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## BearingPoint Thinks Global

"There is something about Afghanistan that has really attracted people, even though it's a hardship post," said Bittner, who spent a decade overseeing national banks for the U.S. Treasury Department before joining BearingPoint.

Of the 30 people who were originally sent to Afghanistan three years ago, 24 remain, living in group houses, working six days a week and holding the occasional movie night for a dose of entertainment.

BearingPoint's \$96 million contract with USAID in Afghanistan called for budget planning, reforming the banking system and establishing trade policies. About half of the employees sent there previously worked in agencies like the Commerce or Treasury department, while others had commercial backgrounds in finance and banking.

The company also hired about 200 Afghans, many of them former civil servants and recent college graduates who spoke English. Unlike in Iraq, where people are skittish about working for Western organizations because they are often targeted by insurgents, the Afghans were eager to sign up, said James Horner, vice president of BearingPoint's emerging markets unit.

Because international donors were trying to contribute to Afghanistan's reconstruction, the first order of business was to set up an electronic money transfer system. Then came a network of government-run banks so that military and civilian employees could collect their salaries without the help of a middleman.

New customs procedures helped clear up long waits at the borders, and agents were given official uniforms, which brought a sense of authority.

In one instance, BearingPoint worked with a man who previously acted as a *hawala*, or money transfer agent, to set up one of the country's first commercial banks.

The most recent USAID inspector general's report, in August 2004, gave BearingPoint generally good marks on its Afghan work but also said it could not fully evaluate the progress because quarterly work plans had not been made as required. A BearingPoint spokesman said the firm implemented new reporting procedures to meet that requirement.

"The question with all this stuff is, 'Is it cost-effective?'" said Richard W. Rahn, former chief economist at the Commerce Department and director general of the Center for Global Economic Growth, a project led by the conservative think tank FreedomWorks. "I think the record is highly mixed. You can find some instances where it has been cost-effective and others where it was not cost-effective."

Bittner said the team in Afghanistan declared one success after it set up a direct-deposit system for local employees. The first time payments were distributed that way, all of the workers rushed to withdraw all their money because they had so little faith in the banking system. The next month some left a little cash in their accounts, and the month after that they left a little more, she recalled.

Projects like that brought "a sense of satisfaction that you're making a difference," said Fernando Ramos, a managing director who also led some of BearingPoint's projects in the country. "In a place like Afghanistan, that is even truer because you see things change very quickly."

But the work can also be risky, as evidenced in Iraq, where BearingPoint has a USAID contract potentially worth \$240 million to help establish new economic policies and rebuild the economy. In January one of the company's managers, Tracy Huslin, was killed in an attack as her convoy was returning from the Baghdad airport. The 34-year-old had been in Iraq since 2003, managing the company's administrative operations and overseeing more than 100 U.S. employees there.

Threats from insurgents in Iraq have been costly. According to a September 2004 report by the USAID inspector general, BearingPoint expected to spend \$894,000 on security costs during the first year of the Iraq contract but ended up spending \$37 million.

And by that point, BearingPoint had completed only 10 of the 38 projects assigned under the contract, a disappointing pace the inspector general blamed on circumstances in Iraq the company could not control.

Despite the dangers in Iraq and elsewhere, there's plenty of competition for such contracts, said Marcus Fedeli, manager of federal opportunities at Input Inc., a Reston market-research firm.

"As long as the money is coming, there is interest in it," Fedeli said.

Horner, of BearingPoint, said the hope is that as countries like Afghanistan become more stable, they will need help with other services such as systems integration and software development. BearingPoint, he said, will "already know the markets, have relationships . . . be able to respond in a better way than we would've before."

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Afghan money changers in Kabul, Afghanistan, in 2003. BearingPoint Inc. has helped modernize banking and the economy in general. (By Aijaz Rahi -- Associated Press)

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