

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID

**Public Meeting
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OPENING REMARKS

Dr. John Sullivan, ACVFA Chairman, welcomed attendees, reminding them to fill out evaluation forms at the end of the day. PowerPoint presentations made during the day's session are available on the ACVFA Web site (http://www.usaid.gov/about_usaid/acvfa/). Sullivan asked speakers to identify themselves for the record, particularly to help the working groups revise their papers based on comments.

ACVFA WORKING GROUP PRESENTATIONS

Dr. John Sullivan, *ACVFA Chair and Executive Director of the Center for International Private Enterprise*

At the request of USAID, over the last few months ACVFA has put together three working groups: (1) Economic Growth, (2) Governing Justly and Democratically, and (3) Implementation Mechanisms. The first two groups take their titles and purviews from the new Foreign Assistance Framework (available at <http://www.state.gov/documents/organization/79748.pdf>). These working groups have been meeting with USAID and others, and have composed short responses to the "F process" reforms (the effort to align USAID and State Department foreign assistance that resulted in the new Framework). The draft papers are available on the ACVFA Web site and have already attracted many public comments. Today a representative of each working group will summarize his or her group's draft, followed by a response from an expert outside the ACVFA community. Those responses, along with the comments of ACVFA Members and the general public, will help the working groups revise their drafts. Public discussion of the drafts will close on June 15, and final papers should be ready shortly thereafter.

(1) Economic Growth

Theodore Weihe, *ACVFA Member and Senior Advisor, International Development Division, Land O'Lakes International*

As defined by the Foreign Assistance Framework, economic growth has three components: it must be rapid, broad-based, and sustainable. These terms are themselves defined in the Framework, but the working group feels the definitions could be sharpened.

First, rapid growth may not be possible, for example, when building the capabilities of public and private institutions.

In theory, broad-based programs include poverty alleviation. However, the working group would argue that many programs need to be narrowed in order to focus on the poor, especially the rural poor. A focus on the rural poor in turn requires emphasis on programs promoting stable crops, livestock, agrotourism, and rural small and medium-sized enterprises (SMEs) for domestic markets, rather than horticulture intended for export. Current efforts also support too many medium, and not enough small, entrepreneurs with potential for growth. The working group encourages more programs to address the “poverty penalty,” under which those at the bottom of the economic pyramid pay more for basic needs and have difficulty obtaining credit and growing their businesses.

In the opinion of the working group, “sustainability” (meaning interventions producing lasting change) is a critical element, yet the Framework often seems to interpret it as support for long-lived advocacy organizations. USAID should focus instead on providers of business-support services to rural SMEs and the institutions to underpin economic growth. Special support should be provided to women entrepreneurs, since women make up a disproportionate number of the world’s poor. Since USAID is trying to reduce rather than expand its scope of activities, it should not try to take up macroeconomic reforms; those are better left to the Treasury Department, the World Bank, and other multilateral groups.

Currently, many “competitiveness” programs use a cluster approach. The working group believes that clusters have not been successful. Instead, the working group suggests more focus on the entrepreneur, on firm-level assistance, and on sector-specific trade associations. Promoting trade associations would also correct the current reliance on top-down economic reform efforts conducted through technical assistance to governments, replacing it with bottom-up business advocacy. Business groups know best the enabling environment and corruption-free supportive institutions they need.

USAID’s economic development approaches are also not adequately tailored to individual countries, in the view of the working group. If one purpose of the Framework was to distinguish among different categories of nations, there should be evidence of a difference between programs in very poor countries and those in more prosperous states, but that is not the case. Too many programs focus on exports and larger firms that are able to obtain investment. Too few filter down to lower-income people.

This is in part because USAID is too reliant on large contracts to a shrinking number of large organizations, which yields programs that are methodologically similar. Smaller private voluntary organizations (PVOs) and cooperatives with local knowledge become less competitive and USAID loses a valuable resource. Further, the working group believes USAID’s contractor requirements overemphasize academic degrees and knowledge of USAID’s idiosyncrasies, and underemphasize practical business experience.

In countries emerging from authoritarian regimes and conflict (what the Framework calls “rebuilding states”) the working group argues that USAID does not fully understand how elites and warlords manage the economy in ways that maintain their monopolies on power. These groups benefit from conflict, and USAID does not have successful models for how to “democratize” economic development programs. The working group suggests more work on linking economic growth and democracy programs.

Finally, the working group believes that USAID should place much more emphasis on employment opportunities for the young than it currently does, to help deal with the youth bulge entering the worldwide workforce in the next 10 years.

Response:

Elizabeth Boggs Davidsen, *Senior Policy Specialist, Strategic Planning Department, Inter-American Development Bank (IDB)*

The Opportunities for the Majority (OM) Initiative is a new office at the IDB that functions as an incubator for private sector, market-based solutions to alleviate poverty. In June, 2006 the IDB held an international conference called “Building Opportunities for the Majority” to showcase a number of successful business-led and collaborative approaches to poverty alleviation from Latin America and the rest of the world. To design the OM Initiative and prepare for the conference, the IDB commissioned the World Resources Institute and the Institute of Liberty and Democracy to conduct research to determine the dimensions and characteristics of the “majority” in Latin America and the Caribbean (LAC), as well as barriers or impediments to development. From this mapping exercise, the IDB defines the “majority” in LAC as 70 percent of the region’s population, comprising 360 million people with annual earnings of \$3,260 or less. The IDB has calculated that the majority, or “bottom of the pyramid” (BOP) represents a huge untapped market with \$509 billion in purchasing power. Many companies want to access this market but are held back by traditional misperceptions that the poor don’t pay or don’t value quality or technology. In fact, most consumers and producers in these markets have very few choices and are subject to traditional local monopolies, leading to a poverty penalty—they pay more for access to basic services and products.

The IDB’s mission has always been poverty alleviation. What is new about the OM Initiative is that it seeks to engage low-income communities together with private businesses in the development of quality products and services, the creation of jobs, and the integration of the majority into the productive sector. In other words it seeks business-led approaches to problems that have typically been the purview of sovereign nations. These private-sector strategies can lower prices, raise quality, increase access, and create jobs. It is a small initiative so

far, but the Opportunities for the Majority office expects that within three or four years it will be a mainstream activity at the IDB. The Initiative calls for an intensified and more focused effort by the Bank to promote services aimed at the poor that can serve as ladders out of the poverty trap. This is the right time for an initiative like OM. Governments are seeking to create public-private partnerships; investors are searching for innovative, profitable, and expanding opportunities to serve the poor; and corporations large and small are beginning to offer better-quality goods and services to low-income markets.

Already, across the IDB's lines of business this new awareness of a large BOP market is leading to new approaches. Some new models involve innovations in products or processes; others create supply, distribution, and marketing channels that build on these local relationships; still others attempt "co-creation," where value is jointly developed among various consumers and producers, distributors, and suppliers. The best known are in the areas of microfinance and cellular technology. In Venezuela the IDB is considering supporting a program to offer prepaid medical insurance to low-income people; in Mexico it works with a company that aims to channel remittances into housing and building supplies. In the coming years the IDB will continue to support a variety of models and learn from all of them.

(2) Governing Justly and Democratically

Aaron Williams, *ACVFA Member and Vice President for International Business Development, RTI International*

The Foreign Assistance Framework defines the goal of governing justly and democratically as "promoting and strengthening effective democracies by moving recipient states along a continuum toward democratic consolidation." All will recognize that there is not a single trajectory that applies to all countries or categories of countries, nor is the trajectory always linear.

Despite the Framework's focus on strategic coherence, the working group is concerned about the compartmentalization it sees among programs. One cannot intervene in any one development area in isolation. Economic growth, improvements in education, and gender integration, for example, are all clearly linked to democracy building.

USAID's poverty reduction goal is consistent with the Agency's long history of serving the poor. The working group does believe it is important, however, that a clear distinction be made between the core elements of a Democracy and Governance project and one whose primary focus is addressing the social needs of beneficiaries.

Currently the framework recognizes crosscutting functions such as “program design and learning” and “personnel.” While programs must be tailored to country-specific circumstances, USAID should consider how to promote those essential governance priorities that should apply across every country, such as gender equality and combating corruption. It is widely understood that the effectiveness of aid in all sectors depends on efforts such as improving citizen access to information, making procurement processes more transparent, and enhancing citizens’ abilities to monitor their government’s activities.

A fundamental element of every USAID governance program should be coordination with other donors working in the field. Experience in the field shows that recipient governments have difficulty fulfilling the sometimes different or overlapping requirements for governance programming and reporting of donors working in their countries. While USAID may address this issue on an ad hoc basis, the Framework should spell out the Agency’s commitment to gathering information about other donor activities and working to ensure complementary programming.

The Foreign Assistance Standardized Program Structure does not consider the private sector a part of civil society. The working group argues that at least some elements of the private sector should be recognized as such, proposing a new Program Sub-Element 2.4.1.6, “Business Associations and the Private Sector”: “Develop and strengthen independent and democratic business associations and other private sector and professional (e.g., lawyers, accountants, engineers) organizations to promote transparent policymaking, strengthen accountability and governance, and improve standards of living.”

The Framework contains almost no mention of women’s critical role in democracy building and good governance. More emphasis is needed on gender-focused strategies and the Agency-wide use of gender analysis in strategic planning. Gender should be seen as a crosscutting issue, one considered in all program areas, with appropriate indicators.

In countries emerging from authoritarian regimes and conflict, the dismantling of repressive institutions often increases, rather than decreases, instability in the short term. The working group is concerned that the Framework is overly optimistic about the use of standard approaches in the rebuilding process. USAID and other donors can play an important role in providing support to reformers, but national actors must lead and manage the reestablishment of the social pact that underpins stability.

In addition to the structural changes needed to govern justly and democratically, USAID must pay attention to the policy-making process in democratic systems. Inclusive policies that recognize the roles and responsibilities of the full range of societal actors—government, nongovernmental organizations (NGOs), the

private sector, labor, and civil society—contribute significantly to stability, effective service delivery, and legitimacy.

The working group's paper was a team effort, with contributions from Nancy Zucker Boswell, Managing Director of Transparency International USA; Michael Allen, Special Assistant to the Vice President on Government and External Relations at the National Endowment for Democracy (NED); Lorne Craner, President of the International Republican Institute (IRI); Elise Fiber Smith, Senior Policy Advisor on Gender for Winrock International; and John Sullivan, Chairman of ACVFA.

Response:

Carl Gershman, *President, National Endowment for Democracy*

The Foreign Assistance Framework is unfortunately too template-driven, without any feeling for political context. It is distinctly technocratic, presenting its goals as if the promotion of democracy were not a contested political enterprise.

This may be a legacy of 1989 and the third wave of democratization, when USAID entered the field of democracy building. At that time it was generally thought that democracy was progressing everywhere, and the only question was how best to consolidate its gains. The Framework seems to have inherited this idea of democracy consolidation.

But even then these ideas were controversial. The National Endowment for Democracy (NED) published an article in the *Journal of Democracy* in April 1996 ("Toward Consolidated Democracies," by Juan J. Linz and Alfred Stepan) discussing five conditions for consolidated democracy: political society, civil society, economic society, a confident governing bureaucracy, and a rule-of-law state. But the authors also talked about the problems of ethnic clashes in multinational states and what they called "simultaneous economic and political reform" such as was occurring in Russia and Poland at the time: economic reforms that were underway created problems for political reform.

Today, the obstacles to democracy are very different. If USAID entered the field during the third wave of democratization, we now find ourselves in the third reverse wave of democratization.

- Countries such as Russia and Venezuela are backsliding. Even as democracy is eroding in these countries, however, they still try to operate within the forms of democracy and call themselves democracies.
- In a backlash against democracy promotion and responding to the Orange Revolution and other factors, some governments are seeking to crush NGOs, eliminate political opposition, create phony NGOs, cut off international assistance, and make it difficult for international democracy-promotion organizations to operate in their countries.

- Democracy promoters must contend with the impact of high oil prices and of towering antidemocratic demagogues in Venezuela, Iran, and Russia.
- China has risen as both a country that supports antidemocratic governments and an alternative, nondemocratic model for development.
- Islamist opposition movements in the Middle East marginalize democrats and are used as an excuse by authoritarian governments to justify their own hold on power as the best way to hold off what they call the Islamist threat. The threat of terrorism has also given autocrats an excuse to crack down on their populations at the same time as it has given democratic states a reason to make common cause with them.
- Finally many new democracies are not performing well for their people. They are often corrupt and incompetent. In Latin America, for example, this has encouraged the rise of populists.

The Framework recognizes none of this context.

The paper also seems to be driven by Washington, not by the realities of activists on the ground in countries. It talks of devolving foreign-assistance decision making to missions, but even this raises the issue of whether the Framework will privilege bilateral programs at the expense of thematic or interregional ones. The most fundamental problem, however, is that democracy cannot be driven from the outside, it must arise from within.

The Framework appears to aim to move countries along a trajectory from one of its categories to another. This underestimates the possibilities in some countries that may now appear to have no prospects for democracy. When the Moscow-Helsinki group was created in 1976, for example, there seemed to be no hope for democracy in the Soviet Union. If one demanded realistic evidence that a country might be ready to transform, one might end up never investing in places like Burma, which would dismay many in Congress and contradict the President's own focus on the country.

The Framework is primarily a governmental one. The very title—"Governing Justly and Democratically"—suggests a primary focus on working with governments to help them improve their performance. That may lead to a good division of labor between USAID and the NED, which is oriented toward NGOs. The problem, though, is in the Framework's categories. The NED has its own categories: opening up dictatorships, dealing with backsliding semiauthoritarians, dealing with problems of performance and success in emerging democracies, and rebuilding in postconflict countries. The Framework's categories seem oriented toward the last two of these: emerging democracies and rebuilding countries. USAID does not appear to have strong plans for what it calls "Restricted Countries" and the NED would call dictatorships and backsliding countries. This may lead to another fruitful division of labor between USAID and the NED, which is not part of the F Process reforms.

Some areas have not received enough attention. The working group's paper rightly argues that the private sector should be included in civil society. The Framework also does not pay enough attention to minority rights and religious rights.

Finally, the Framework neglects the area of free media. Media deserves a category of its own, not merely a subcategory of civil society. It is no less important in the democratization process than good government, civil society, and political competition. Edmund Burke, speaking before Parliament, once noted the three estates of Parliament—the aristocracy, the church, and the Commons—and then, looking up at the press gallery, said “Yonder sits the Fourth Estate, and they are more important than them all.” More recently the Fourth Estate has been understood as a check on the three branches of the state: the executive, legislative, and judiciary. As Jefferson once said when asked to decide between government without newspapers or newspapers without government, “I should not hesitate for a moment to prefer the latter.”

The benefits of free media affect many of USAID's concerns: holding governments accountable, transparency, and economic transactions crucial for economic and social development. Media is often supported simply to facilitate other objectives, such as conflict resolution or public health education. It should be supported in and of itself. It is necessary for peace and security, conflict resolution, and facilitating communication among governments, civil society, and the public. As Amartya Sen has pointed out, substantial famine has never occurred in any independent, democratic country with a relatively free press, because the media can alert the country and the world to the problem.

(3) Implementation Mechanisms

Nancy Lindborg, ACVFA Member and President, MercyCorps

Two recent trends in USAID's implementation mechanisms are of concern to the working group: a shift toward the selection of acquisition mechanisms (contracts) and away from assistance mechanisms (cooperative agreements and grants); and the increased use of “bundling,” in which multisectoral program components are combined in omnibus Requests for Proposals (RFPs) and Requests for Applications (RFAs). The latter is accompanied by an increased reliance on Indefinite Quantity Contracts (IQCs).

Acquisition vs. Assistance Mechanisms

The Federal Grant and Cooperative Agreement Act of 1978 defined implementation in terms of the purpose of the award and the relationship created between the U.S. government and the award recipient. Acquisition mechanisms are those intended to “acquire by purchase, lease, or barter property or service

for the direct benefit of the U.S. government,” whereas assistance mechanisms are those intended to “transfer a thing of value to the recipient to carry out a public purpose of support or stimulation authorized by a law of the United States.” The working group sees an inherent logic flowing from this legislation, a degree of separation attained through the assistance mechanism not present in the acquisition mechanism.

Yet Automated Directives System (ADS) note 304, the guidance note given to USAID procurement officers, suggests that no particular activities are better suited for one type of instrument over the other. The working group recommends that USAID give more thought to which instrument is preferred in a given situation, and that ACVFA designate a new working group to assemble a detailed list of programs exclusively appropriate for each mechanism. In addition, the working group recommends that USAID:

- Revisit and revise sections of ADS 303 and 304 to ensure compliance with the Federal Grant and Cooperative Agreement Act
- Provide additional training to mission-based staff on the appropriate use of assistance and acquisition mechanisms
- Compile a “lessons learned” document for USAID contracting and agreement officers
- Explore the efforts of other federal agencies, and identify and adapt best practices
- Be cautious of recent trends to manage grants and cooperative agreements like contracts, and avoid the “contract-like” management of assistance awards

The working group also recommends better compilation of clear data about current trends in contracting, to be shared regularly with ACVFA and the general public.

“Bundling” of Multisectoral Program Components

USAID has turned to “bundling” because of a perceived benefit of management efficiencies. As the Agency has struggled with a reduced budget for operating expenses, it has tried to get the most from a limited pool of overworked procurement officers. Yet the working group feels the practice of “bundling” creates unnatural partnerships, leads to potential conflicts of interest even within sectors, and gathers complicated lines of communication all through a single contractor.

At the same time, USAID has increased its use of IQCs, limiting its pool of partners, expertise, and ideas. The Agency will give work to an organization inexperienced in a given area simply because it holds an IQC, rather than enabling organizations with long experience in a country to continue to participate.

The working group recommends that USAID:

- Commission a qualitative and quantitative study of the bundling phenomenon, to examine cost efficiencies and impact on the quality of development programs
- Highlight and encourage the best practice of posting draft RFAs/RFPs for comment so that bundling concerns can be raised with mission personnel
- Ensure sufficient operating-expense budgets to foster effective development practices

The working group included Ken Wollack, President of the National Democratic Institute; Nancy Aossey, President and CEO of International Medical Corps; George Ward, Senior Vice President of World Vision; Samuel Worthington, President and CEO of InterAction; and Constantine Triantafilou, Executive Director and CEO of International Orthodox Christian Charities.

Response:

Jack Sullivan, *Senior Vice President for Programs, Social Impact, Inc.*

As the British say, “Different horses for different courses.” In other words, the purpose of a USAID activity should affect how it is contracted. The ADS guidance note suggestion that no activities are better suited for one type of instrument than another is plainly mindless.

The working group report seems to say that all or most democracy projects should go to NGOs such as the National Democratic Institute (NDI), the IRI, the AFL-CIO Solidarity Center, or others. Each of those groups openly says it has its own foreign policy. But they all take taxpayer money, and the custodian of that money—the U.S. government—already has a foreign policy, be it misguided or not. Contractors do not have a foreign policy. The State Department and USAID may well find it more convenient, therefore, to work with them.

That is not to say that USAID does not sometimes fail to distinguish the most effective contracting mechanism. Right now, a USAID procurement is in the works for a multimillion-dollar program of road building in Afghanistan. Several American companies have been building roads in Afghanistan for some years; they will not be able to bid as a prime contractor because the procurement is to be issued as a cooperative agreement, meaning it will go to an NGO. Road companies can be subcontractors and take a profit, but the prime contractor must be an NGO, and the initial document from USAID suggests that the NGO might make a financial contribution to the contract. This is absurd. The winning NGO clearly must subcontract to a road-building company, and it is unclear whether it will be able to undertake the huge management responsibility the project will entail in highly difficult circumstances.

The working group report calls for more USAID contracting officers. It would be enough to have smarter, more energetic ones, people who understand something about “different horses for different courses.” We all—NGOs, contractors, and taxpayers—would be better off.

Questions and Answers

William Reese, ACVFA Member, commented that IDB’s message of “opportunities for the majority” struck the right note. “Cutting poverty in half” does not resonate the same way. “Opportunity” means giving kids an opportunity to go to school, giving workers an opportunity in the economy, allowing poor people to aspire.

Stephen Moseley, ACVFA Member, asked how one might engender adequate attention to microenterprise without a healthy emphasis on training.

Mr. Weihe said that the Economic Growth working group struggled with the question of microenterprise. It recognizes that microenterprise is a good mechanism for reaching poor people, but the category was supposed to be economic growth. Microenterprise helps poor people but is not a good growth mechanism; microenterprises rarely grow into employment-generating SMEs. The group decided that USAID puts adequate emphasis on microenterprise but not enough on SMEs with the potential to grow and employ many rural people. There are ideologues in the microenterprise field who believe that training cannot be offered at all because the enterprises themselves are too varied. It is a valid concern, however, that USAID resources may be directed away from training programs to economic growth investment. On the other hand, there are real problems with using resources for training rather than loans when resources are limited.

Ms. Davidsen said that much of the IDB’s training in microenterprise is in microfinance, trying to help those lenders grow into regulated institutions.

Mr. Moseley asked about the role in democracy promotion of grassroots participation through the Internet.

Mr. Gershman replied that the Internet is a rapidly developing mechanism that makes it possible to reach dissidents in backsliding or restricted countries, which was never possible in the 1970s and 1980s. It can do so even though, for example, China employs 30,000 Internet censors.

Mr. Gershman noted that the NED does not have its own foreign policy. It is a bipartisan organization supporting democratic institutions that are viewed by Congress and the administration as furthering the national interest. The NED does not fund the AFL-CIO; it funds the Solidarity Center to promote democracy.

When one supports democracy one supports activists on the ground, not to advance one's own objectives or those of the United States, but the activists'. If one's work is seen as making them pawns of the United States, it undermines the effort. Activists must be supported because what they do is consistent with America's fundamental national values, not because they are instruments of American foreign policy.

Mr. Sullivan of Social Impact said that people from both NDI and the Solidarity Center have told him, in exactly those terms, that they do have their own foreign policy. It came up in the context of being asked by USAID to do things contrary to their policies. By contrast, while a contractor may decide not to work in a given country because of safety concerns, no private firm will turn down a contract because an activity is contrary to its beliefs.

John Sullivan, ACVFA Chairman, said that there is a tension between the contracting mechanism and the mission-driven organization. The Center for International Private Enterprise (CIPE) does not have its own foreign policy; a 501(c)3 NGO is not allowed to take positions on U.S. foreign policy, although the U.S. Chamber of Commerce might. That distinction probably applies to the relationship between the Solidarity Center and the AFL-CIO.

Some programs funded by USAID should not bear a USAID logo: ballot security, for example, or election observation. In these areas it is important to preserve distance from official government operations. There are times when the U.S. government will want to use a *grant* mechanism in order to be able to say, "We are supporting indigenous organizations carrying out their own operations."

NGOs tend to be mission-driven, whereas contracting organizations are client-driven. There is nothing wrong with serving client interests. There are times when each is appropriate.

Mr. Moseley said that one of the problems with IQCs is that they make it harder to sustain institutions and preserve institutional knowledge. NGOs and private contractors alike face the problem of carrying over what they have learned from one project to the next. With IQCs the federal government makes no investment in such preservation, and that has been a great loss to the community over the last decade and a half, because only the largest organizations survive; the smallest can't sustain themselves.

Ms. Lindborg said that the difference between a contracting services agreement and a grant is the degree to which the activities are intended to serve the interests of the U.S. government. That distinction may deserve more clarification, because it goes to the heart of development philosophies. One must support the aspirations and goals of the residents of a country, rather than advancing the goals of the United States. At the same time, those in the development community should make it clear that this approach is ultimately in America's

interest. In the drive for management efficiencies, leading to larger bundled programs and an increased use of IQCs, USAID is losing its ability to support other countries' priorities, at the same time as it loses the depth and breadth of the field's experience.

Mr. Sullivan of Social Impact agreed that IQCs don't allow for the accumulation of knowledge. They are episodic and do not promote institutional learning for USAID or for the organizations that hold them. Usually, whatever knowledge is gained by an individual holder of an IQC is not shared with others and is lost once the IQC ends.

Michael Walsh, Chief Acquisitions Officer for USAID, said that for USAID the issue is not the trend toward the use of acquisition mechanisms but rather selecting appropriate instruments. Some of the Implementation Mechanisms working group's recommendations make a similar point. But USAID has already discussed with the working group that it is not comfortable at this point setting aside some sectors for acquisition mechanisms and others for assistance mechanisms. USAID's goal is to make its people better informed in their decisions about which mechanism to use, and to be more transparent in making these decisions. Bundling is an important issue for all the reasons the working group addressed. In recent years, the trend toward reducing management units was too simplistic. The working group's recommendations in this area will lead to better decisions in the future.

Ms. Lindborg thanked Mr. Walsh for his help as the working group prepared its draft.

Sam Worthington, ACVFA Member, suggested it might be useful to foster dialogue between the NGO and contractor communities about which contracting method would be appropriate for given projects. He also pointed to an inherent tension between U.S. government templates and priorities, on the one hand, and NGO work that is aimed at building communities' abilities to set priorities locally, on the other. It is important to state explicitly that development is rooted in local partnerships. The Foreign Assistance Framework never does say that.

Mr. Sullivan of ACVFA agreed that this tension runs through all development work and affects all development organizations, not just USAID. The more an organization puts its label on work and takes credit for it, the less independent political standing its partner has. There are areas—such as road-building—where letting it be known that America cares and is paying for the project is an important foreign-policy objective. Such branding makes sense. Conversely, branding the wrong thing can undermine important efforts. The development community needs to discuss the effectiveness of various methods in greater depth. Despite USAID's concern for evaluation, it has given short shrift to the question of how work is carried out.

Judith Hermanson, ACVFA Member, asked what consideration the Economic Growth working group gave to the informal economy as distinct from microenterprise. Does it assume that introducing SMEs can formalize the informal economy?

Mr. Weihe said that as USAID has tended toward an emphasis on competitiveness, almost all of its focus has been on the formal sector of the economy, especially in cluster analysis. The working group believes USAID should consider whether it is really reaching poor people and the informal sector, and whether it is improving conditions or merely taking credit for improvements that would have happened anyway. Bangladesh offers a good example. USAID issued a Request for Proposals but barred applications for work in the garment sector, saying there was too much competition from low-cost fibers from China. If you know anything about poor women in Bangladesh, though, you know that the garment sector is their primary employer.

Ms. Davidsen added that the overwhelming majority of the bottom of the pyramid in Latin America is in the informal economy. Fifteen percent of children don't have any form of documentation. Most of the business-led solutions the IDB is testing are aimed at bringing people into the economic mainstream.

Michael Nyenhuis, ACVFA Member, asked whether USAID had put enough effort into bringing youth into the formal economy through training and financing.

Ms. Davidsen said that the IDB needs to pay more attention to this issue. Its traditional lending and education programs are not helping youth employment. In the future the Opportunities for the Majority Initiative will focus on job generation, trying to connect youth to the private sector and identify new opportunities for the young.

Margaret Goodman, Government Relations Coordinator for World Learning for International Development, agreed with the concerns about compartmentalization raised by the working group on Governing Justly and Democratically. But this seemed to contradict the discussion immediately following of a need to focus on the core purposes of programs. A central element of democracy is the ability of communities to hold governments accountable for all activities: health, roads, education, etc. Perhaps this confusion is related to the fact that everyone seems to have his or her own definition of what "democracy and governance" entails.

Mr. Williams said that the working group is concerned that there aren't enough linkages among the various parts of the Foreign Assistance Framework. It may not be easy, but such links need to be forged in order to promote democracy. In discussing the principal purposes of programs, the working group was not backing away from its concern about compartmentalization; it was recognizing the need to balance progress within a program category—the achievement of specific development goals—with the overall goals of the Framework.

Mr. Gershman said that there is a key difference between supporting groups in and of themselves as opposed to supporting them as instruments of a particular objective, such as economic growth or fighting terrorism. The NED supports groups as core elements of a democratic society, taking the approach that building institutions of democracy is an activity that will ultimately benefit the United States. The NED's approach to branding, for example, is to give local groups the opportunity to decide whether or not to announce the NED's support. This is not so much an issue of cover or deniability as it is a commitment to empowering people and supporting their objectives.

There is a distinction to be made in this regard between governmental and nongovernmental programs. When the United States supports another country in building roads, it makes perfect sense to give the work to private contractors. For human rights work, however, this may not be as appropriate. A gray area may be found in the support of elections. The U.S. government has a stake in making sure these run properly.

Mark Henken of the Solidarity Center said that his organization does not have a foreign policy, although it does have founding principles. It also has unique access to countries that offers opportunities for discussion and debate unavailable to private contractors or the U.S. government. He agreed with the Economic Development working group that it is important to help the world's poorest people. At the same time we must recognize that we live in a global economy that affects people's lives everywhere. He argued that the working group's draft reflected a narrow, single-country view of economic development that was no longer appropriate.

Mr. Weihe replied that USAID's current program design process leads it to invest mainly in economic sectors that are likely to grow, where countries have an economic advantage—without necessarily analyzing employment potential and poverty alleviation, particularly in rural areas. In a given country USAID might have to decide whether to invest in livestock, which would affect many people, or floriculture, which would reach just a few but generate a greater return. Often, USAID's current processes will lead it to choose floriculture, even though development would occur in that sector anyway through private investment. That is the criticism: not that international trade can't help a country grow, but that USAID has not been making the right choices in the use of limited, taxpayer-supported programs intended to alleviate poverty and aid global health.

Jean Rogers, Deputy Director of CIPE, noted that one of the slides in Mr. Weihe's presentation argued that USAID ought to engage less in advocacy initiatives. In its paper, though, the working group goes on to discuss the importance of legal and regulatory reform, institutional reform, engaging the business community, crafting an enabling environment, and making economic

development more democratic. She asked how those notions could be reconciled.

Mr. Weihe replied that the key is to pursue a bottom-up approach. Historically USAID has distinguished between politically-active NGOs and others, and determined that those with a primarily political focus are not sustainable. But a network of SMEs will advocate for the laws and regulatory structures they need to support their businesses. This sort of advocacy—embedded in economic development—can be successful. Supporting think tanks or a central reform of regulation would be less so.

Maria Rendon, Deputy Director of the Center for Democracy and Governance at USAID, said the democracy field has struggled with branding since the issue first emerged. USAID works with its partners in these difficult areas and grants waivers when appropriate, especially in elections. USAID also considers its work with civil society groups to be as important as its work with other governments. She asked whether in suggesting a division of labor Mr. Gershman had been suggesting that USAID abandon its work in civil society.

Mr. Gershman said that usually the NED provides funding to its institutes to help them launch, and then USAID helps them build up their capabilities further in areas where they've shown success. When the NED supports those institutes it does so to build core institutions in society, not to achieve specific objectives.

The other “division of labor” suggested in his remarks referred to what USAID calls “restricted” countries and what the NED calls either “dictatorships” or “backsliding, semiauthoritarian” states. It is extraordinarily difficult for the U.S. government or USAID to work in those areas; they may operate small exchange programs, but it is almost impossible for them to support independent civil society, media, and political groups there. USAID must understand those limitations. (It should also avoid the use of “partnership”: very restrictive, dictatorial countries may be allies of the United States, but they should never be honored with the word “partner.”) This division of labor does not mean that the NED plans to abandon emerging democracies and postconflict states, however. The groups it supports can be an important check on governments there. In such states the NED and USAID will have to discuss where the work of one ends and the other begins.

Mr. Williams thanked Ms. Rendon and her colleagues for the wide-ranging discussion she and her colleagues offered the working group on Governing Justly and Democratically as it wrote its paper.

Charles Uphaus, Senior Foreign Assistance Policy Analyst at Bread for the World, said that in his experience, some of the best democracy and governance results have come from economic growth or environmental projects: rural cooperatives, for example, or environmental user groups. He asked whether it

was possible to focus on agriculture programs without closing countries' gaps in areas such as agricultural research and education.

Mr. Weihe replied that the development community needs to engage universities. Many countries need help building up their capabilities in these and similar areas.

Ms. Lindborg said that the draft paper of the Implementation Mechanisms working group currently focuses on democracy and governance programs, but that the working group plans to broaden the paper in response to the public comments it receives.

KEYNOTE: TRANSFORMATIONAL DIPLOMACY

James R. Kunder, *Acting Deputy Administrator, USAID*

This is a time of enormous change within USAID. Ambassador Randall Tobias has left and the President has appointed Henrietta Holsman Fore as the acting USAID Administrator and State Department Director of U.S. Foreign Assistance, and announced his intention to nominate her to fill both those roles permanently. Many people have questions about what this will mean for the F process reforms and the Foreign Assistance Framework.

The world has changed dramatically in the last few decades. Thirty years ago, U.S. government official assistance represented a much greater share of foreign aid than it is today. Since then, other flows—private investment, remittances, private contributions, and contributions from nontraditional programs within the U.S. government—have grown proportionately much larger, leading to a much more diverse and complex set of assistance arrangements between the United States and the developing world. The last several decades have also seen the fall of Communism and the rise of extremism.

The Secretary of State initiated the recent foreign-assistance reforms by asking what, given such multitudinous flows of capital, official U.S. foreign assistance should aim to achieve. What special role can U.S. foreign aid play in a world where the Gates Foundation exists? What specifically should USAID be doing? Perhaps USAID should focus the bulk of its resources on the least prosperous, least stable, least well-governed nations, because that is where its missions can have the greatest effect compared to other actors.

All these questions are as relevant today as they were before the recent personnel changes.

The dual-appointment system begun with Ambassador Tobias will be maintained, subject to Senate confirmation. Ms. Fore previously served as the first USAID Assistant Administrator for Private Enterprise, and went on to become Assistant Administrator for Asia. She knows USAID from the perspectives of both a regional bureau and a functional one. As Undersecretary of State she has been working to meet the Secretary's vision of transformational diplomacy by driving the State Department toward a twenty-first century workforce. She has worked to make the workforce more diverse and oriented toward practical accomplishments, and increased outreach and recruitment tremendously.

Ms. Fore is conducting tours of USAID now to familiarize herself with the full range of staff and programs. She has made it clear that she intends to proceed with the reforms begun under Ambassador Tobias. For example, she is committed to the proposition that USAID and the State Department need a uniform system of measurement to assess development contributions around the world. There have been vigorous discussions, which are likely to continue, about whether the particular scale and categories established in the Foreign Assistance Framework are appropriate. But the essential idea is that for the programs the U.S. government undertakes—whether in economic growth, governance, investing in people, or protecting mountain gorilla habitat—there must be some universal scale against which to measure them, so that USAID and the State Department can compare programs across countries and make rational decisions about resource allocation.

Ms. Fore is also committed to the notion of balancing guidance from Washington about priorities with the field expertise needed to make programs work in the real world. She is only beginning to assess programs in detail, and will wait until after Senate confirmation before deciding whether to adjust those central priorities.

Finally, Ms. Fore intends to continue the efforts begun within USAID to determine the Agency's particular role. She shares the belief of many that USAID continues to do excellent work, but that it has been overextended by 30 years of layered Foreign Assistance Act mandates, followed by more recent requirements to assist in managing the Millennium Challenge Corporation (MCC), the President's Emergency Plan for AIDS Relief (PEPFAR), and other foreign assistance programs. Thus far, work done primarily by career staff indicates that USAID's special attributes—its missions and its ability to conduct sustained technical assistance—can do the most good, compared to other branches of the U.S. government, in the poorest and least stable countries. This is not to say that USAID's work in Jordan, Russia, or South Africa is not important, but given the size of the Agency's staff and the investment required to sustain a full mission, resources should be concentrated in relatively poorer, more unstable places.

Questions and Answers

Ted Weihe, ACVFA Member, asked how the MCC and USAID were cooperating to make decisions. From the outside it appears that the balance is occurring on a country-by-country, ad hoc basis. How will the F process reforms affect the MCC's programs?

Mr. Kunder said that USAID has a relatively new process for dealing with the MCC and a new Director of Foreign Aid (DFA) process at the same time. Numerous complications arise when so many new things happen at once. All sides understand the difficulties and are cooperating in good faith. Officially, the Millennium Challenge Account (MCA) is outside the DFA purview. But the Secretary of State's daily staff meetings are attended by all these players, and institutionally the USAID Administrator and the Secretary of State sit on the MCC board, and all F process country plans are supposed to take MCC funding into account. Additionally, within the MCC framework, USAID is responsible for so-called "threshold" countries. This is a good but complex system, and one that will take some time to smooth out.

Sam Worthington, ACVFA Member, noted that Mr. Kunder mentioned USAID's focus on less prosperous and well-governed countries. Within many countries there are places that are less prosperous, for example, areas of northern Brazil that would be the equivalent of some countries in Africa. How will USAID address populations that don't neatly fit into countries?

Mr. Kunder replied that the Foreign Assistance Framework was designed to focus on nation-states as the important units of operation. That focus was related to the original intent of more closely aligning U.S. foreign assistance with U.S. foreign policy. Soon afterwards those involved with the Framework recognized that this approach left out transnational issues and subnational groups. The Framework was changed to recognize transnational issues, and the mission statement was amended to include a commitment to poverty reduction. Clearly, however, the system is still intended to help nations progress along the continuum the Framework defines. All of the evaluation datasets are at the nation level. India, for example, is building nuclear submarines at the same time as it continues to have some of the largest concentrations of desperately poor people on Earth. The development community should continue to press USAID in this area.

Mr. Worthington asked how USAID will cope with such large changes given that it is slated for a 15 percent reduction in operating expenses.

Mr. Kunder said that USAID has lost 80 percent of its staff over the last 25 years. To some extent the system has compensated. The Agency now has a large number of foreign nationals on staff, by now the largest single component of its workforce. It has expanded the use of personnel services contractors internally and increased the use of large contracts. All of this is to compensate for the fact that USAID now works in more countries than 20 years ago and

oversees many more program dollars, all with a much smaller staff. To address these problems, Ms. Fore has expressed interest in opening up the question of proper staffing levels without preconceptions. Federal guidelines indicate that the average contracting officer should manage around \$10 million in contracts per year; in USAID each contracting officer oversees an average of \$57 million in contracts. At some point the system's management and oversight capabilities are simply overstressed.

Stephen Moseley, ACVFA Member, said that in trying to respond to the same global shifts Mr. Kunder described, other donor nations are looking for constructs that insulate development assistance from foreign policy—because that's good foreign policy. The U.S. government, by contrast, is trying to integrate them. There is a tendency abroad to move to constructs that preserve and ensure high-level, high-quality, long-term development assistance; by contrast, the U.S. government is subordinating aid to the foreign policy establishment. The United States is investing most of its money in things (such as roads or manufacturing plants) rather than people, while branding its work as coming from the American people, who want to invest in populations. Given that there seem to be a lot of morale issues, dissonance, and pushback on these reforms, and given that most donor nations seem to be marching in the other direction, he asked whether there was any intention to reassess them.

Mr. Kunder said that USAID's position opposes creating a separate department of international development and believes that the reforms are working well. He said he had just returned from the G8 Development Ministers' Conference, and it is interesting how many countries have turned to the bifurcated approaches Mr. Moseley referred to. With a new Congress, the debate here has opened somewhat. The new Framework itself has stimulated debate.

It is a bit of a caricature, however, to say that aligning U.S. foreign assistance and foreign policy implies a short-term, political focus. Much of that has to do with how the decision-making process is structured internally, and who has the power to make authoritative decisions. Secretary of State Condoleezza Rice understands that it is important for U.S. foreign policy that the AIDS pandemic come under control, for example, or that there be vigorous civil societies around the world.

Mr. Kunder said that Ms. Fore and Secretary Rice would agree with him that it is important to have a branch of the U.S. government focused specifically on long-term development—to ensure that long-term development priorities are represented when large decisions are made, even more broadly than they are now. But it is not necessarily important to preserve a stand-alone bureaucracy. That risks unnecessary confusion and contentious internal politics.

PRESENTATION TO BENJAMIN HOMAN, FORMER CHAIRMAN OF ACVFA

James Kunder, Acting Deputy Administrator of USAID, presented Benjamin Homan with a formal certificate of appreciation in recognition of his service as Chairman of ACVFA from August, 2005 to December, 2006. The certificate reads:

As a member of the Advisory Committee and then as its Chairman, Mr. Homan brought energy, leadership, and a spirit of service to his role. During his tenure the U.S. government undertook a major reform of foreign assistance and a leadership transition. Mr. Homan ensured that ACVFA and its constituency were informed and involved in providing critical advice about the transformation process. His ability to balance the constituencies that represent ACVFA is to be especially commended, as well as his evenhanded approach to the Committee's mandate. His service and leadership are gratefully acknowledged with the hope that he will continue to stay engaged in the larger issues of U.S. foreign assistance.

Benjamin Homan, former ACVFA Chairman and President of Food for the Hungry, thanked USAID and ACVFA for the recognition. He said he took a few moments to review the Foreign Assistance Framework before arriving, and the words that leapt off the page were: justice, democracy, mercy, humanitarian assistance, understanding, communication, cooperation, opportunity, helping, serving, equality, transparency, empowerment, vision, and nurture. To be in a room where there is interest in these concepts is a great experience, and it was an honor to serve as Chair of this Committee.

In connection with his role on the Helping to Enhance the Livelihood of People around the Globe Commission, Mr. Homan said he has been spending time with USAID missions. USAID has tremendously impressive people in the field, doing a lot with not as much as they need and serving with heroic dedication.

A few days ago, Mr. Homan said, he had a phone conversation with one of the significant stakeholders of Food for the Hungry. That man had read the press accounts about Ambassador Tobias. He asked, "What have you done to communicate concern and compassion toward him?" Mr. Homan said he was silent, because he had not yet done anything.

That question also applies to those present. Each of us has colleagues who have made poor choices in their lives. As we think about exercising our values in poor communities, we are also called to exercise them with friends, coworkers, and colleagues.

AFRICOM

The Honorable **Christopher Ryan Henry**, *Principal Deputy Undersecretary of Defense for Policy*

Africa Command (AFRICOM) is a new initiative of the Department of Defense (DOD) to coordinate U.S. government interests across Africa. Although AFRICOM is a DOD initiative, it is composed of members of the entire U.S. government. A model for 21st century operations, AFRICOM's primary mission, when it is up and running, will be to prevent problems from becoming crises and crises from becoming conflicts. Planning is currently underway; AFRICOM will assume some of its responsibilities beginning in October of this year and will be fully operational by October 1, 2008.

Informed experts outside DOD and even outside the government are beginning to appreciate AFRICOM's potential. Writing in the most recent issue of *Esquire*, the military futurist Tom Barnett, author of *The Pentagon's New Map*, calls AFRICOM "a serious experiment" in the three D's: diplomacy, development, and defense. According to Barnett, AFRICOM will be "the future of the struggle and the struggle of the future" as we move toward understanding how security factors into the broader development of civic society.

AFRICOM will evolve; it will not look the same in five years as it does at its inception in 2008. Those involved intend to try new things and learn from the initiative as it is implemented. They envision creating a command as unique and diverse as Africa itself.

For too long DOD has viewed African relations through the outdated prism of the Cold War. Until recently, African issues were deemed unimportant to American interests, or important only in the context of mounting a humanitarian response once a crisis was underway. But in fact Africa is already important in global affairs, and its importance will only continue to increase in the coming years. The United States cannot help but be engaged in Africa; its diverse population, political representations, and expanding economies are of vital interest to America.

Unfortunately, many nations of Africa are beset by serious economic problems, growing demographic challenges, multiple health care failures, and long-term political and governance deficits. The Fund For Peace lists eleven African nations on its 2006 roster of the twenty states most likely to fail. History has demonstrated that states experiencing these types of pressures become the source of future security problems if they proceed unchecked. In the past, the United States has ignored these threats at its peril.

This administration already recognizes Africa's importance, as can be seen in a variety of initiatives over the past six years, including the Millennium Challenge Account, intended to promote development through good governance in nations interested in fighting corruption; the \$15 billion President's Emergency Plan for

AIDS Relief (PEPFAR), which has brought treatment options to hundreds of thousands of Africans; and the \$1.4 billion President's Malaria Initiative. These actions are all part of the administration's strategy of forming partnerships with Africans to solve African problems.

The ultimate goal of the United States in Africa is to help improve the overall quality of life for all people across the continent, in part by supporting effective governance. This in turn requires a secure environment, and that is where AFRICOM comes in. Forming the new command will lead to better, smoother cooperation across agencies of the U.S. government, between the U.S. government and African nations, and between the U.S. government and multinational organizations.

AFRICOM will address the challenges of the continent holistically, not piecemeal as is done today. Current command structure divides the continent among three separate combatant commands: Central Command (CENTCOM), based in Tampa, FL, has primary responsibility for Egypt, Sudan, Djibouti, Somalia, Kenya, and Ethiopia; the remaining mainland nations fall to European Command (EUCOM), based in Stuttgart, Germany; and islands off the east coast are the responsibility of Pacific Command (PACOM), based in Honolulu, HI.

This splintered command has proved increasingly unworkable given the complexity and importance of African issues. Africa has not been the 24/7 responsibility of any command, or even a secondary priority in most cases. This artificial, bureaucratic separation also creates seams between commands, largely along critical fault lines between populations and their interests. It has stymied U.S. efforts to develop expertise in African issues, and it undermines our ability to develop efficient, coherent plans across the continent's regions.

The commander of AFRICOM will be a senior U.S. official, a four-star general or admiral, with whom Africans can engage on regional and local security issues. This senior official will be on the continent continually, an improvement, from the African perspective, over the current, episodic attention to African security issues. From the U.S. military perspective, a single leader will harmonize DOD activities and sharpen coordination with the Department of State and USAID.

While the command will be led by a senior U.S. military officer, the command's deputy will be a senior official from the U.S. Department of State. This is a significant development for the military. For the first time, a non-DOD civilian will play a major role in the operation of a military command. Other civilians will also play a critical role. The goal is to have up to 25 percent of the command's billets occupied by civilians from other branches of government. While DOD personnel will be amply represented, so will USAID and the Departments of State, Justice, Treasury, and Homeland Security.

In recent years the African Union has taken on greater responsibility for security across the continent, and demonstrated a greater willingness to engage in peacemaking and other humanitarian interventions. AFRICOM will complement those activities, not compete with or usurp them. U.S. security will be enhanced when African nations address emerging local, regional, or continent-wide security issues on their own.

AFRICOM will not expand the number of U.S. troops on the continent. It will establish a staff headquarters, but one concept it is considering would even distribute that headquarters among several locations to minimize American presence in any given country. No military forces will be deployed permanently on the continent. At any time the staff presence in any country would be small and discreet. U.S. forces could rotate to Africa to participate in training exercises or engage in other partnership-building activities, but these deployments will be of short duration, often of no more than several weeks or a few months at most.

AFRICOM will strive for a collaborative culture, aiming to break down barriers between U.S. agencies and between the United States and African nations. For example, if Mozambique is inundated by flooding, USAID might take the lead in responding, while AFRICOM might assist by helping to dispatch humanitarian survey teams. AFRICOM will not, however, impinge on the work of NGOs and other aid groups whose work is critical to millions across Africa. Instead, the new command will seek, where appropriate and mutually beneficial, to foster open and continuous communication with NGOs, promoting cooperation across the range of problems that contribute to instability on the continent. Improved cooperation can eliminate duplication of efforts and multiply the effectiveness of all involved.

Great progress has been made in recent years in bridging the cultural divide between DOD and the world of USAID and humanitarian assistance groups. Much of this results from the Herculean efforts of the U.S. military following the tsunami of December, 2004. In less than a week, the U.S. military deployed 17,000 servicemen to the most devastated regions, nearly a month ahead of many international relief efforts. The military responded with similar alacrity to the earthquake that struck northern Pakistan in 2005 and to mudslides in the Philippines and Central America that same year.

Since AFRICOM's mission is about anticipation rather than reaction, the command will focus on strengthening African capabilities and institutions. Many missions in this field have a civilian component, including humanitarian assistance and disaster relief, medical aid, civic action, security-sector reform, elimination of terrorist safe havens, border security, maritime security, and improved military professionalism. Each of these missions requires close engagement with African partners.

We can judge AFRICOM's degree of success by whether or not it keeps American troops out of Africa for the next 50 years. The worst situation would be to allow Africa's collection of transnational threats, deteriorating health, and burgeoning cities to enter a downward spiral of destruction, disease, and death. AFRICOM's goal is to prevent a situation where the only viable solution is outside intervention—the equivalent of applying a tourniquet to stop the hemorrhaging. Rather, AFRICOM will help African nations to address their security issues indigenously. As British Prime Minister Tony Blair once said, "If Africa had its own ability to respond rapidly to the conflicts as they broke out, then many of the long, protracted conflicts we have seen on the continent could be avoided."

Questions and Answers

Theodore Weihe, ACVFA Member, noted that the African Union has had difficulty fielding a military presence in Darfur. He asked how that situation might have evolved differently under AFRICOM.

Mr. Henry said that there would not be a noticeable difference on AFRICOM's first day. The differences will become visible later, as AFRICOM helps the African Union improve its ability to respond through training and exercises.

Nancy Lindborg, ACVFA Member, asked what AFRICOM's relationships would be with diplomatic entities and other groups.

Mr. Henry said that diplomatic relations are generally handled through country teams, under the guidance of the chief of mission or ambassador. The ambassador is the President's representative and the senior government official in a given country. Normally, the military does not have a diplomatic structure to handle regional issues. This is one reason why the deputy at AFRICOM will be a senior State Department official: to eliminate gaps between military and State responses. Many of AFRICOM's missions and most of its activities will be in support of USAID, the State Department, or other government entities.

Sam Worthington, ACVFA Member, noted that NGOs have an opportunity to help shape USAID's country operational plans. He asked whether there would be similar chances for USAID and NGOs to engage the military before they all find themselves working together on the ground. His concern, he added, is that the weight of resources available through the military could skew the development of African nations; in many cases it is more important to build up the civilian government than the military.

Mr. Henry replied that DOD has been a leading proponent of building up civilian governments. It has been a champion of the State Department's Civilian Reserve Corps, and one of the main supporters outside the State Department of the creation of a Coordinator for Reconstruction and Stability Operations. DOD has

made available \$200 million for the new Coordinator's office, and may make resources available to State in other areas as well. The State Department performs certain vital functions that cannot be duplicated within DOD.

AFRICOM's relationship with NGOs—direct or mediated by USAID—will have to develop in part through experimentation. It will be vital one way or another to work out those relationships with NGOs, and above all, to build trust. The military worked with NGOs following the tsunami in Indonesia and the earthquake in Pakistan, among other examples, and understands that its own strengths lie in moving rapidly to great effect, not in sustaining operations over the long term. Response to humanitarian disasters is a security priority that will only become more important as populations grow and continue to move to littoral (coastal) areas, and as global warming alters climate patterns.

Judith Hermanson, ACVFA Member, asked whether AFRICOM would begin work across the continent from its first day, or focus on failing states first.

Mr. Henry replied that AFRICOM would have responsibility for the entire continent with the exception of Egypt, which will probably remain in CENTCOM. The military already conducts joint exercises and joint activities with African countries across the continent. At first, AFRICOM will adopt existing responsibilities currently scattered among combatant commands; gradually it will adapt and prioritize its activities based on those that are most appropriate.

John Sullivan, ACVFA Member, asked how other large donors and both stable and less stable countries in Africa had responded to the AFRICOM idea.

Mr. Henry said that it will be up to African nations to determine how to respond to other states when they are under stress. AFRICOM will not participate in activities where it is not wanted; it will help African nations build up their own capabilities when asked. There is a great deal to be learned from the experiences of France and other large European donor nations that have participated in activities on the African continent. A relatively high percentage of AFRICOM's staff may be made up of officers from other countries, such as already participate in some combatant commands. A group including Ambassador Robert Loftis and Admiral Robert Moeller recently toured Africa to gather reactions, and will do a similar tour of Europe shortly.

Ritu Sharma Fox, ACVFA Member, asked if the military had considered how its presence might be perceived by local populations. How will AFRICOM avoid the possible negative consequences of mixing missions (such as the War on Terror and humanitarian relief), especially given the mistrust of the U.S. government that already exists in many places?

Mr. Henry said that any operations will be conducted in consultation with the ambassador and the country team. The ambassador and the country team will determine exactly which activities AFRICOM would engage in and how.

Stephen Moseley, ACVFA Member, said that NGOs already must work hard to be perceived as independent of U.S. policy, and increasingly so in areas involving prisoner issues and intelligence-gathering. He asked how intelligence-gathering will figure into AFRICOM's mandate.

Mr. Henry said that the military is a user of intelligence and a gatherer of information. Further, intelligence is important in the context of state-based conflicts, whereas Africa's conflicts tend to be transnational or internal. Much of the activity under discussion will be based not on intelligence but open-source information. In the area of counterterrorism, governments around the world—including African governments—already share intelligence, so AFRICOM would not represent a change.

Ron Senykoff, USAID representative to the Board for International Food and Agricultural Development (BIFAD), asked how AFRICOM might take advantage of outside expertise, such as the U.S. science and technology sectors.

Mr. Henry replied that the military is still trying to determine AFRICOM's objectives and priorities. The means to those ends have yet to be discussed, though they will have to be soon: AFRICOM will begin to take on responsibilities as a subset of EUCOM in October 2007, and by the following year will be fully independent.

Nathaniel Hurd of Mercy Corps asked how AFRICOM might have an impact on conflicts such as those in Rwanda or Darfur.

Mr. Henry said that AFRICOM's role will be to help African nations prepare to provide security for themselves, by developing their capabilities and confidence in responding to emerging crises. If AFRICOM is successful, U.S. forces will not need to intervene directly in such conflicts.

Carrie Johnson of Risk Communications Associates asked whether AFRICOM was likely to see a greater role for the Army Corps of Engineers, either in training or in infrastructure development.

Mr. Henry said he did not know.

AFRICOM PANEL DISCUSSION

Ambassador Robert Loftis, *Senior Advisor for Security Negotiations and Agreements, Bureau of Political Military Affairs, U.S. Department of State*

The State Department strongly supports the creation of AFRICOM, and believes it has been needed for quite some time. We are gratified that DOD invited State Department representatives to join the early planning team. Three or four State Department and USAID officers have been working with DOD on the concept for quite some time.

The State Department's view is that while AFRICOM is primarily a military command, neither in Africa nor in the rest of the world can military activities be partitioned off from others. Food security, drought, and migration all affect security.

The U.S. government must focus on helping Africans help themselves. The Millennium Challenge Corporation (MCC) provides a good example: the U.S. government should not dictate methods, but offer the benefit of its expertise and experience and make sure that projects are sustainable. For example, during the floods in Mozambique of 2000, the Office of Foreign Disaster Assistance provided a great deal of help, but lacked heavy helicopters to transport water-purification equipment and the like. The military not only provided that support, it dispatched Humanitarian Assistance Survey Teams, which worked with the UN, the Mozambican military, and other organizations to help them organize for the future. In 2001, Mozambique faced even more dramatic floods but the government and the UN had learned the lesson of the previous year. They were well prepared when the weather reports showed a hurricane on its way, and they were able to handle the crisis with only modest help from outside. That should be the model for U.S. government support, and it is the goal of AFRICOM.

Admiral Robert Moeller, *Executive Director, AFRICOM Transition Team*

It has been many years since the military created a new combatant command covering a geographic area. Following September 11, 2001, the military created Northern Command and Strategic Command, but those were based on ongoing activities. Assembling this command from the ground up is a fundamentally different undertaking, particularly as it tries to consolidate the activities of three existing commands.

Planning for AFRICOM began last fall. From the outset the State Department and USAID were represented among the thirty to forty people who met to outline the command and the issues it would face. That group briefed Secretary Donald Rumsfeld before he left office; Secretary Rumsfeld sent a letter to the President recommending he approve the new command, which he did. In early February, the DOD created an AFRICOM Transition Team to form the core of the initial headquarters organization. The Transition Team was located in Kelley Barracks in Stuttgart, Germany to take advantage of the expertise and capabilities of

EUCOM, since EUCOM is responsible for more military activities in Africa than any other command.

Today, the AFRICOM Transition Team is busy determining how many of EUCOM's responsibilities it will assume when it begins operations this fall. Most of these calculations are based on the number of people available on staff. Many of these staff members will be men and women in uniform, some will be DOD civilians, and some will be civilians from other agencies. Ultimately, AFRICOM will have many staff members from departments such as Agriculture, Commerce, and Health and Human Services.

Over the course of the next year, as AFRICOM approaches the date of its full operational capability (October 1, 2008), it will assume responsibility for more and more activities, including all CENTCOM activities in the Horn of Africa. It is important to all stakeholders, including DOD's interagency partners, that no ongoing activities are disturbed.

Ultimately AFRICOM will be headquartered in Africa. The Transition Team has recently begun planning for that shift as well, by developing criteria for a good location. These include infrastructure, force protection, and political circumstances, and are informed by recent consultation with African nations. That consultation process will continue in the months ahead; meanwhile in Washington the transition team has consulted with African ambassadors, deputy chiefs of mission, and defense attachés.

The Transition Team has also begun considering the role of intelligence. A week ago a large working group from the defense intelligence and other intelligence communities gathered to consider what intelligence and, more importantly, what information architecture AFRICOM will need. That structure will look fundamentally different from that of any other command, since AFRICOM will need different types of information and will also need to share information differently with its partners.

AFRICOM is a work in progress. It will appear one way this fall, probably quite differently in the fall of 2008, and probably very differently in three to five years as it learns how to support other U.S. agencies and other nations most effectively.

Michael Hess, *Assistant Administrator for Democracy, Conflict, and Humanitarian Assistance, USAID*

USAID has worked closely with the military on the creation of AFRICOM. This is only the latest phase in a long relationship between USAID and the military, which lately the Agency has tried to make even more productive by creating the Office of Military Affairs. A senior development advisor is already working with

EUCOM as it structures its engagement strategies. Collaborating with the DOD on AFRICOM is a logical next step in this cooperative relationship.

Wade Warren, *Acting Deputy Assistant Administrator for Africa, USAID*

The Africa Bureau has dedicated a staff member full time to help in the development of AFRICOM. NGO partners will ultimately have to be integrated into this relationship; that may occur through USAID, though the specific mechanisms will take time to evolve.

Questions and Answers

Nancy Lindborg, ACVFA Member, said that as she understood it, AFRICOM will create entities with representation from a variety of civilian agencies. She asked how it would avoid duplicating or overriding existing embassy and USAID structures in various countries.

Adm. Moeller replied that the purpose of including representatives of other agencies was to allow better collaboration with existing country teams, to keep AFRICOM aware of how it can help each ambassador achieve his or her goals. A model can be found in the work of the Combined Joint Task Force–Horn of Africa (JTF-HOA), which has established enhanced liaisons between headquarters and each of the country teams. This has helped JTF-HOA commanders understand ambassadors' needs and requirements and support these more readily. That model has been well received, and AFRICOM will look to expand it where it makes sense to do so.

Ms. Lindborg asked whether that meant that AFRICOM's civilian staff members would be primarily liaisons and not implementers of programs.

Adm. Moeller said that no, they will have staff responsibilities, which should put them in a strong position to support ambassadors and help AFRICOM plan its efforts effectively.

William Reese, ACVFA Member, asked whether, apart from this support to embassies and country teams, AFRICOM would work on issues at a transnational, regional scale.

Adm. Moeller said that yes, there may be issues that are best addressed on a large scale. That points to some of the strengths of a unified command: its improved planning capabilities and the greater resources it can marshal.

Mr. Hess noted that today responsibilities are spread across three combatant commanders, making it more difficult to coordinate regionally. Coordination at the country level is a tactical issue; in theory, a combatant commander thinks at the

strategic level and sets policy, which is then carried out at the country level. In the past, the military's ability to carry out policy at the country level has not always been consistent. It has depended on the size of the staff and the knowledge of the staff's members. Having a senior USAID representative at the combatant command will allow more consistent discussion of development issues at every level.

Amb. Loftis offered the example of a recent multimillion-dollar MCC port-improvement project. By chance the team discovered that under the existing plans, the port would not qualify to export to the United States, as it would fail the requirements of the Container Security Act. That would have been a huge blow to the effort and a great embarrassment. The goal of AFRICOM is in part to examine such projects and alert the country team to essential details that it may have missed.

Sam Worthington, ACVFA Member, asked for greater clarification of the specific roles AFRICOM will play. The NGO community is very sensitive to the need for a clearly delineated space for NGO work, free of possibly harmful associations.

Amb. Loftis said that the new command would not likely result in a new flow of resources to Africa. Instead, the hope is that AFRICOM will advocate for additional resources to civilian agencies appropriate for the given activities. The types of humanitarian assistance in which AFRICOM will participate are those in which the military is already engaged: largely those designed to build trust. The military will not change a country's educational system by building a few schools; that exercise is designed primarily to win friends. Instead, AFRICOM will focus on helping African nations develop their abilities to manage their borders and maintain internal security while supporting standards of democratic governance and protecting human rights. AFRICOM may even include an office designed specifically to reach out to NGOs, international organizations, and civil society.

Michael Nyenhuis, ACVFA Member, asked how, given that staff members of various agencies will serve under a military commander, AFRICOM would mitigate against the appearance or actual practice of serving as a coordinating point for U.S. activities in Africa.

Amb. Loftis said that the best way to mitigate against it was not to do it. The authorities of USAID, the Department of State, and the DOD will remain intact. AFRICOM will seek mainly to ensure that American security and military priorities are addressed consistently, and to the degree it can, it will support the activities of other agencies. The senior State Department official at AFRICOM will never have the authority to give orders to an ambassador; that authority rests only with the Secretary of State, the Assistant Secretaries, and the President. Similarly, AFRICOM will not be able to commit any other agency to a course of action. Finally, the command's activities within a given country will be subject not only to the approval of the chief of mission but also that of the host government itself.

Elise Fiber Smith, ACVFA Member, noted that NGOs in the field have had years of partnerships with local civil-society groups that have resulted in a participatory, consultative process to respond to problems. She asked whether AFRICOM had considered how it will reach out to civil society, either directly or through NGOs.

Adm. Moeller replied that AFRICOM is only in the early stages of considering such questions, but that it is interested in them. Given what NGOs are trying to accomplish, AFRICOM will ask itself how it can best help them. In all areas, even with regard to military structure, AFRICOM plans to consult with NGOs, USAID, and others as it develops.

Theodore Weihe, ACVFA Member, asked how Admiral Moeller has been received by African leaders, given his naval background and the fact that many of those leaders came from ground forces.

Adm. Moeller said that Africans have a good understanding of the U.S. concept of “jointness,” and that in his many dealings with leaders in the Horn of Africa it had never been an important issue.

Mr. Reese added that the military could teach civilian aid agencies important lessons about jointness.

Timothy Flanigan, ACVFA Member, noted that recent years had seen great increases in U.S. efforts to combat diseases in Africa, including HIV/AIDS, tuberculosis, and malaria, to great effect. DOD has considerable medical capabilities and is already quietly involved in PEPFAR. He asked what opportunities AFRICOM saw for greater involvement in such efforts.

Adm. Moeller said that the AFRICOM Transition Team has had discussions with the representatives of the Office of the Secretary of Defense (OSD) responsible for such undertakings. AFRICOM may seek to expand upon existing work or try to make it more effective, but, as in so many other areas, its plans are at an early stage.

Mr. Flanigan added that while the U.S. DOD does have experience in putting its medical capabilities to use in the civilian sphere, other countries do not. He suggested that AFRICOM could be helpful in teaching African nations how to make wider use of their military medical capabilities, which can be quite substantial even in very poor areas.

Adm. Moeller agreed, but cautioned that the devil was in the details.

Aaron Williams, ACVFA Member, asked what would be AFRICOM's top goals for its first year.

Adm. Moeller answered that first, AFRICOM will determine which regions or nations could most use its help in expanding their abilities to handle existing or potential security problems. Second, because medical challenges have such a great effect on a large portion of the continent, AFRICOM must structure itself to deal with them as effectively as possible.

Stephen Moseley, ACVFA Member, asked about AFRICOM's likely level of funding.

Adm. Moeller said it was too early to provide a figure. The Transition Team is in discussions with the OSD comptroller about the resources it will take to support the command and the envisioned interagency work. For one thing, the Transition Team still has not fully determined how AFRICOM can best support the work of other agencies. It will prepare an answer to these questions over the course of the summer.

Mr. Warren added that while USAID's funds available in Africa are not unlimited (\$2.5 billion for development and \$1 billion in humanitarian aid), the Agency plans to work closely with AFRICOM to make the most of whatever new resources the command does bring. For example, if the military decides to build a school and USAID is already working in the same country to train teachers, provide textbooks, and establish parent-teacher organizations, those projects should be coordinated, as has not always been the case in the past.

Mr. Moseley asked whether he understood correctly that apart from its personnel budget, AFRICOM planned to fund programmatic interventions in health, education, the environment, and other areas.

Adm. Moeller that AFRICOM would consider whether such interventions make sense, and that if so, it would seek budget authority for them.

Ron Senykoff, USAID representative to BIFAD, asked how AFRICOM would train military personnel to break down barriers between the military and NGOs that arise from their different cultures and methods of communication.

Adm. Moeller said that the Transition Team had discussed that question a great deal. Joint Forces Command in Norfolk, VA, has responsibility for training and certifying the staff of a new unified command such as AFRICOM. Given that AFRICOM will have a significant interagency presence, the training requirements are quite novel; Joint Forces Command must think through how to train both military personnel and members of other agencies to address those very issues. The Africa Center for Strategic Studies will also play a significant role in this effort. First, of course, AFRICOM must gather a headquarters staff to train.

Mr. Hess said that this issue must be addressed in part in military schoolhouses. The military does a very good job of training, and does so because it has a

hierarchy of education through which its members must pass as they assume higher levels of authority and responsibility. USAID must work with the military to integrate development training into military curricula. The Office of Military Affairs is having some success in that regard. The best way to break down barriers, however, is by practical, on-the-job training. The more people USAID has in the combatant command, the more they can educate other staff members.

James Bishop of InterAction noted that the military has a long tradition of training Foreign Area Officers (FAOs) with deep knowledge of certain countries. He asked whether AFRICOM would undertake such training itself or encourage the armed services to do so with respect to Africa.

Adm. Moeller said that AFRICOM did plan to press all the services to train more FAOs in African issues.

Mr. Hess added that the Marines have established a Center for Advanced Operational Culture Learning at Quantico, and the Army is developing something similar at Fort Leavenworth. The military is aware of the need and is working to do more to meet it.

Amb. Loftis thanked those in attendance for their attention, comments, and questions. He understood that it might be frustrating to hear panelists respond with “that’s a work in progress” to so many questions. DOD made a conscious choice, however, to present preliminary information about AFRICOM at an ACVFA meeting before all decisions had been made. It would likely be more frustrating to attendees if AFRICOM were presented as a fait accompli.

Mr. Warren thanked Admiral Moeller and Ambassador Loftis for coming and said USAID looked forward to continuing the conversation.

Mr. Reese added that ACVFA would hope to invite them back to a future meeting to present updates on the initiative.