved. He said that the

Department of Defense does not really like to do non-combat, peacekeeping work and the intelligence community has moved away from knowing what is going on at the ground level. The Department of State does not like to operationalize ideas; they prefer to come up with plans. He suggested that USAID does not like the unpredictability of the conflict-prone world and humanitarians do not like the political elements of these situations. Consequently, it is the institutional habits and practices that keep these organizations from doing what is necessary in post-conflict situations.

Mr. Barton continued on to say that while humanitarian organizations may carry out some civilian interventions in the area of public safety, it is not their primary focus. In many cases it boils down to incentives and rewards. He observed that incentives to address these issues are lacking. Although the U.S. has had six of these cases in the last ten years, these situations are still viewed as an aberrant area of work. He said that he has talked with board members of NGOs who say that they do not want their organizations to deal with these issues.

Mr. Barton remarked that the experts have not done a great job of convincing the American public how central this issue is to the well being of the world. There is more awareness now because of Iraq and Afghanistan, but he worries that the message that Congress is getting from their constituents around the country is that these are impossible situations in which the U.S. should not get involved. He predicts a popular rejection of engagement in these issues.

Mr. Barton expressed his concern about the way that Congress is dealing with this situation. He predicted that Congress will not pass legislation this year, and next year the popular opinion may be against engagement. He remarked that there are two tough trends running into each other just when there is beginning to be a general understanding of what needs to be done and how it could be done better.

**Mr. Kunder** agreed with Mr. Barton's assessment of why there has not been more progress. However, he observed that there has been significant progress in the last year. He said there is a piece of legislation reported out of the Senate Foreign Relations Committee and there are a number of think tanks working on this issue. The National Security Council (NSC) is moving a plan through the system. There is a newly created structure at the Department of State, even though it is less of a structure than one could have hoped. Mr. Kunder said that he sees the trend line moving in the right direction, towards better coordination within the U.S. government in managing post-conflict situations.

Mr. Kunder remarked that some people think that the focus should be on organizing the international community to respond to post-conflict situations. He suggested that increased coordination within the U.S. government will lead to a better dialogue with the international community. He said it is not an either-or situation.

Mr. Kunder emphasized that if the civilians do not get better organized soon, the U.S. military will take over the management of post-conflict reconstruction. He said there are

plans at the National Defense University to create two new post-conflict divisions in the U.S. Army. The Joint Forces Command is developing concepts that include the deployment of Joint Task Force Commanders with representatives of the Department of State, USAID, and the Department of Justice embedded in their units. They will essentially fold the entire U.S. civilian government into their joint task forces. Mr. Kunder said that while the civilian effort might go away, the military effort will not.

Mr. Kunder challenged the NGO community to come up with some plans for post-conflict reconstruction. He appealed to the ACVFA to give the U.S. government some good ideas for better organization on the ground, ideas that respect the role of the NGO community.

**Ms. Lindborg** underscored the point that there has been a disparity of funding between military and civilian capacities, particularly over the past decade. When the military bemoans the lack of a well-capacitated civilian partner on the ground, one need only look at the difference in budgets to get a quick answer to the problem. She stressed that it is important to put the issue of funding in front of the legislators.

Ms. Lindborg remarked that in Bosnia and Kosovo the civilian administration structures were staffed by military in the early months because there were no trained, capable civilian actors to take those positions. Part of the pending legislation is to increase the civilian capacity to take a stronger role in post-conflict reconstruction. She also said that it is easy to create the connections to the UN and international entities through civilian structures.

In response to Mr. Kunder's challenge, Ms. Lindborg remarked that the NGOs have actually lost ground on the issue of how they fit in and contribute to the effort. She said that there is a drive towards joint effort that has sometimes been perceived as a movement towards control, rather than as working together towards common goals. Ms. Lindborg suggested that there is strategic value to having some independent actors who are "outside the wire." She said that the situation in Iraq is starting to prove that case. If everyone is inside the wire, under a joint effort and chain of command structure, there is nobody that can go out and make the necessary community connections, creating bridges of trust and understanding.

Ms. Lindborg commented that there is a need for structures that recognize the valuable role that NGOs can play at the community level. She observed that something very important is lost when the NGO community is lashed too tightly. She expressed her conviction that everyone shares the same goal, but there are different ways of reaching that goal.

She posited that NGOs do have habits of coordination. There is a lot of local and regional NGO coordination in Afghanistan, for instance, even though it may look more chaotic from the national perspective. She agreed with the other panel members that communication needs to be improved, particularly between civilian and military actors.

Ms. Lindborg remarked that there were very positive structures in place in Bosnia and Kosovo. There were good dialogues, particularly in the regions. Ms. Lindborg said that ground has been lost on this, partly because of the ongoing war situations in Iraq and Afghanistan, but also because of an intolerance for differences of opinion about models of civil society. That is an important issue for discussion.

Ms. Lindborg urged the NGO community to get more organized about proposing mechanisms that would enable large funding to go forward in a coordinated way, both to relieve the management burden of USAID and to create some common indicators to measure impact. She said that NGOs need to be able to articulate the value that they bring. They need indicators that measure not only short-term construction gains, but also the longer-term change processes that are so important to the creation of stability. She noted that these are the challenges facing the NGO community today.

**Colonel Hughes** remarked that a soldier's challenge is to establish control over a chaotic situation. He said that is why the military enters a conflict zone demanding to be placed in charge. Whether or not they are acknowledged as being in charge is almost irrelevant because they bring so much with them - logistics, communications, and security. They tend, by sheer weight of numbers, to be in charge. He referred to Ms. Lindborg's comments on per capita ratios of peacekeepers to civilian population. Colonel Hughes pointed out that in Iraq the numbers are completely out of whack. There are not enough coalition troops in Iraq to establish a secure environment.

Colonel Hughes said this calls into question the kind of policy the U.S. is trying to pursue in Iraq. He remarked that there are questions about the goals and how to measure progress towards those goals. Colonel Hughes observed that Congress is an important player, but if the people of America are not talking to their legislators, the necessary changes will not happen.

Colonel Hughes told the audience that the attacks of September 11<sup>th</sup> color everything that this administration does. The U.S. was attacked and went to war with the country that provided support to the attackers. Americans recognized that their values and their homeland were attacked. They talked to their legislators and supported the war. That war was, without a doubt, a unified effort by America and 87 other countries.

Colonel Hughes stated that Iraq is a different story. He submitted that future conflicts will be similar to Iraq. He suggested that if Congress is not behind a war, supported by the American people, the unity that is needed to bring together the necessary resources and support from the government and the NGO community will be lacking.

On the part of the army, Colonel Hughes said that there is a recognized need for change. He commented on the earlier mentioned post-conflict reconstruction divisions. He looked long and hard at that proposal and found it to be ludicrous. The existing force structure will not support it. The proposal includes two new headquarters that would do post-conflict reconstruction coordination using troops that already exist in the force structure. Colonel Hughes pointed out that the force structure today is on a razor edge;

there are not enough forces to do everything that needs to be done around the world. He concluded that the proposal is not a winner.

Colonel Hughes remarked that the Joint Interagency Coordination Groups (JIACG) that military commands are setting up around the world are very much alive. They are representative of the U.S. government and include various members of the U.S. government stationed with each commander to deal with a variety of issues. He said that the commanders are in charge of everything that goes on or fails to go on in those areas. The commanders will focus their JIACGs on issues germane to U.S. national interests including drugs, transnational crime, terrorism and things of that nature. It is an attempt by the military to establish control over chaotic regions.

Colonel Hughes pointed out that Department of State and the Department of Defense split the world into regions very differently. They do not operate out of the same cultural basis and there is no common mindset. He said he is not sure how to solve the clash of cultures within the U.S. government, or the clash of cultures between the NGO community and the U.S. government and military. Everyone needs to learn to work together in these situations.

**Mr. MacCormack** agreed that everyone needs to work together, but the questioned how to turn that into a reality. There was enormous progress made towards this goal in the 1990s, but some of those mechanisms seem to have been lost.

**Colonel Hughes** said that the branch of the federal government that is most responsible for that kind of task has to be the executive branch. He agreed that a lot of progress had been made in the 1990s. That was articulated in Presidential Decision Directive 56 (PDD 56). However, he said it did not live a full life due to issues of funding and politics. In the current administration, PDD 56 was one of the first documents to be cancelled. Colonel Hughes said that a replacement policy is in the NSC, but is not likely to go anywhere in this current term. He remarked that unless Congress drives the train, the executive branch will not make the necessary changes. He doesn't think that Congress will make the necessary changes, unless the American people demand it. The people will only demand change if their value system is being attacked and they are sensitized to the need for that change.

**Mr. Barton** said that change starts with a recognition and acceptance of shortcomings. Then, a creative tension between legislators and the administration, each trying to outdo itself to address the problem, could bring the needed change. He also stated his firm belief that there has to be someone in the White House who has the President's ear on these issues. He said the job is to take the impossible and make it addressable.

Mr. Barton remarked that one very basic decision is to determine when places are post-conflict and when intervention makes sense. If there are still bullets flying it is extraordinarily difficult to ask civilians to make a significant contribution.

In Sudan there is a peace treaty coming forward, but the government continues to act the way it did in the south of the country. The resolution from the UN Security Council is going to be for a Chapter 6 peacekeeping force. In fact, the Sudanese have shown a complete inability to deal with peace in a constructive fashion for 40 years. Mr. Barton said that the reluctance to move from Chapter 6 to Chapter 7 basically ensures that the effort will not be effective. He said that these are the kinds of choices that need to be raised by someone right next to the president, who has the authority to tell the Department of Defense that in this case the unity of command is going to be civilian. He remarked that somebody has to take charge of things or the effort is doomed to failure.

Mr. Barton observed that the National Security Advisor is stretched too thin to fill that role. It is a big job. He said he could not think of a tougher job on earth than figuring out what to do with Iraq. He said he considers this as being more important than the U.S. space program. He noted that the U.S. would not have sent an astronaut into space with so little preparation and support. He concluded that the U.S. has been a day late and a dollar short in its approach to Iraq.

**Mr. Kunder** remarked that it is his opinion that everyone should get behind the new office at the Department of State. He said that although it is not much to start with, it is the best game in town. He recommended that the meeting participants read the proposal by Senators Lugar and Biden that lays out a plan for U.S. government organization. The proposal envisions a new structure at the Department of State staffed with experts in post-conflict reconstruction. These people would plan in advance of conflict situations, coordinating with U.S. government, military, and the NGO community. Carlos Pasqual has been named the new director of this office. Mr. Kunder recommended that the NGO community work with the Department of State to build this office. This could begin to solve the communications and planning problems under discussion.

**Colonel Hughes** commented that not many people realize that in 1942, less than a month and a half after the attack on Pearl Harbor, George Marshall established an office at the War Department to plan for the post-war occupation of Japan and Germany. This occurred before the U.S. entered the war. There were three years of intense planning prior to the occupation. He said that General Clay, in charge of the occupation plans for Germany, worked directly for General Eisenhower, not for the general in charge of the ground war.

Colonel Hughes compared this scenario to the pre-war planning for Iraq. The President established the Office of Reconstruction and Humanitarian Assistance (ORHA) on January 20, 2003. The war began in mid-March. This was extremely short planning time for the interagency entity. To compound the problem the ORHA was working for the ground force commander, who understandably had other priorities during the war. Colonel Hughes said that one of the biggest problems was funding. He observed that the questions that Jay Garner had at the beginning of the operation were still unanswered when he left Iraq in June. Not one of the questions had been answered by the Department of Defense.

Colonel Hughes remarked that the Office of Management and Budget (OMB) also bears a burden on this issue. OMB is organized for the in-fighting between the administration and the legislators. They do not generally get out into the field. He said an OMB team did go to Baghdad, but they never left the green zone and were not empowered to make any decisions. All decisions about how much money commanders could use to pay Iraqis for reconstruction work were made in Washington, DC.

Colonel Hughes commented that he is a fan of the Lugar-Biden Act, but he does not think it will see the light of day. However, if it is passed it will give an entity in Washington, DC the ability to do what is necessary to better prepare to meet the challenges in the field.

**Ms Lindborg** asked how any of the proposed responses put into place a set of checks and balances to account for the politics that come into play. She stated that in Afghanistan and Iraq there was a rush to declare peace that further complicated the situation. There was a lack of transparency about what was really going on, both in terms of security and resources. She said that in Afghanistan, the politics had a profound effect in delaying for several years the ability to get traction on the ground. Those who were doing the reconstruction and development, particularly USAID, were fighting a losing battle. It is impossible to move forward when people are getting killed.

Ms. Lindborg reminded the NGO community that it has a responsibility to mobilize public opinion on these issues. Focus groups and surveys indicate that there is a deep reservoir of support among the American public for engagement in the world and for foreign assistance. She urged the NGO community to take seriously its role in catalyzing the U.S. public.

**Mr. Barton** remarked that General Marshall claimed that his greatest single achievement was convincing the American public that reconstruction was worth doing. Ultimately, it had to be sold to the U.S. public as both a threat and a promise. The threat of communism had to be raised.

Mr. Barton said that the U.S. government does not do a good job of integrated strategic planning. There tend to be very broad political military plans, but the centers of excellence are clustered in the places in which money exists, where there is a brilliant individual, or where luck is involved. He said that CSIS went through an exercise with five military fellows, four interns and some staff to develop a plan for post-conflict Iraq. They looked at what needed to be done and who had the capacity to do it. Mr. Barton commented that if it is possible to do it in a think tank, it should be possible for the NSC to manage this process. If there is a commitment to doing the work and doing it well, it is possible to come up with an integrated strategic plan that will get things started.

**Ms. Matavel** remarked that it is important to examine how the country itself and the international community view the U.S. military. Whether they are viewed as part of the problem or part of the solution determines the ability of NGOs on the ground to coordinate with the military. Sometimes it can put NGOs in danger to be seen

coordinating with the military. Iraq is a very different situation than Mozambique. In Mozambique the military was welcomed.

**Mr. MacCormack** said that a number of major U.S. NGOs are participating in a three year program at the Harvard School of Business on the topic of managing global civil society. They are developing plans for post-conflict reconstruction with their counterparts in other countries. Any one country, no matter how wealthy and powerful, cannot resolve these issues. The U.S. does not have enough money and resources to solve thirty different post-conflict situations. Mr. MacCormack suggested that although the U.S. has to get its own act together, how the U.S. sees its role in working with the international community impacts how it should organize internally. As a wrap-up, Mr. MacCormack asked the panelists to comment on multilateral communication and division of labor.

**Mr. Kunder** responded that there is a Council on Foreign Relations task force working on this issue. They have been grappling with two paradigms. One paradigm posits that it is a negative if the U.S. government gets too organized on its own because that could be construed as taking over from the multilateral organizations. The other point of view is that if the U.S. becomes more organized it would be in a better position to effectively engage the international organizations.

Mr. Kunder stated that it is to the advantage of the U.S. to create a structure for post-conflict reconstruction within the U.S. government. The creation within USAID of the Office of Food for Peace and OFDA enhanced collaboration between the U.S. government and organizations such as the World Food Programme. Creating structure in the U.S. government does not diminish the role of international organizations. He said that having people that better understand what capacities the international organizations can bring to the table enhances the relationship.

Mr. Kunder observed that there might be some capacities that are just missing, for instance, policing and post-conflict justice. He asked where is the global expertise on disarming, demobilizing and reintegrating fighters. He suggested that there are some huge capacities that do not systematically exist within the international community, the U.S. government, or the NGO community.

**Mr. MacCormack** remarked that there is a need to better orchestrate the capacities of different states and societies in the world system. There are other states that are better at constabularies, the Carabinieri and the Guardia Civil, for example. They have been doing it for centuries.

**Mr. Kunder** replied that this is one of the issues that drives him to be such an ardent advocate of creating some sort of structure within the U.S. government. He said that there are fifteen to twenty people in the U.S. government who know that the Carabinieri are a valuable resource. The problem is that this small group of people has not been brought together in an organized fashion to look at these issues. It is precisely this problem that drives him to support the structural organization concept.

**Colonel Hughes** said that in post-conflict reconstruction scenarios it is not the intervening force that is going to successfully establish a sense of security. Security begins in the minds of the citizens of the affected country. The instruments that will assure the people that security and stability are on the way will be their police, their courts, and their prison systems. In many cases those are the first three institutions that are wiped out in a conflict. There is a need to find the requisite skills to rebuild these institutions.

Colonel Hughes remarked that there are two facts that are often overlooked in post-conflict environments. First, world population continues to increase and there are more people living in cities than ever before. This urbanization impacts how countries can respond both internally and internationally. The second fact is globalization. Nothing happens in isolation. If it is a country of consequence, such as Iraq, one cannot go into it without world support. He added that if one wants to put together a multilateral response, one must play by multilateral rules.

**Mr. Barton** remarked that it comes back to the enormity of the task. With a task this large one must expand the market and find more qualified players. He said that there are advantages to burden sharing.

## **QUESTIONS AND ANSWERS**

**Mary McClymont**, ACVFA Member, suggested that security and funding are two preconditions for effective NGO work in post-conflict situations. There is also a question of who is in charge. In Iraq, from the beginning the NGOs urged that the UN coordinate the humanitarian response and that civilians remain in charge of these efforts. She observed that if NGOs are not part of the planning, then they cannot appropriately participate, as happened in Iraq.

Ms. McClymont also said that NGOs are increasingly coordinating among themselves. NGO consortiums have built enormous capacity among themselves. She proposed that USAID offer incentives for NGOs to do this even better. Private contractors operating in these contexts should also be included in the coordination.

Ms. McClymont asked Colonel Hughes for advice about how the NGO community can work with the military in these situations.

**Colonel Hughes** responded that in order for the military to get involved in cooperative activities, a policy directive from the civilian leadership of the military is required. He pointed out that their focus is elsewhere now. The current administration renamed the Office of Peacekeeping and Humanitarian Assistance, the Office of Stability Operations. He commented that it has always been a problem trying to work with the NGOs because of the difference in ways of doing business. The commanders on the ground have limited money for operations and none of that money is set aside for working with NGOs. Colonel Hughes recommended the JIACGs as a place to get in the door with the regional commanders.

**Mr. MacCormack** noted that the NGOs, the military, the U.S. government, and the international organizations are all in this together. There is no question that it is possible to work together, but the challenge is getting the communication structures in place that allow people to work together effectively.

**Ms. Lindborg** said that this is an issue of policy. The NGOs simply do not have the resources to participate in the endless appetite the military has for training and dialogue. It would take all the resources of the NGO community to meet a less centralized approach to addressing these issues.

Ms. Lindborg remarked that in the realm of security NGOs are not expecting the military to guard their staff, rather they are looking for an ambient security. In addition, NGOs are not looking for funding to come from the military to NGOs. They want the funding to come through civilian channels.

**Mr. Kunder** said that the progress that was made in the 1990s was in a peacekeeping environment. That was very different from the situation today, which is a coalition operations environment. There is a need to rethink the strategies in this new environment. He said that he recognizes that the NGOs are coordinating very well in the field. However, there is a need for a broader, more comprehensive plan that helps to knit the country back together. He remarked that NGOs think about coordination in a regional sense, while the military thinks of coordination on a broader scale. Mr. Kunder challenged the NGO community to develop a plan for broader, more inclusive coordination.

**Mr. Barton** commented that he was not suggesting that funding be directed to NGOs from the military. However, the military cannot participate in joint training activities without funding.

**John Sullivan**, ACVFA Member, remarked that the panelists seemed to suggest that security should come first, then politics, and then normal development. He suggested that the equation should be the reverse, which raises a dilemma. NGOs need to consider what kind of role they can play in low-intensity conflicts. He said that the common dilemma from all of these efforts is the dramatic failure to engage with the local business community and civil society until very late in the game. Overall policy goals and objectives seem to be developed in a very top down manner.

**Mr. Kunder** noted that this USAID Administrator has engaged the ACVFA on this issue on a number of occasions.

**Mr. MacCormack** said that many NGOs were begun during wars and bring that as part of their heritage. The problem now is the scale and the targeting. NGOs today are working in more difficult situations.

**Ms. Lindborg** pointed out that a critical contribution of the NGO community is to be on the ground helping to build local capacity, engaging with local business people, community leaders and NGO groups. One commonality of USAID's response in many situations is that they have not invested in community building. They have gone to a top down, macro institution reform set of investments to the exclusion of engaging local actors and civil society. She said that there is a need for balance between the macro approaches and the local engagement.

**Mr. MacCormack** remarked that Save the Children works in 126 countries. For the most part, NGOs are present before, during, and after conflicts, making it necessary to re-engineer interventions under different conditions.

**Bruce Cohen** of Interns for Peace asked if there could be a continuing discussion on this topic, perhaps through a subcommittee of the ACVFA. According to a World Bank study, most post-conflict situations revert back to conflict within five years. He suggested a rapid response mechanism to educate youth away from hate and towards tolerance.

**Veda Simpson** of DAH Consulting asked the panel to address absorptive capacity of development aid, particularly in West Africa. She remarked that in order for programs to be successful, the aid effort must be sustained over time.

**Ms. Matavel** replied that most NGOs want to have longer-term funding because they understand that change takes time. However, they are constrained by the funding requirements of U.S. government programs, which operate on a much shorter time frame.

**M.K. Cope** with the International Executive Service Corps asked what lessons have been learned regarding economic reconstruction in post-conflict reconstruction. She remarked that it is important to do economic reconstruction from the bottom up, as well as from the top down.

**Mr. Kunder** responded that issues relating to financial markets, currency investment climates, and engaging the private sector were once considered a second stage of reconstruction. However, they are now considered intrinsic to the early post-conflict reconstruction process. In Afghanistan and Iraq economic reconstruction was an important part of the first stage of the response.

**Mr. Barton** added that there must be a balance of both grassroots and macro approaches to economic development. In answer to the question about the absorptive capacity for development assistance, he remarked that he has yet to be in a situation where the absorptive capacity of the local people has been exceeded. Sometimes the absorptive capacity of the institutions that are managing the aid is exceeded, but the local people could still use more assistance.

**Mr. MacCormack** concluded the session with two general observations. First, the broad recommendations about post-conflict reconstruction are consistent: security, long-term strategic planning, sustained funding, better dialogue and communication, and clearer

accountability for delivery. Second, he emphasized that nothing will happen without greater citizen engagement on these issues. There is no more important set of issues in the nation and the world. It is not just a matter of the ACVFA communicating to USAID; the NGO community must communicate more forcefully with their constituents across the country.

### **"MILLENNIUM CHALLENGE CORPORATION"**

**Frederick Schieck**, *Deputy Administrator, United States Agency for International Development*

Mr. Schieck introduced Paul Applegarth, the new Chief Executive Officer of the Millennium Challenge Corporation (MCC). Mr. Applegarth was confirmed by the U.S. Senate on May 6, just hours before the first board meeting of the MCC in which the initial sixteen countries were announced.

The Millennium Challenge Account (MCA) will provide assistance to countries with the best records in ruling justly, strengthening economic freedoms, and investing in people. Programs will emphasize country ownership, inclusiveness, accountability, and results. Mr. Schieck quoted President Bush in saying, "the powerful combination of trade and open markets and good government is history's proven method to defeat poverty on a large scale."

Mr. Schieck remarked that few individuals match the rich experience that Mr. Applegarth brings to his new role. He is a distinguished businessman, former White House Fellow, and Vietnam veteran. He has broad experience in both the private and public sectors, including non-profit organizations. He directed some of the more innovative partnerships in emerging markets around the world. Mr. Applegarth also served on the Africa Policy Advisory Committee of the Department of State and on the Africa Advisory Council of the Overseas Private Investment Corporation.

Mr. Schieck stated that USAID is proud of its relationship with the MCC. Administrator Natsios serves on the MCC Board and USAID mission staff offered their full assistance to Mr. Applegarth and his MCC staff during their recent country visits. USAID will continue to look for ways to strengthen this partnership and harmonize relationships with the MCC. In particular, USAID is working closely with the MCC to assist the "threshold" countries, those that did not qualify for funding in the first round. USAID is committed to doing everything in its power to help the MCC achieve the visionary goals that the President and the U.S. Congress have set for it.

**Paul Applegarth**, *CEO, Millennium Challenge Corporation*

Mr. Applegarth thanked the NGO community and USAID for their support in helping to get the MCC started. Mr. Applegarth remarked on the superb working relationship between the MCC and USAID. He said they could not have gotten this far without USAID and they will continue to leverage off the people, experiences, and resources of USAID. The MCC is small by design, but has a big mission. It cannot accomplish that

mission without taking advantage of the experiences and expertise of USAID. Mr. Applegarth stressed that the efforts of the MCC are additional to efforts by USAID and other development organizations.

Mr. Applegarth reminded the audience that the MCC grew out of a promise made by developed countries at the Monterrey Conference two years ago - a promise of assistance based on the adoption of good policies. It is based on the belief that good policy is the key to successful development. The MCC promotes country ownership of programs as crucial to building responsibility and accountability.

Mr. Applegarth described the incentive approach used by the MCC. Sixteen countries were selected during the competition in May. Already there have been changes in response to the competition. One of the unanticipated consequences is that simply giving countries a chance to see where they ranked in relation to other countries has been beneficial in promoting domestic dialogue.

Mr. Applegarth remarked that the MCC uses an objective, transparent set of criteria so that countries can see what they need to do to qualify. The indicators are from credible sources. They are transparent, measure factors relevant to development, and are broadly applicable among countries.

MCC teams recently visited all sixteen participating countries. Mr. Applegarth said that initial feedback has been superb. The teams had tremendous access in each country, visiting with heads of states, media, NGOs, and the business sector.

While the analysis is just beginning, Mr. Applegarth presented some anecdotal information to highlight the initial success of the program. In one country four pieces of anti-corruption legislation were recently introduced and passed. The number of days to start a business, a measure of economic freedom, were significantly reduced in some countries. Mr. Applegarth remarked that the MCC is designed to strengthen the hands of the reformers and help ease the political pains that are associated with making tough political decisions. Changes are also being seen in countries that were not selected, as they seek to meet the requirements. Mr. Applegarth encouraged meeting participants to visit the MCC website (<http://www.mca.gov/>) for updates, program guidance, and country ranking on each of the indicators.

Mr. Applegarth stated that the MCC is as much about message and policy development as it is about money. If the policies are right, then the amount of money that the MCC provides will be pale in comparison to the amount of money that comes through other donors, the private sector, and domestic resources.

The MCC agreement with the selected countries is called a "compact." The MCC has held initial talks with each country. Now the selected countries are developing their proposals. He said that proposals will be evaluated on three factors:

1. Does it lead to sustainable economic growth and poverty reduction? Basically the MCC is looking for a business plan. The MCC will work with countries to define these plans. They will also be looking at the results and how they are measured. There will be an emphasis on monitoring and evaluation. The countries are aware that if things are not on track, the program will stop. MCC has some institutional safeguards in place to make it easier to stop programs when necessary and force discipline as needed.
2. How were the priorities determined? MCC is encouraging broad participation and civic involvement in developing the proposals. They are seeing some interesting things happening in terms of how countries are selecting people to be involved in the dialogue. He provided the example of Mongolia in which the defeated Prime Minister is participating in the MCC Implementation Council, along with members of the private sector and NGO community. Countries are also seeking broad participation through the internet and the media. They are taking ownership of the process.
3. What more will be done on the policy side? Every selected country still has red sections (areas in which they did not meet the threshold requirements). They need to have a plan for making improvements in those policy areas, as well as continuing to make progress in the green sections. MCC deliberately chose the median as the threshold because it changes. The process of policy reform must be ongoing.

In closing, Mr. Applegarth said that everyone knew conceptually that the MCC was a powerful idea, but when they began to see it in operation it became even more powerful. Both at the MCC and in the partner countries there is a degree of energy and enthusiasm that is very refreshing.

## QUESTIONS AND ANSWERS

**Ted Weihe**, ACVFA Member, asked whether or not infrastructure might be a major component in the MCC programs. He also asked how the MCC will make allocation decisions and whether or not there is a role for U.S. NGOs.

**Mr. Applegarth** responded that it is not yet clear how much infrastructure development will be included in the country compacts. The countries themselves will determine the priorities. He said that allocations will be driven by the quality of the proposal, including the rate of return on the investment. It will also be driven by the total amount of funds available, per capita equity, complementarity with other programs, and macroeconomic effects.

He said that there could be a role for U.S. NGOs. There will be a need for technical assistance. NGOs that are international can encourage their local affiliates to get involved in the priority setting process. He also sees that there will probably be opportunities for NGO involvement during implementation, as well as in monitoring and evaluation.

**Mary McClymont**, ACVFA Member, asked Mr. Applegarth to discuss poverty reduction and how the MCC will systematically engage civil society in the process.

**Mr. Applegarth** said that the MCC is about sustainable growth leading to broad-based poverty reduction. One of the proposal review criteria examines how priorities were determined. This opens the door for the involvement of civil society. He said that the MCC will stimulate the discussion, but will not dictate a model for participation.

**John Sullivan**, ACVFA Member, asked if there is a qualitative difference between country responses. He also asked about reactions to the development philosophy behind the MCC.

**Mr. Applegarth** replied that the dialogue about what is important to developing country leadership has changed in the past twenty years. Today the dialogue is more focused on opportunities for the private sector, rule of law, judicial reform and other ideas that are very much in line with the MCC focus.

They are seeing some qualitative differences in the initial responses. The compact development process is intended to be participatory and countries are encouraged to use local resources in developing their proposals. Responses will reflect that process.

Mr. Applegarth said that they are getting some pushback on the criteria, but most of the criteria are well-grounded and leading to growth. In general, the countries that were selected like the criteria because they meet a good number of them. Countries that were not successful may not like the criteria, but they need to meet the criteria in order to qualify.

**Michael Nyenhuis**, ACVFA Member, asked Mr. Applegarth to describe the process of developing and updating indicators.

**Mr. Applegarth** replied that the indicators build on factors that lead to sustainable growth and opening up societies in terms of political rights. It is an evolutionary process. Each year the MCC will publish new criteria, which will be available for comment. The indicators will be continually upgraded and improved. The MCC is currently developing environmental indicators.

**Elise Smith**, ACVFA Member, asked how the MCC ensures the participation of women, both institutionally and in the compact development process.

**Mr. Applegarth** responded that there are three criteria for the selection of MCC staff - broad expertise, team player, and commitment to MCC goals and objectives. They have hired very good people, including a lot of very talented women.

He said that the MCC is organized around its key customers. They are consciously trying to make sure that all groups, including women's groups, have someone that they can talk with about the issues. He said the guidelines would be examined and changed as necessary.

**Adonis Fakhri** from the Embassy of the Republic of Yemen inquired about the qualifying criteria for threshold countries.

**Mr. Applegarth** replied that Congress authorized up to \$100 million of the first year's appropriation to go to "near miss" countries. These countries are now called "threshold" countries, focusing on opportunity rather than failure. MCC is working to have a credible and meaningful program in this area. At the last Board of Directors meeting \$40 million was reserved for the threshold countries. MCC and USAID are now discussing the details of the program. It will have to pass the tests of transparency and credibility before being announced, hopefully within the next few weeks. USAID will take a leadership role in this program.

**A participant** asked if there has been any response to the indicators that would lead the MCC to develop more specific gender indicators in the future.

**Mr. Applegarth** responded that the country feedback was more focused on the rule of law, accountability, and civil liberties criteria. He did not recall any feedback specifically related to gender issues. However, he said that all of the indicators need some work, gender indicators included. He also noted that primary education completion rates provide one measure of gender equality.

**Daniel Kelly** with Global Work Ethic Fund and Worldwide Responsible Apparel Production asked about the public diplomacy approach in country.

**Mr. Applegarth** said that public diplomacy is a key part of the program. At least one press conference was held in each country.

**Stephen Moseley**, ACVFA Member, asked how much discussion has been given to various approaches to implementation.

**Mr. Applegarth** remarked that the MCC has been spending a lot of time thinking about implementation models as the key to sustainable growth.

**Peter Barca** from Aurora Associates International asked what steps would be taken by the MCC when countries do not measure up on key issues or if they become unstable.

**Mr. Applegarth** replied that policy changes sometimes create instability. Continued government commitment to policy changes will be evaluated before any compacts are signed. Agreed upon measures of performance will be built into the compacts.

**Allison Cohen** from Aurora Associates International asked if the MCC would provide participating countries with access to a network of existing companies to help develop their projects.

**Mr. Applegarth** encouraged private organizations to open a dialogue with the people in each country. The MCC will use some consultants in their review processes.

**Larry Hausman** from the Nature Conservancy asked about the relationship between the MCC and USAID at the country level.

**Mr. Applegarth** replied that the relationship should be positive. The MCC and USAID are working together at various levels. The MCC is about incentives. Therefore, MCC assistance should be in addition to that provided by other donors.

**Mr. Schieck** added that USAID fully intends to continue its programs. They will look at the MCC programs and determine how the programs can complement one another in each country.

**Mr. Applegarth** said that he hopes this is the beginning of an ongoing dialogue with the NGO community. He encouraged the meeting participants to continue the dialogue and provide ideas and feedback to the MCC.

**Mr. Reese**, ACVFA Chair, reminded the audience that the Advisory Committee on Voluntary Foreign Aid (ACVFA) was created as the War Relief Board during World War II to help the U.S. government leverage resources to assist poor people in wartime. It has always been about advising the whole U.S. government. He thanked Mr. Applegarth for engaging in this dialogue and discussing these very timely issues with the NGO community.