

**Statement of Michael Bowers  
Regional Program Director for South Asia, Mercy Corps**

Commission on Wartime Contracting in Iraq and Afghanistan

*Hearing on:*  
“NGO’s and PRT’s:  
Contracting and the Future of Development in Contingency Operations”  
April 11th, 2011, 9:30 am  
216 Hart Senate Office Building

I want to express my appreciation to Co-Chairs Michael Thibault and Christopher Shays, and to all the other Commissioners serving on the Commission on Wartime Contracting in Iraq and Afghanistan for the opportunity to offer testimony today on the future of development in contingency operations. Thank you for your leadership in addressing this critical issue.

Over the last several years, it has become increasingly apparent that a Washington consensus has formed regarding the importance of development as one of the three major vehicles for achievement of US foreign policy goals. Together with diplomacy and defense, development is now rightfully seen as holding great promise for catalyzing the social, political and economic changes needed to ensure stable, democratic societies in countries around the world that are valued partners for the US. The Commission on Wartime Contracting affirms this consensus in calling today’s hearing.

At the same time, existing analysis of the results of contingency operations, much of it produced by US government (USG) sources, calls the effectiveness of the current “whole-of-government” approach into question. While blending the “3 Ds” of development, diplomacy and defense smoothly together in one mixed civilian-military enterprise sounds perfectly rational in Washington, evidence from both Iraq and Afghanistan shows this has been extremely difficult to put into practice. As Commissioners, you are already well aware of the ample evidence showing that contingency operations continue to suffer from a lack of coordination, insufficient transparency and accountability, and apparent inability to produce desired results in terms of development.

Today I will provide information and examples to illustrate why Mercy Corps has observed that “development in contingency operations” is a practice that has largely been designed to fail. This is primarily due to the lack of conceptual clarity about the important differences between activities aimed at *stabilization* and activities aimed at *development*. Stabilization and development follow two very different models: the time frames, resource requirements, and capacities needed for success at stabilization are not the same as those required for good development. My testimony aims to contribute toward the conceptual clarity that will be required for the USG to transform current stabilization activities into long term development activities as we look towards reducing military commitments in Afghanistan.

### **About Mercy Corps**

I am here today in my capacity as Regional Program Director for South, Central and East Asia for Mercy Corps, an international humanitarian and development nonprofit organization that currently works in 40 conflict-affected and transitional countries, helping to rebuild secure, productive and just societies. In my role as Regional Program Director I am responsible for overseeing all of Mercy Corps' field programs in Afghanistan, Pakistan, Kyrgyzstan, Tajikistan, Mongolia, and China. Prior to taking on my current role, I directed development programs in sub-Saharan and West Africa, the Balkans, the former Soviet Union, Central Asia and Afghanistan.

Mercy Corps works in some of the world's most challenging and dangerous environments, including Afghanistan and Iraq, as well as many other countries such as Pakistan, Sudan, Somalia, Democratic Republic of Congo, Sri Lanka and Colombia. Our efforts are supported by a wide range of public, private, and international donors, including a strong partnership with USAID. Because our history as an organization is based upon decades of field programming in what we call "transitional environments" – countries suffering or recovering from the dramatic upheavals brought about by conflict and natural disasters – Mercy Corps has ample experience implementing development programs in the midst of what the USG calls "contingency operations." Given the Commission's mandate, I will focus my comments mainly on what we have learned in Iraq and Afghanistan.

Mercy Corps has operated continuously in Iraq since 2003, with projects benefiting nearly six million Iraqis. Working from Dohuk to Basrah, we have successfully implemented more than 1,000 development and humanitarian assistance projects, with over \$180 million in funding from the United States Agency for International Development (USAID), the United States Department of State (BPRM and DRL), the United Nations (WFP, UNICEF, OCHA, UNIFEM, UNHCR) and others. Mercy Corps currently works in all 18 Iraqi governorates. Our programs are supported by 250 experienced staff in three primary offices -- Suleimaniyah, Baghdad and Basrah – as well as six sub-offices around the country.

Mercy Corps has been working in Afghanistan continuously since 1986, and currently works in 12 provinces in northern, southern and eastern Afghanistan with a large portfolio of programs aimed at promoting sustainable agriculture and natural resource based livelihoods, combating food insecurity, and strengthening private sector, civil society and government institutions. Donors have included USAID, the US Department of State, the European Union (EU), and the UK Department for International Development (DFID), among others. In recent years we have helped more than 2.5 million Afghans through a wide range of community-based agriculture and economic development programs.

### **The unique challenges to development in sites of contingency operations**

The theaters where the USG has implemented contingency operations are, by definition, difficult environments for development to take root and grow. Like many areas of the world where pressing social needs, economic stagnation, insecurity and institutional weaknesses combine to produce instability, areas of contingency operations pose daunting challenges for development professionals. However, areas of contingency operations are also complicated because they face ongoing conflict, causing constant infrastructure damage, population displacements, and other negative impacts for local people. In addition, in contingency operations international armed forces, foreign civilian-military units, international contractors and NGOs all overlap, together

occupying a far more obvious space and controlling a far greater sum of financial resources than all local actors combined.

These complications have led to a messy web of words and relationships. It is common for relief models to be confused with development models, and for development programs to be confused with stabilization programs. Different actors use different funding mechanisms, different pots of money flow according to different rules and with varying objectives, and it is often unclear how the goals for programs relate to the final choice of actors, funding mechanisms, and methodologies. In order to contribute to increased conceptual clarity, this testimony aims to 1) examine the characteristics of transitional environments that make them difficult places to do development, 2) explain how sites of contingency operations are simply extreme cases of transitional environments, and 3) discuss how choosing the right actors for the right tasks, aligning funding mechanisms with objectives, and employing proven development methodologies can all contribute toward increased success for USG efforts at development in contingency operations.

#### *Transitional environments are characterized by both risk and opportunity*

The transitional period that occurs in fragile states following shocks such as conflicts, natural disasters, or economic collapse constitutes a significant challenge, and opportunity, for international development actors. When applied properly, development efforts can speed recovery and assure increased stability by supporting economic growth, return and reintegration of displaced people, restoration of infrastructure and basic services, revitalization of civil society, expansion of government capacity, and mitigation of risks to future stability. The converse is also true; the University of Maryland's Peace and Conflict 2010 report argues that slow economic growth, poorly timed international aid, and lack of attention to social reforms are key factors that can lead to conflict recurrence.<sup>1</sup> The report also notes that over the past decade, the recurrence of old conflict has outpaced new conflicts by a rate of five to one – suggesting that there is ample room for improvement in transitional development assistance policies and practices in all transitional environments – not only within contingency operations.

During or following the massive disruptions caused by conflict and disaster, fragile states tend to experience some increased openness to social change, while simultaneously attracting an increased level of international engagement and funding. As a joint UN/academic report on post-conflict reconstruction argued in the late 1990s, “Newly gained economic freedom and independence, long years of separation and exposure to new social environments and attitudes, new perceptions of the role of the family and its members, and forced migration in search of employment, all contribute to the continued dismantling of existing social institutions and the establishment of new ones.”<sup>2</sup> This dynamic means that while the inadequacy of existing institutions can pose great risks in the wake of a shock, transitional contexts can also provide new opportunities for positive change.

#### *Transitional environments are particularly tough places to promote development*

Despite the potential for positive change in transitional societies, these contexts pose unique challenges for development efforts. This is due to the interplay between three competing dynamics: a large gap between the population's **needs** and the available institutional capacity to meet them; an urgent imperative to meet those needs or face increasing **risk** of renewed instability or suffering; and the necessity of **sustainable institutional change** to ultimately

---

<sup>1</sup> [http://www.cidcm.umd.edu/pc/executive\\_summary/exec\\_sum\\_2010.pdf](http://www.cidcm.umd.edu/pc/executive_summary/exec_sum_2010.pdf)

<sup>2</sup> Sørensen, Birgitte, 1998, Women and Post-Conflict Reconstruction: Issues and Sources p. ix

resolve the needs gap. The imperative of reconciling these three dynamics makes development in transition quite distinct from a relief paradigm or long term development paradigm.<sup>3</sup>

The traditional relief and development paradigms are each characterized by only two of these three dynamics. From the perspective of the relief paradigm, shock-induced needs must be addressed urgently given the risk of catastrophic consequences (such as mass mortality) if those needs are not met. The relief paradigm focuses on alleviating the needs created by the shock, but because the shock is viewed as an exogenous factor – as something largely caused by external forces – this paradigm does not prioritize sustainability. Relief strategies therefore focus on large-scale external provision of goods and social services, meeting needs without necessarily building local capacities.<sup>4</sup>

In the development paradigm, while needs exceed capacity, there is little risk of imminent catastrophe if those needs are not immediately met. The development paradigm treats the sources of needs as endogenous – as deeply rooted social, cultural, or economic aspects of a society. This means that development aid strategies will focus on engaging in a long-term process of building institutional capacity within local communities and host governments.

In a transitional scenario, by contrast, all three dynamics intersect simultaneously: the basic needs of the population far exceed the capacity of local institutions, meeting these needs is a highly time-sensitive imperative, and adequately addressing the root causes of needs requires significant improvements in institutional capacity. Because of this intersection, there is an inherent tension between the need to quickly alleviate the damage caused by the shock, and the imperative of addressing the latent state weakness that drives vulnerability to the shock.

The relief and development paradigms, on their own, each address only half of the problem in a transitional setting; and in doing so, each paradigm risks undermining the other. Applying the relief paradigm – focused on expediently meeting needs via international provision of goods and services – tends to create dependency instead of developing effective local capacity. This dependency makes longer-term solutions more difficult. Yet applying the development paradigm – which focuses on building local capacity over the long term – can miss critical opportunities to begin addressing the shock’s effects during the early recovery period, when popular hopes are high. Furthermore, reliance on fragile local structures for management of development efforts can overtax weak indigenous capacity rather than build it, undermining effectiveness, creating bottlenecks, and fueling corruption.

#### *What’s different about contingency operations?*

The countries where the USG carries out contingency operations share with other transitional environments this complex web of dynamics: needs exceed capacity, risks are imminent, and institutional change is sorely needed. However, they are also unique – or extreme – cases of transition because of the magnitude of both the conflict and the ongoing external presence. In addition, the dominant paradigms for relief and development assistance that prevail in other transitional environments tend to be overtaken by a military-driven stabilization paradigm that, in the specific cases of Iraq and Afghanistan, is structured around a three staged methodological approach summarized by the oversimplified moniker “clear, hold and build.”

---

<sup>3</sup> This testimony uses the term “paradigm” in the sense of a broad conceptual model that conveys the principal focus and predominant methods of a class of interventions.

<sup>4</sup> Many relief agencies strive to build local capacity within their interventions, but this does not alter the basic model of meeting basic needs via a large-scale infusion of external resources provided and managed by international actors.

This military-driven paradigm aims to produce rapid stabilization, not to lay the groundwork for long term development. As such, key indicators of progress along a stability continuum include variables to measure military control by armed forces and insurgents, strength of presence of government institutions, support of the local population for the government, resistance of the local population to insurgent control, and strength of licit economic activities. By contrast, in relief operations success is measured in terms of the proportion of urgent needs that are met, and in development activities the indicators aim to measure the scale and sustainability of intended improvements to social, economic and political systems.

Just as traditional relief operations can undermine long term development programs in transitional environments, so can stabilization operations undermine long term development in areas of contingency operations. In much of the current USG policy and planning for contingency operations, this fact remains poorly understood because the terms stabilization and development tend to be conflated. However, it should go without saying that stabilization is not the same as development: the two paradigms operate under radically different assumptions, often with competing goals, timelines, strategies and tactics.

### **Improving USG development efforts in contingency operations**

Despite the many challenges, Mercy Corps has found that it is possible to engage in community-led and market-driven development programs in transitional environments, as well as in the midst of contingency operations. Our experience suggests that careful attention to three main elements would help the USG to increase the impacts of development programs in contingency operations while significantly reducing waste and improving transparency and accountability of these efforts.

### **Ensuring that the right actors are engaged for the right goals**

In contingency operations, many groups – or actors – are present and engaged in a variety of development activities. There are very good reasons to employ the services of a broad variety of actors, as the scope and magnitude of needs in these locations actually requires a broad range of skills, capacity and expertise. For this hearing, Commissioners have specifically asked for thoughts on the differences between NGOs and PRTs. Since we are aware of the detailed testimony you have received in the past on the varying organizational structures taken on by PRTs, this testimony will focus on explaining three key areas of comparative advantage for international NGOs as compared to PRTs.

First, NGOs are predominantly staffed by local people who are known by those in the areas where they work, and NGOs tend to be “in it for the long haul.” Because we are staffed mainly by local people and have been doing work with communities in Kandahar and Helmund since the 1980s, Mercy Corps is seen as different from many of the other actors. Local people know that Mercy Corps did not show up there to win a war or promote any particular government. In fact, many local people know us simply as “the garden NGO” because of our long history of agricultural work. This has the comparative advantage of allowing us to be seen as independent, honest brokers. Research by the Feinstein International Center at Tufts University has confirmed this experience. A study conducted in Afghanistan’s Faryab Province has shown that a majority of the local population feels strongly about the design of the “aid architecture”, with short-term contractors being seen as uncommitted and prone to corruption, whereas NGOs with a long-term history in the region are regarded with higher esteem.<sup>5</sup>

---

<sup>5</sup> Gompelmann, Geert (2011). *Winning Hearts and Minds? Examining the Relationship between Aid and Security in Afghanistan’s Faryab Province*. Feinstein International Center, pp.4; 32.

Second, NGOs are different because we have traditionally structured our programs to allow longer time frames for implementation, lower expenditures, and process-oriented methodologies to involve local people in programs. NGOs commonly work by building up relationships with local people to ensure they feel ownership of projects. We have found that when they feel ownership, local people are more likely to involve themselves in project monitoring. When these three elements of slower implementation, measured spending, and local ownership are present and working in tandem, this allows for a full operationalization of the procedures we have in place to minimize waste and guarantee accountability.

Finally, most traditional NGOs are not associated with the military, and are not part of the integrated civ-mil strategy currently being employed in areas of contingency operations. NGOs operate on the principle of independence, are 100 percent civilian, and most practice methodologies adapted for promoting development in transitional environments. This is important because it has been our experience that within the US civ-mil model, stabilization tends to trump long term development and military goals take precedence over civilian goals. The change is highly visible in areas of contingency operations: civilian staff are normally required to go out with military accompaniment, USAID missions are teeming with personnel in uniform, and regional PRTs often operate out of large bases where highly armed military convoys thunder along local roads. In this context, one comparative advantage of NGOs from the standpoint of local people is that we are able to operate in a way that is less intimidating. This can be an important advantage from the local perspective.

These local perceptions are not to be taken lightly. If the USG wants Afghans to value the development activities implemented with US funding, then it is essential to understand how Afghans view what we are doing. If we expect to turn over programs to local people who care enough about them to continue to sustain them long after we are gone, then we need to know if they feel ownership of those efforts. Unfortunately, stabilization efforts have tended to measure progress in terms of tangible outputs instead of in terms of community involvement and support. If local people are reluctant to participate in development programs with certain actors – or simply too intimidated by their authority to fully engage – this will limit long term impacts and sustainability of programming.

A good example of the importance of local perceptions comes from a recent quarterly meeting of all Mercy Corps' project representatives from all over the country. At the meeting, our Country Director asked those who came in from Helmand and Kandahar about what people in their provinces think government is. One common response was "the Governor is appointed and brings his entourage with him, and they all come with the goal of making as much money as they can while they are here." When pressed to take this thinking down to the local level, project representatives reported that the local government officials are "Anyone the UK representatives say is the government." While the UK representatives may interpret this as local people accepting the local government officials they recognize, in fact for most local people the sense of "government as representative" simply does not exist. Local people don't see the government doing anything. Most of the services that are delivered to them clearly come from the international community. But because local people need the services provided by the international community, they are usually fairly good at playing along with what they think is expected of them.

This dynamic also makes project monitoring more difficult, especially when project monitors arrive to sites with full military accompaniment. In these cases, local people are very likely to see these visits as "performance moments" and are less likely to offer their full cooperation. Some locals may prefer not to interact with the military because this can raise their profile in

ways that could jeopardize their security. Many local people have a strong reaction to military vehicles, equipment and uniforms, which are all seen as signs of overwhelming power. Those who come to town with such an impressive show of force are seen to be people of influence and authority, and local Afghans have a long history of appeasing those who are in power. Finally, in poor communities, people are normally grateful for whatever resources they have received and prefer to keep these investments flowing. Most community members would therefore not normally use visits like these as opportunities to complain. This makes it much more difficult to ascertain whether a project has been implemented in accordance with expectations and without waste, fraud or corruption.

To better understand local perceptions, Mercy Corps developed an independently-conducted research program with support from the Hewlett Foundation to analyze how community members and leaders in Iraq and Afghanistan evaluate the contributions made by different groups – or actors – promoting development in their areas. In both Iraq and Afghanistan, international NGOs were rated by community members and communities leaders as the most effective actor in terms of development program outcomes.<sup>6</sup> The findings highlight three main reasons for the positive perceptions: international NGOs practicing community-led methods of development 1) allow people to participate and feel ownership, 2) meet urgent needs specific to each community, and 3) build trusting relationships. By contrast, those surveyed in Afghanistan rated foreign armed forces last among all actors in terms of their capacity to implement development programs.

This does not mean that there is no role for PRTs or for military actors in stabilization or development programs. What it does suggest is that far more thought and planning needs to take place at the strategic level in order to fully maximize the comparative advantages of different actors. That planning should take the perceptions and preferences of local people into account.

#### *Aligning USG funding mechanisms with intended goals*

Just as there are myriad actors working on the ground in contingency operations, there are also multiple funding sources and procurement mechanisms operating simultaneously – adding to the tremendous coordination challenges. Some of these funding sources, like CERP, were developed and funded in response to specific needs within ongoing contingency operations. Because Mercy Corps partners with and accepts funding only from the civilian agencies of the USG, we are not well positioned to comment on these or other military funding mechanisms. Mercy Corps also does not accept contracts, but rather operates through cooperative agreements, or grants. Since the Commission has expressed interest in analysis of the differences between these two procurement mechanisms, this testimony provides our perspective on some of the comparative advantages of grants.

First, because contractors represent the buyer, USAID contractors usually represent themselves as part of the USAID program they are implementing and not as the contracting organization they work for. They maintain no independent identity while implementing a program, and therefore are not seen as independent. There are situations in which this could be seen as an advantage for USG policy planners, however – as discussed above – it can also carry with it limitations that need to be acknowledged, especially in contingency operations where US military forces are a party to the ongoing conflict.

---

<sup>6</sup> Complete results of this research can be found at <http://www.mercycorps.org/leapp>

Second, NGO salary scales and benefits are typically much lower than contractor salary and benefit packages. In most circumstances, our offices, houses and operational expenses are based on more modest standards, rather than reflecting the maximum allowable expense permitted by the government. Because profit is unallowable under grants, any amounts over and above actual program costs are returned to the USG in the process of closing out the grant. While NGOs are able to recoup agency overhead to cover support costs of implementing programs, this is not profit. By contrast, profit is allowed under contracts: cost plus fixed fee contracts allow a fixed amount of profit per dollar spent, providing incentives for full spending of allocated resources. These differences mean that in many cases grants can provide a highly cost effective tool for reaching program goals.

Related to this issue of cost effectiveness, because contractors are considered an extension of USAID, they are subject to USAID's security policies. They are often not free to travel to areas that USG personnel are prohibited to enter, which creates a reliance on local contractors for remote implementation and increases the likelihood that fraud, waste or abuse may go undetected. The security requirements for contractors in certain locations may also result in increased costs for contracted private security. By contrast, NGOs typically operate without armed security accompaniments.

Finally, NGOs typically aim to establish an on-going presence in the countries where we work, funding our activities from many sources to allow us to address longer term issues. Most contractors do not maintain a long term presence or permanent offices in a country because they are not paid for this. They set up shop for the specific contract and shut down the operation when the contract is over. Because contractors employ national staff on a contract by contract basis, there is less emphasis on capacity building. Staff are hired to implement only. NGOs tend to hire and nurture staff over the longer term. This builds national capacity, strengthening civil society and creating a core of leaders. In the long term, this is a significant advantage to grant based procurement.

Despite these important comparative advantages that we see in grant mechanisms, it's important to emphasize that the compliance distinctions between grants and contracts are less relevant in certain stages of contingency operations when performance incentives are skewed towards valuing high "burn rates" over quality programming. Whenever organizations – whether NGOs or contractors – are placed under pressure to spend money too rapidly, there is a high risk of breakdowns in the regular compliance systems that USG partners have in place to assure transparency and accountability. This means that stabilization programs employing quick impact methodologies that aim to spend excessive amounts of money over unrealistically short time periods are by their nature at high risk for failures in compliance systems. Even the most robust compliance system will strain under too much pressure: overambitious spending targets work at cross purposes with rigorous implementation and monitoring of compliance systems.

In fact, quality long term development programs tend to work best when funding amounts are in line with local absorptive capacity and program timeframes are longer, regardless of the procurement mechanism. For example, in Southern Afghanistan Mercy Corps has been working with local farmers on an agricultural development program to increase grape and pomegranate production and to increase incomes through working with traders and businesses to improve marketing. Through the Global Development Alliance (GDA) at USAID we received a \$2.1 million dollar 3 year grant in 2008 to support this work. The project took root and was beginning to show results: 500 farmers were trained, grape production increased by 30%, and farmers began to find new markets for their products. Then the USG awarded \$300 million to



another organization to promote agricultural development in this same area. With an effective spend rate of almost a million dollars a day and very little to spend it on in Southern Afghanistan, the organization began to pay the farmers in our program to attend trainings and to work in their own fields – both activities that local people were doing at no cost to the USG under our USAID-funded program. Since the local farmers then preferred to receive payment, Mercy Corps had to refocus our program further up the marketing chain, working more with local traders.

We have also seen this dynamic in many of our programs in Iraq, with the unfortunate outcome being the creation of a “contractor mentality” among local people, who have become used to selling their services to the highest bidder rather than focusing on building sustainable businesses or working to improve their own communities. We cannot place full blame for this on local people, most of whom have few economic opportunities and little faith that their countries will become stable enough to allow for a long term future for themselves and their families. Because of the ongoing conflict and instability, people in Iraq and Afghanistan who are planning for their futures have to hedge their bets. Taking full advantage of the massive influx of US funding while it is available has become a real part of people’s livelihood strategies. For example, right now in Afghanistan this is what many are doing: for them, 2011 is a time to reap as much profit as possible, since 2014 could mean chaos.

*Employing proven methodological approaches to promote sustainable, effective development*

My fellow panelists from our peer agencies – IRC, CARE, CRS and Save the Children – will be providing detailed testimony on the proven elements of the methodological approaches that NGOs have developed to promote effective development. My testimony will therefore provide just a few additional thoughts on the specific issues of sustainability and local capacity building.

In 2007 Mercy Corps undertook a field study to gauge the post-program success of two USAID funded large-scale, multi-year transitional community recovery programs in Central Asia. In the transitional and impoverished environment of post-soviet Kyrgyzstan and Tajikistan, Mercy Corps had sought to engage communities to address their needs and foster linkages with the public sector for long term social and economic change. One to five years after projects had ended, the organization was eager to understand the lasting impacts of the program and to develop recommendations for such programs in the future. We found that – as a result of the community mobilization methodology used by Mercy Corps – communities continued to demonstrate substantial efforts to maintain the many infrastructure projects implemented during the programs: 93 percent of surveyed projects were still being actively used by the communities one to three years after programs ended. In addition, we saw significant and lasting benefits in terms of local governance, with 73 percent of community group members reporting it is easier now for them to approach local government officials, and 68 percent reporting increased local government involvement in community activities.<sup>7</sup> This provides concrete evidence that community-led development can foster significant change in transitional environments.

Unfortunately, the stabilization framework being employed in today’s contingency operations does not always facilitate community-led models of development because they take longer and produce less obvious, visible impacts. Given our learning in these Central Asia programs, Mercy Corps has partnered with USAID in both Iraq and Afghanistan on similar programs. In Iraq, the Community Action Program model transformed over time – starting with more quick impact programs involving community participation, moving on to programs requiring increased local

---

<sup>7</sup> Complete results of this study can be viewed at <http://www.mercycorps.org/publications/11935>

investment, and now working on developing relations between local community groups and local governments to promote long term program sustainability. We had hoped to do the same through our Community Development Program in Afghanistan. In the first two years of this program we used community mobilization methods to shape the program in ways that improved impacts and made it more responsive to local needs and desires. We also worked to make both community groups and local governments more responsive and participatory. Although we hoped that in a third phase we could bring these two sides together to begin to work on making local governance work, this was not possible because of the constraints currently placed on stabilization programs. Because we were not able to build additional elements in to stage three program design, the valuable investments made in the prior two years will be much less likely to yield long term results. In fact, with stabilization programs we have found that this third phase is where you build sustainability, solidify income generation, and focus on long-term capacity building. Instead of completing this full cycle and maximizing US investments, the very obsession with stabilization ended up creating missed opportunities.

### **Conclusions**

As the discussions in the US turn to the changes in policies, strategies and programs that need to be made for troops to draw down and development activities to be transferred over, this issue could not be more relevant. However, despite the discourse about “transitioning out” of Afghanistan, on the ground there appears to be no real visible change towards long term development methodologies and away from short term, high spend stabilization programs. Funding is still focusing on the South and the East, on key terrain districts and more insecure areas. The big procurements all focus on quick impact stabilization activities, not on long term development. It sometimes seems as though the US has invested so much in developing the integrated civ-mil model that policy makers find it impossible to turn away from it. And yet, if we do someday want to “turn things over” then the programs we employ between now and the final handover have to be based on a clear vision for what we aim to turn over, to whom, and when. Only then can we set appropriate targets for local capacity building efforts.

In this context, NGOs – with our long term operations, local staffs, cost effective methods and emphasis on local capacity building – provide many valuable tools for achieving US foreign policy objectives.

I thank you again for your leadership and commitment to addressing the essential question of how to best support effective development efforts. While the history of difficulties with doing development within contingency operations may seem to offer more examples of failure than success, at Mercy Corps we believe that opportunity does exist even in the world’s toughest places. By employing the right actors for the right tasks, better aligning funding with intended goals, and supporting proven methodological approaches, the USG could make concrete contributions toward improving development outcomes, enhancing the long term sustainability of our efforts and ensuring stability.