

Statement for the Record
J. Alexander Thier
Assistant to the USAID Administrator and Director of the
Office of Afghanistan and Pakistan Affairs
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National Security, Homeland Defense and Foreign Operations
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Chairman Chaffetz, Ranking Member Tierney, distinguished Members of the Subcommittee, it is an honor to appear before you today. Thank you for the opportunity to discuss the potential impact of Afghanistan's Presidential Decree 62 upon the safety and security of development programs and personnel in Afghanistan. As Assistant to the Administrator and Director of the United States Agency for International Development's (USAID) Office of Afghanistan and Pakistan Affairs, I oversee the strategy and execution of our programs and operations in both of these countries.

Over the past 19 years, working in both the public and private sectors, I have toiled side by side with thousands of American, Afghan, and international public servants in Afghanistan. These dedicated people risk their lives for the greater good, and their efforts have improved the lives of millions. But I also have lost many friends, and place enormous personal importance on the safety and security of our staff and partners.

The safety and security of both USAID staff and implementing partner personnel who work with USAID in Afghanistan are of the highest priority to our Agency. Many people working with USAID in Afghanistan have sacrificed to support U.S. national security and to help bring stability to the people of Afghanistan. We must not forget that these gains have come at great cost. These partners are people with whom we work every day. They are friends and colleagues.

For this reason, since the passage of Decree 62, the United States Government, and our Agency in particular, has devoted significant energy to working with our partners on the transition required under that law.

USAID maintains a significant effort in Afghanistan and our programs there are delivering results. USAID's development assistance to Afghanistan continues to remain a critical component in supporting our core U.S. national security objective: to disrupt, dismantle, and defeat al-Qaida, and prevent Afghanistan from ever again becoming a safe-haven from which extremists can attack the US and our allies. USAID's efforts are a critical component of a whole of government, civil-military effort to advance this strategic objective. Together, we are committed to promoting the development of a stable Afghanistan by

partnering with the Afghan government and the Afghan people to solidify a foundation of sustainable economic growth and effective, legitimate governance.

Over 380 American USAID staff, hundreds of other American civilians, and thousands of Afghans take risks every day to implement USAID programs and turn the tide against violent extremists. Since 2003, 387 people working for USAID partner organizations in Afghanistan have been killed in action and another 658 wounded in action. Between 2009 and 2010, there was a two-fold increase in the number of attacks on partners, from an average of 29 a month in 2009 to 57 a month in 2010.

Despite these enormous challenges, our mission in Afghanistan is delivering results.

It is important to keep in mind the situation Afghanistan faced a decade ago. I first served in Afghanistan for nearly four years from 1993-1996, as a civil war was literally dismantling every vestige of a functioning state.

- A third of the populations were refugees, and more were leaving.
- Another third were dependent on food aid from the international community for their survival.
- Half of the population, Afghan women, were about to be plunged into darkness and destitution by the Taliban.

The world had largely abandoned Afghanistan.

But since 2002, we have supported Afghanistan's impressive development progress in vital areas despite operating under some of the world's toughest conditions. For example:

- Agricultural production and employment have helped to transform insurgent strongholds into productive communities.
- Enrollment in schools has increased from 900,000 boys under Taliban rule (with nearly 0% girls) to eight million children in schools today, 35 percent of whom are girls.
- Per capita income has increased from \$200 per year to \$500, and annual economic growth has averaged 8-10% for the last decade.
- The Afghanistan Mortality Survey – a landmark comprehensive health study – was released publicly in November. The survey shows:
 - 64 percent of the Afghan population now has access to a health care facility, up from less than 10 percent a decade ago;
 - Adult life expectancy has increased from approximately 44 to 62 years – likely the largest increase of any country in the world in the last decade; and
 - Maternal mortality is now less than 500 deaths per 100,000 live births, three times lower than the 1,600 deaths out of 100,000 live births reported by UNICEF in 2002.

While these gains are significant, Afghanistan remains one of the poorest countries in the world. And these gains remain fragile as Afghanistan is a high-risk environment and our efforts continue to face considerable challenges.

Over the last 18 months, USAID has been adjusting both our programming and our business model to ensure that our portfolio reflects the most cost-effective priorities. Last June, Administrator Shah issued Sustainability Guidance that mandates that all of our programs in Afghanistan be reviewed and adjusted to ensure they are implemented according to our driving principles of accountability, sustainability, and social and gender inclusion, and that they be implemented in partnership with the Afghan government. Allocation of aid resources will increasingly be based on maximizing capacity-building initiatives and development impacts as aid budgets shrink to enable a viable Afghan transition.

In June of last year President Obama announced the US will transition security responsibilities to the Afghan government by the end of 2014. Afghans are already assuming more operational and financial responsibility for the security of their own people. This is a necessary and positive development.

As part of this process, Afghan President Hamid Karzai issued Presidential Decree 62 in August 2010, calling for the disbandment of Private Security Companies (or PSCs). These security firms provide guards and other security services for a variety of international and domestic organizations engaged in civilian development, including USAID implementing partners. We respect the sovereignty of the Afghan government and its right to regulate the provision of security services within Afghanistan.

Under Presidential Decree 62 (PD 62), responsibility for security services for civilian development programs and projects transferred to the Afghan Public Protection Force (APPF) as of March 20, 2012. USAID has been part of an interagency U.S./Afghanistan International Security Assistance Force (ISAF) team working to ensure that the security needs of USAID implementing partners, and others, using APPF guards are addressed and that our critical efforts to stabilize Afghanistan continue.

USAID has made a concerted effort with its partners to reduce overall reliance on PSCs. Many of our partners do not use PSCs, or have reduced their need for these services through community engagement and other tested approaches. As of March 1, 2012, only 32 out of the 91 USAID projects required protection by PSCs, compared to the 43 programs that utilized PSCs just this past summer. The remaining 59 projects do not require armed security and therefore will not utilize the APPF for guards.

USAID has worked intensively with those partners requiring APPF and with NATO Training Mission-Afghanistan's (NTM-A's) APPF Advisory Group (AAG) to manage this transition without sacrificing security. The APPF is a "state-owned enterprise," managed by the Afghan Ministry of Interior. A joint Afghan government-ISAF assessment of APPF last year

concluded that additional support was needed to develop APPF's business and operations practices before it would be fully self-sufficient. The AAG has been working intensively to create an APPF capable of fulfilling its mission.

The transition model is a two-part process. First, partners contract with the APPF for services, and their PSC guards have converted to APPF guards. Some guards, different uniforms. Second, the partner may choose to contract with a Risk Management Company (RMC) to provide security advice and consulting. Employees of these firms may be lightly armed and work closely with the senior management of the firms that have hired them. In many cases, the private security companies that previously provided guard services to our partners formed new affiliates to operate as risk management companies. So far 15 firms have been granted RMC licenses to operate in Afghanistan.

In recent months, the APPF has significantly improved its capabilities, and many of the necessary milestones for the APPF transition have been reached. Of the 32 USAID projects that have indicated that they will contract with the APPF, as of this week, 18 have signed contracts with APPF, and the remaining projects are at various levels in the negotiation process with the APPF. The APPF is already operational in several key sites, and interim licenses granted by the Ministry of Interior have provided additional time for remaining programs to find a solution to their security requirements. Enormous credit must be given to the NATO team and the AAG, which worked tirelessly with the Afghan government and USAID and our partners. Ensuring that transition to the APPF does not create a gap in security for our development projects has been a central and continuing goal of this effort.

In addition to addressing security concerns, USAID has also been carefully monitoring costs. We have conducted an assessment of security costs for 15 projects that have converted from PSCs to APPF and RMC contracts. Data included cost information for RMCs, Logistical Support, APPF, and PSC cost for one month prior to transition and one month after transition. This initial assessment indicates that the overall average cost, based on side-by-side comparison, is 16% higher with the APPF/RMC model. As the process of transition to APPF proceeds, we will continue to monitor costs and seek opportunities to reduce overall expenses without sacrificing security.

We remain in constant contact with our implementing partners, working together to address mutual concerns. Thus far, all of our partners have chosen to continue to operate in Afghanistan through this transition.

We are committed to a continued joint effort, working closely with AAG, NTM-A, Congress, the Afghan Government, and international partners to sustain and improve on the development investments made during the past decade.

Thank you for the opportunity to discuss this important issue, and I welcome your questions and guidance.