

Civilian Power: State, USAID and Congress in U.S. Foreign Policy



21st-Century Diplomacies: The State Department's Identity Crisis
by Heather Hurlburt

The Crucible: Iraq, Afghanistan and the Future of USAID
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Backseat Driving: The Role of Congress in American Diplomacy
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THE CRUCIBLE: IRAQ, AFGHANISTAN AND THE FUTURE OF USAID

BY JOHN NORRIS



By Sept. 10, 2001, the U.S. Agency for International Development, or USAID, was increasingly slouching toward irrelevance. Although USAID Administrator Brian Atwood had instituted important reforms during his tenure at the helm during the 1990s, the agency had been badly bloodied by a contentious political battle with the Republican-controlled Congress over whether it should be folded into the State Department. Remarkably, Atwood held both the State Department and Sen. Jesse Helms at bay when Congress tried to abolish USAID and place its remains in Foggy Bottom.

But Atwood and the agency paid a steep price for their resistance, and angry Republican lawmakers were determined to get their pound of flesh. Severe budget cuts triggered layoffs and a 29 percent reduction in staff at USAID between 1995 and 2000. By 2001, USAID's direct-hire staff was about half the size it had been 20 years earlier. Using attrition to stay afloat, USAID was left with a graying staff, as more than one-third of its foreign service employees were nearing retirement age.

Once famous for its ability to directly implement development programs, USAID was forced to shed expertise in some of its core competencies. USAID's staff in agriculture, engineering and monitoring and evaluation were slashed close to zero. With fewer and fewer staff, USAID increasingly resembled a contracting agency, as it relied more heavily on large American for-profit firms to carry out its work in the developing world.

As former USAID Deputy Administrator Carol Lancaster explained, "USAID has left the retail game and become a wholesaler. In fact, it's become a wholesaler to wholesalers. It takes you far from what's happening on the ground."

Confidence in USAID was low, and it was no coincidence that as the Bush administration designed what would be one of its signature development approaches, the Millennium Challenge Corporation, it chose to create a new agency to deliver assistance to countries that were willing to embrace meaningful economic and political reforms rather than work through USAID. Trying to sort out the legislation and bureaucratic fixes required to make such an approach work within USAID seemed simply too daunting.

But things at USAID, as in so many aspects of American life, changed dramatically after Sept. 11, 2001. For USAID, the driver of that change was the U.S. military invasions of Afghanistan and Iraq and the massive reconstruction efforts that followed.

The most immediate impact of Afghanistan and Iraq was to open the spigots of resources for the agency. With a Republican president pushing the logic of the global war on terror, USAID finally had Republican political cover. The agency went from being regularly demonized to receiving almost unflinching support, albeit for a limited period of time. Compared to the military costs of Iraq and Afghanistan, USAID spending may have been an afterthought, but funding for programs administered by USAID more than tripled in the decade after 9/11, going from around \$6 billion a year at the turn of the century to around \$22 billion by 2010.

Over time, and with strong backing from Secretaries of State Condoleezza Rice and Hillary Clin-

ton, USAID was able to rebuild its hollowed-out workforce to face the challenges represented by Afghanistan and Iraq. The agency's direct-hire staff went from 2,077 in 2001 to 3,466 in 2012, an increase of more than 66 percent. This also meant that USAID grew radically younger. Now two-thirds of USAID's staff has less than five years on the job, and the relative dearth of middle management has forced the agency to more rapidly promote junior staffers to fill these positions.

This has also meant that an unusually large proportion of the agency's young staff has cut their teeth working not in traditional development settings—poor, stable countries trying to generate economic growth and deliver basic social services—but in the dangerous hothouse transitions of Afghanistan and Iraq. What these young staffers take away from these difficult experiences will shape the agency in very important ways for years to come. Certainly, with more than 40 percent of the world's poorest people now residing in conflict-affected and fragile states, the experience of Afghanistan and Iraq will be germane for some time to come. And, importantly, most USAID staffers in Afghanistan and Iraq were able to really work on the ground and interact with locals out beyond the fence, rather than simply making their decisions inside the embassy or USAID mission compound.

At the height of America's involvement in the two conflicts, for the first time in years, everyone was suddenly talking about the importance of development as a cornerstone of national security, even if many development professionals thought the link between underdevelopment and extremism to be specious and misguided. Perhaps the most famous of the rhetorical endorsements of development came in a speech by Defense Secretary Robert Gates during his 2007 Landon lecture at the University of Kansas, when he said:

What is clear to me is that there is a need for a dramatic increase in spending on the civilian instruments of national security—diplomacy, strategic communications, foreign assistance, civic action and economic reconstruction and development. Secretary Rice addressed this need in a speech at Georgetown University nearly two years ago. We must focus our energies beyond the guns and steel of the military, beyond just our brave soldiers, sailors, Marines and airmen. We must also focus our energies on the other elements of national power that will be so crucial in the coming years.

Gates acknowledged that having a secretary of defense speaking in favor of spending for other agencies might strike some as a “man bites dog” story, but gleeful development advocates happily emailed his speech all over Washington.

But, as USAID was learning, the only thing more dangerous than having everyone ignore its work was having everyone pay attention to it. And on the ground in Iraq and Afghanistan in the early years after the U.S. interventions, things were not going well for the agency.

USAID was short-staffed, often painfully slow and not particularly well-equipped to make nimble, high-impact investments to help bolster peaceful economic and political transitions. In both settings, USAID suddenly had more money than it knew how to get out the door effectively, and the agency, which was practiced at moving huge grants and contracts that took years to plan and implement, often struggled to implement small projects in real time that could demonstrate the dividends of peace to war-weary populaces.

The Department of Defense, and to a lesser extent the State Department and White House, were incredibly frustrated with USAID's lack of speed in delivering reconstruction assistance on the ground. The early conversation about assistance to both countries came to be dominated to a remarkable degree by discussions of how rapidly assistance could be delivered, rather than if this assistance would actually be effective and whether it would advance agreed-upon strategic aims in both countries.

Indeed, former USAID Administrator Andrew Natsios, who led the agency during much of the

Bush administration, [has spoken out](#) repeatedly and passionately regarding his frustrations during his tenure with the White House fixation on the “burn rate” in Afghanistan and Iraq: The White House would convene weekly meetings with senior representatives from USAID, the State Department and the Department of Defense to berate them for not spending money quickly enough. The Pentagon went so far as to publish a handbook with the title, “[Commander’s Guide to Money as a Weapons System.](#)”

Department of Defense frustration with USAID led it to create the Commander’s Emergency Response Program, which gave military officers pools of money that they could spend on priority local reconstruction needs that they identified as being of utility in winning hearts and minds. The U.S. military was given extraordinarily broad discretion in how to spend this money, which would soon amount to billions of dollars in both conflicts. [One civilian employee of the State Department lamented](#) that the embassy’s three key metrics for their success in Iraq were, “Money spent, number of projects reported and size of our PowerPoint presentation claiming success.”

USAID largely kept its mouth shut as it saw the Pentagon and Foggy Bottom spend massive amounts of their own dollars on reconstruction programs that clearly would not work. The special inspector general reports for both Iraq and Afghanistan are full of examples of schools and hospitals built by the U.S. military through Commander’s Emergency Response Programs that lay crumbling and unused just years after being constructed, all because the Defense Department did not stop and take the time to ask the basic questions: Do you need a school or hospital? Was there a school or hospital here before? Are there doctors, nurses or teachers available? Will you charge fees to use the facility? Who will maintain the property if we build it?

Instead, in the spirit of “can do” and driven by a naive belief that speed was always better, the Pentagon usually plunged ahead with all too predictable results, and the Commander’s Emergency Response Programs were notable for their lack of oversight or evaluation.

The growing involvement of the Pentagon in development issues and the general securitization of America’s approach to development will sadly stand as a lasting legacy of these two wars. The willingness of the U.S. Africa Command to involve itself in a range of development issues with little oversight and some dubious strategy suggests that the Department of Defense is not getting out of the development business anytime soon despite an abysmal track record to date.

Much has been rightly made of the breathtaking waste of assistance in both Iraq and Afghanistan for which USAID, the Pentagon, the State Department and the White House all deserve their share of blame. [As Rajiv Chandrasekaran devastatingly detailed](#), many of the key positions overseeing U.S. reconstruction efforts in Iraq were handed out to political cronies of President George W. Bush who knew almost nothing about development assistance or assisting a post-conflict country. In Iraq, billions of dollars of cash were literally flown in on pallets, [in what has been called](#) “the largest airborne transfer of currency in the history of the world.”

With a burning desire to spend money quickly in both Iraq and Afghanistan, all the things that go into effective aid programs—considerations about local ownership, appropriate scale, regular monitoring for results and sustainability—simply went out the window during the first five years. Effective aid programs can certainly bolster a sound diplomatic and military strategy, but they are no substitute for one, and there is little to suggest that Washington ever got the military or diplomatic strategy right in either country. Smart assistance programs can help you swim with the current, but they do not constitute the same kind of driving force as the larger considerations of politics and security.

And even as USAID was seeing the Pentagon crowd its turf on the ground, the State Department was encroaching back in Washington. In 2006, the State Department created a new position at the level of deputy secretary of state, the director of foreign assistance, to oversee the assistance portfolios of both USAID and State and give the State Department much tighter control over USAID’s

budget. The position was eventually made “double-hatted,” with the USAID administrator serving as both the head of USAID and the director of foreign assistance. Somewhat humiliatingly, the USAID administrator was made to spend a significant amount of time sitting in a State Department office rather than in the administrator’s office at USAID. (The position of director of foreign assistance was simply left unfilled by the Obama administration.)

There was also the rush to create new offices and skills back in Washington to deal with situations like Afghanistan and Iraq. USAID created an Office of Conflict Management and Mitigation in 2002. The State Department created the Office for the Coordinator for Reconstruction and Stabilization, later reorganized to become the Bureau of Conflict and Stabilization Operations, which included the Civilian Response Corps, a dedicated roster of transition experts that could be deployed to help guide reconstruction efforts. All of these initiatives helped increase the capacity at State and USAID to understand how better to work in complex post-conflict environments. They also were the background for continued power struggles between USAID and State.

In the first-ever Quadrennial Diplomacy and Development Review (QDDR) released in 2010, the State Department assigned itself as the lead in all “complex” crises, eroding what had been USAID’s traditional lead role in dealing with humanitarian emergencies through its well-regarded Office of Foreign Disaster Assistance. And one of the very last issues adjudicated by the White House in completing the lengthy QDDR was a State Department bid to take over USAID’s Office of Transition Initiatives. (It was left at USAID.)

So how best to characterize the relationship between State and USAID that flowed from the realities of life after 9/11? Secretaries of State Rice and Clinton wanted a stronger, better-funded USAID able to deal with crisis, and they wanted that stronger USAID on a shorter leash that they held. Or to quote Shakespeare’s King Henry V, “For I love France so well that I will not part with a village of it.”

But on the ground in Afghanistan and Iraq, USAID was taking onboard important lessons that were changing how it operates. Perhaps most importantly, and clearly driven by the agency’s operations in Iraq and Afghanistan, current USAID Administrator Rajiv Shah embarked on a major procurement reform effort designed to make USAID less reliant on large for-profit contractors and more able to work directly with local partners on the ground. Time and time again, USAID had found that it was much harder to work with ministries and local officials in both countries through the filter of contractors. If USAID was going to be held to account for results, as has been the increasing focus of global development programs in general, it wanted the ability to engage much more directly in dialogue with the institutions that would be the real agents of change. Instead of creating parallel systems for delivering basic services, as they had done with contractors in the early days of both wars, USAID finally figured out that it was worth the time and effort to invest resources in building local capacity.

Shah’s modest goal is to direct 30 percent of USAID funding to local partners by 2015, up from a base of 10 percent when he announced these plans two years ago. Perhaps the most interesting example of this approach in action has been USAID’s work with the Afghan Health Ministry, which has helped foster a remarkable 20-year jump in life expectancy in little more than a decade. A recent [analysis by the Center for Global Development](#) cites several important elements for this success. The program was directed through the Ministry of Health rather than through outside contractors. The United States pooled funding with other donors, something it is usually reluctant to do. And most importantly, Johns Hopkins School of Public Health was contracted to evaluate whether the system was actually working and to provide continuous feedback.

Working with such local partners will obviously be most effective in countries that have strong institutional capability, but the lessons from USAID’s work with the Afghan Health Ministry suggest that it also has some applications in transition settings as well. Investing in local capabilities is ultimately the best way to achieve development that stands the test of time.

USAID has also made considerable efforts to begin better measuring its work on the ground in places like Afghanistan and Iraq. The agency developed a new evaluation policy in 2011, and it [has made publicly available](#) a wide range of its own evaluation reports from across the globe. Such monitoring and evaluation was routine at the agency for much of its existence, yet was virtually eliminated after steep operating expense budget cuts in the late 1990s. The crucial test will be whether Congress and the public allow USAID to be relatively frank in admitting what works and what doesn't. If Congress simply beats up on USAID anytime it admits things did not go as planned, the agency will not be able to learn from its own mistakes and will quickly revert back to producing glowing after-action reports that suggest that everything worked perfectly.

USAID also seemed to reach a constructive detente with the Pentagon's work in reconstruction, significantly enhancing USAID's ability to shape these programs. The reasoning at USAID has been that if you are going to have military resources directed toward civilian goals, then you need to have a practical mechanism in place to carry out a needs assessment, determine how you measure and track progress and embed civilian development expertise within these projects. The Pentagon, chagrined by a series of stinging audits of its programs, has been far more willing to take such expertise onboard, recognizing that soldiers are simply not trained in the basics of development. This is substantial progress.

On balance, America's assistance programs in Afghanistan and Iraq wasted staggering amounts of tax dollars, and both Iraq and Afghanistan show dangerous signs that they may slip back toward broader conflict as U.S. troops withdraw. Yet these endeavors have also fundamentally changed how America delivers assistance around the world, and the ripples of the hard lessons and best practices learned in these two countries will spread out around the globe for years to come, from Mali to Nepal and from Syria to Myanmar. Young development professionals are already carrying the lessons learned forward to their next posts. Yet, at the end of the day, the most enduring lesson is not a new one: The United States can't want development or counterinsurgency more than the host government with which it is working. □

John Norris is the executive director of the Sustainable Security and Peacebuilding Initiative at the Center for American Progress. He has served in a variety of senior roles at the State Department, United Nations, USAID and NGOs. His recent piece on security and diplomacy appears in the Atlantic and he is a regular contributor to Foreign Policy.

Photo: Afghan farmers participate in USAID's 2010 national wheat seed distribution, Kabul, Afghanistan, Oct. 5, 2010 (USAID photo).

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