

# THE NATIONAL SECURITY ENTERPRISE

NAVIGATING THE LABYRINTH

SECOND EDITION

EDITORS

ROGER Z. GEORGE & HARVEY RISHIKOF

In cooperation with the Center for Security Studies,  
Edmund A. Walsh School of Foreign Service,  
Georgetown University

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## The US Agency for International Development

### *More Operator than Policymaker*

Desaix Myers

Fundamentally, AID's purpose is National Security. By national security, we also mean a world of independent nations capable of making economic and social progress through free institutions.

—David Bell, second USAID administrator (1962–66)

There are a number of reasons why the US Agency for International Development (USAID), the lead US government agency for development assistance, has been an inconsistent player in the national security enterprise for much of its more-than-fifty-year history. It is a field agency established to produce transformational change through development assistance, and its culture and structure bend it toward field operations and policy implementation overseas rather than policy analysis and advocacy at home. The gap between the time required to achieve the change sought by development programs and the urgency of national security demands creates a natural tension between USAID and the national security community. Many in USAID have been ambivalent about their role in national security while members of the national security community, interested in the resources represented in development assistance, have been disappointed that USAID can't produce results more quickly.

There have been times, during the Cold War and particularly in Vietnam, when USAID has been seen as integral to national security strategy. Called on to help defeat an enemy—communism—it worked with the government and civil society organizations to address root causes with programs to boost jobs, health, and education and to combat poverty and bad government. More recently, with the wars in Iraq and Afghanistan, the White House has described development as “a strategic economic and moral imperative” and called it one of the three pillars (the Three Ds) of national security, equal to defense and diplomacy in advancing US interests abroad.<sup>1</sup>

But the institutional change sought by development programs takes time, and those looking to USAID to reconstruct government capacity in Vietnam, Iraq, Afghanistan, or other unstable environments have been disappointed. They have seen USAID as falling short. But in fact, their expectations have been unrealistic. They have seen USAID's successful work in emergency response and so frequently look to the agency to respond to international crises with national security dimensions—Yazidis trapped on Mt. Sinjar; Syrian refugees in Jordan,

Lebanon, and Turkey; a tsunami in the Philippines; Boko Haram in Nigeria; Ebola in West Africa. Increasingly, USAID has been called on, in the words of one ambassador, to be “an operational arm of diplomacy,”<sup>2</sup> to advance short-term political objectives in national security hotspots like Ukraine, Yemen, or Central America.

The tension between short-term and long-term objectives has contributed to USAID’s inconsistent role in national security. So too has debate over USAID’s authorities and responsibilities. There is general agreement on the importance of foreign aid, described by political scientist Hans Morgenthau as one of the “real innovations which the modern age has introduced into the practice of foreign policy.”<sup>3</sup> But questions remain about exactly what it is, how it should be used, how much it is worth, and who should be responsible for it.

Part of this confusion stems from a common conflation of terms; “foreign aid” and “development assistance” are easily confused. Foreign aid is broader and can be used for a variety of policy objectives—humanitarian, political, commercial, tactical—including development itself. Development assistance, one form of foreign aid, is aimed at producing transformational change, economic and social progress, and the betterment of the human condition.<sup>4</sup> It contributes to national security in the long term by working with governments and civil society to address underlying issues like poverty, weak institutions, and bad policy. It builds resilience and the capacity to respond to national security threats—demographic or environmental changes, resource shortages, infectious disease, violent extremism, and cross-border crime.

With their focus on development, USAID’s staffers have had mixed feelings about the demands from the national security community for short-term results. This ambivalence has been reinforced by the agency’s structure and culture. The agency is structured to support field operations rather than make national security policy. The culture is dominated by a foreign service whose members spend most of their time overseas rather than in Washington and have limited experience in the interagency policy community. Historically, many have avoided linking themselves too closely with security programs or the intelligence community for fear of jeopardizing local working relationships. Except for those who served in Vietnam or Bosnia/Kosovo, few had experience with the military. All that changed with September 11, 2001.

This chapter explores the nature of this change and what it might mean for USAID’s role in the national security enterprise. It begins by reviewing USAID’s history. It then looks at USAID’s structure and the way the environment for development has evolved since USAID’s creation. It concludes with discussion of USAID’s response to its new environment and offers suggestions as to how USAID’s role in the national security enterprise might be more effective.

## HOW DID WE GET HERE?

Policymakers have often viewed development resources as a “means” to a foreign policy objective rather than development as an “end” in itself. They have repeatedly redefined USAID’s objectives. Originally created with a focus on economic growth, USAID’s mission has grown to include short-term crisis response, humanitarian assistance after disasters, post-conflict stabilization, long-term help to build institutional and human capacity, and support for political or diplomatic objectives. Its programs have been used to project values, demonstrate good will, or buy behavior change. It has developed projects to improve governance, create jobs, educate, fight infectious disease, improve maternal and child health, get cooperation on environmental issues and climate change, and counter extremism.

As its responsibilities have increased, the agency has grown, in the words of one senior USAID official, “to combine skills from all the elements of government, from Departments of

Treasury and Justice to Health and Education, in one place.”<sup>5</sup> To strengthen institutions and systems around the world, it has become an agency doing everything from delivering food and medical supplies to advising on central banking, agricultural price policy, and fuel subsidies. How did this happen?

### *Origins and Principles*

What may have been the earliest aid effort came as a projection of democratic values—Thomas Jefferson’s advice to the Marquis de Lafayette in 1789 on the Declaration of the Rights of Man. Shortly thereafter, as a complement to the Monroe Doctrine, James Monroe introduced humanitarian assistance, sending four ships of flour to feed Venezuelan earthquake victims in 1812.<sup>6</sup> Aid to the Russians and Eastern Europeans after World War I, led by Herbert Hoover, combined humanitarian objectives with an effort to project values. Modern foreign assistance as we know it, tied directly to national security, really began with George Marshall’s 1947 speech at Harvard calling for aid to help “the return of normal economic health of the world.”<sup>7</sup>

President John Kennedy picked up this theme. In a speech to the United Nations, he called on the world to produce a “decade of development” in which “an enlarged community of free, stable and self-reliant nations can reduce world tensions and insecurity.”<sup>8</sup> It was the height of the Cold War. Colonial empires were collapsing. New states were emerging. The connection between foreign assistance and national security was clear, and the United States needed foreign assistance to combat communism. The country had moral, economic, and political obligations to meet, Kennedy said, and without the capacity to meet them, “our own security would be endangered and our prosperity imperiled.” In 1961 he asked Congress to create a new agency to join our “separate and often confusing aid programs into a single administration . . . so that foreign aid can more effectively play its part as an effective instrument of our over-all efforts for world peace and security.”<sup>9</sup> USAID would become the lead agency on development and incorporate existing programs being run by other agencies and departments.<sup>10</sup>

### *USAID as an Agent of National Security*

USAID’s role in national security has depended in large part on the president’s perspective. When presidents, most notably Presidents John Kennedy and Lyndon Johnson, have seen development as important to strategy, they have fought for resources and made USAID an integral part of the national security team.<sup>11</sup> Other presidents—Bill Clinton, George W. Bush, and Barack Obama—while recognizing development as one of the Three Ds, have emphasized USAID’s operational capacity rather than its policy role. Development has been more a tool than a national security objective, subservient to policy and not key to its formulation. When USAID is invited to interagency meetings, its job has been to describe the situation on the ground and say what might be possible given the means at its disposal.<sup>12</sup>

Exactly how involved the new agency would be in national security policymaking was not clear when President Kennedy called for its creation. In 1962, when he named David Bell, then head of the Bureau of the Budget, USAID’s administrator, the intention became clearer.<sup>13</sup> “Both Kennedy and he [Bell] decided that it was more important to run AID than it was to run the Bureau of the Budget, which gives you some idea of the sense of priority that the foreign aid program had at the time,” an early USAID official noted.<sup>14</sup> After Kennedy had

recruited leaders for the new agency from the ranks of businesses across the country in what became known as Operation Tycoon,<sup>15</sup> he invited USAID's first mission directors and deputies to the White House just before they left for their posts overseas. He emphasized the link between their work and national security: "The job that you are engaged in as important as any work that is being done by anyone in this country at this time to protect the security of the country."<sup>16</sup>

The agency was structured with limited independence. According to Bell, "there was strong feeling . . . that aid decisions had been improperly subordinated in the previous arrangement to the views and judgments of the State Department's Assistant Secretaries and office chiefs."<sup>17</sup> Nevertheless, although President Kennedy would include Bell in meetings of the Special Group (Counter Insurgency), the task force he set up and chaired after the Bay of Pigs, he still had the administrator report to the secretary of state, whom he made responsible for coordinating civilian and military aid programs.

With the growing US involvement in Vietnam, Lyndon Johnson took personal interest in development as a tool of policy. He called his interim national security advisor, Bob Komer, into the Oval Office to tell him personally that he was to lead "the other war" in Vietnam for the hearts and minds of the people.<sup>18</sup> As John Norris writes in a history of USAID, "Over the protests of the USAID mission director who argued that a lighter footprint actually made for more effective counterinsurgency efforts, Johnson pushed USAID resources and personnel into Vietnam, forward deploying aid workers in a massive hearts and minds campaign. By 1968 there were some 2,300 American USAID personnel in Vietnam, the single-largest deployment of USAID staff in history."<sup>19</sup>

President Johnson's efforts to use aid as a policy tool were not limited to Vietnam. He called USAID's then administrator, William Gaud, to his ranch in Texas to design programs to counter a famine in South Asia, laying the groundwork for what became the "Green Revolution."<sup>20</sup> Johnson argued for family-planning programs in response to national security concerns about overpopulation. He intervened directly on food shipments to India, halting supplies until India made the policy changes he sought.<sup>21</sup>

Few presidents have been as hands-on as Johnson in their use of foreign assistance, and the experience in Vietnam brought a backlash. By 1971, despite significant USAID achievements in Korea, Taiwan, India, and Indonesia, congressional support for USAID's work on economic policy, long-term institution building, and infrastructure was waning. Weary with war and frustrated that development programs had not captured hearts and minds, Congress defeated the administration's foreign assistance bill and replaced it with "New Directions" legislation that focused on "rural development, small farmers, rural-urban linkages, and small business." New Directions later expanded to "Basic Human Needs" to include health and education, aimed at "the poorest of the poor,"<sup>22</sup> and under President Jimmy Carter, to a greater concern for human rights and the projection of American values as a national security objective.

### *Mission Creep*

The resources for development assistance have been too attractive for policymakers to resist. They became a natural source of support for policy objectives. President Carter encouraged peace in the Middle East with generous assistance after the Camp David accords; aid to Israel and Egypt—close to \$2 billion—represented about a quarter of the total foreign USAID assistance budget for years.<sup>23</sup> President Reagan used aid to fight insurgencies in Central

America; the fall of the Soviet Union brought new opportunities for programs in support of democratic and economic transitions. Wars in Bosnia and Kosovo and financial collapse in Asia brought new demands. The attacks of September 11, 2001, ushered in a raft of issues, particularly terrorism, identified with fragile states. The wars in Iraq and Afghanistan pushed USAID to address immediate crises of stabilization, reconstruction, governance, and public service delivery.<sup>24</sup> By 2014 the agency's inspector general was describing USAID's "lack of focus" as one of its most serious challenges: "The Agency's many initiatives and priorities, coupled with external mandates, divert missions' attention from core responsibilities and long-term vision."<sup>25</sup> It was hard to maintain a focus on long-term development.

### USAID'S STAFFING AND STRUCTURE CREATE A FIELD-BASED CULTURE

Despite many distractions, throughout the agency's history USAID's mandate has remained the design and implementation of development programs in the field. The agency's primary attention is directed toward its eighty field missions operating some 2,000 projects in more than a hundred countries. Decision making has been largely delegated to field missions, and the vast majority of USAID's \$20 billion annual budget goes to their programs.<sup>26</sup> The missions are responsible for building relationships with host governments, identifying needs, drawing up strategies, and designing projects to meet long-term development objectives. Their emphasis on field programs is reflected in both USAID's staffing and its culture.

#### *The Job Is in the Field*

More than two-thirds of USAID's nearly 10,000 employees work overseas: 1,702 foreign service officers (FSOs) spend most of their careers in field missions; 4,560 foreign service nationals (FSNs) come from the countries in which USAID operates; 1,660 civil service employees work primarily in Washington, complemented by nearly 1,000 private contractors, transfers from other US government agencies, or fellows from universities.<sup>27</sup>

To develop their programs, missions draw up individual multiyear strategic plans (Country Development Cooperation Strategies) for each country, based on an assessment of needs, past evaluations, and discussions with country officials and civil society representatives. The strategy reflects the country's conditions and needs and US priorities, objectives, and resources. Washington approves it and sets the budget levels reflecting congressional and administration priorities. Missions develop projects to implement the strategy: help for health systems in Ethiopia, for example, and refugees in Jordan; advice to Burmese officials on economic policy and to Ukrainian activists on civil society organization; expertise to Laos on trade and investment. Washington provides technical oversight and support and joins in monitoring and evaluation. Regular reviews test assumptions and allow modifications as part of an ongoing process.

Because USAID's focus is in the field, FSOs play a dominant role in defining the agency's culture. Many have come from the Peace Corps; historically, nearly a third has been former volunteers. The tradition continues. Of thirty-six officers recently joining USAID, for example, fourteen were former Peace Corps volunteers.<sup>28</sup> They joined for the fieldwork. They describe themselves as purpose driven, field oriented, operational, and practical. Employees have specific skills in health, agriculture, economics, business, or governance, or increasingly, as the agency struggles to meet compliance requirements, they are lawyers and procurement

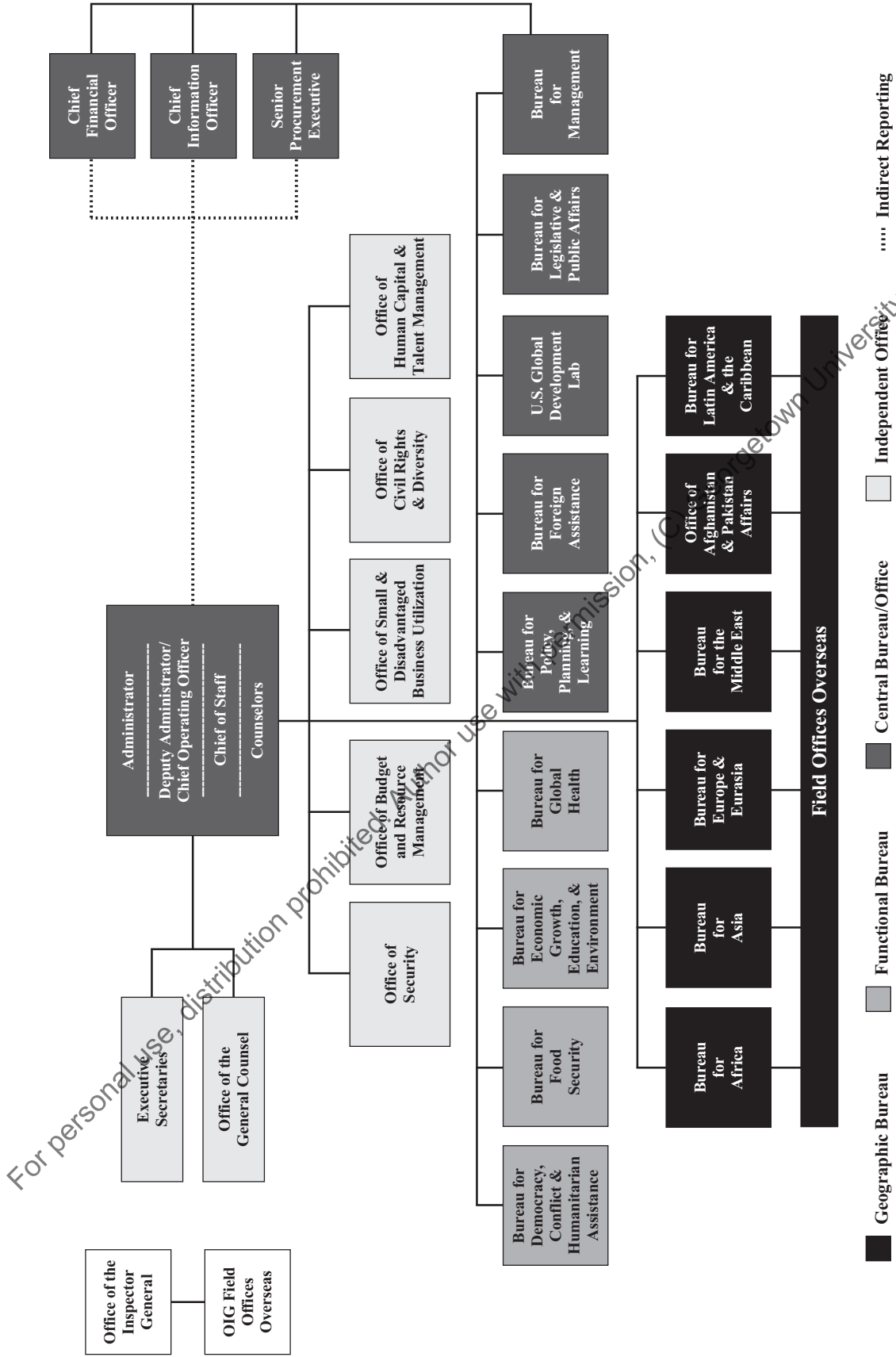


Figure 5.1. USAID Organization  
 Source: USAID, "Organization," March 12, 2015, www.usaid.gov/who-we-are/organization.



specialists. Most have graduate degrees.<sup>29</sup> They develop strategic planning skills, given their mandate to develop sustained programs as part of long-term strategies.

By choice FSOs spend the bulk of their careers in field missions, outside Washington. Overseas tours normally run at least two years; most FSOs stay for two tours, and some extend for as many as five or six years. Some return for follow-on assignments. They build long-standing relationships, and as their counterparts rise through the ranks, they become valuable partners in host governments and civil society.

But FSO focus abroad carries costs at home. Because so much of their time is spent in the field, FSOs may not develop the Washington interagency skills and personal networks that would maximize their effectiveness in the interagency when they do take Washington assignments. They are ambivalent about being tied too closely to national security or short-term political objectives. As a senior FSO said in 2014, “Basically we are blue-collar workers. Give us a problem and we want to solve it. Leave the guys in Washington to debate national interests; we just want to get the budget, roll up our sleeves, and get the job done in the field.”<sup>30</sup>

FSNs, making up close to two-thirds of mission staff, strengthen field perspective. Drawn from the communities in which USAID operates, they provide local knowledge, perspective, and continuity in addition to their management and technical expertise. A third to a half are professionals—PhDs, lawyers, doctors, engineers, comptrollers, or other technical specialists—bringing a lifetime of understanding and contacts in the host country. Their networks can support not just USAID activities but those of other agencies in the embassy as well. They have the health contacts, for example, for the Centers for Disease Control; they know the agriculture minister and can support USDA initiatives; they can help the US Forest Service or the Environmental Protection Agency with meetings with their counterparts on issues of common concern. In countries where security is an issue, like Yemen, Pakistan, or Nigeria, their role becomes even more important—they may be able to travel to project areas where their American colleagues are unable to go.

### *Operational Support for National Security, Limited Influence on Strategy*

The Washington structure supports the agency’s field orientation. Geographic or regional bureaus (for Africa, Europe and Eurasia, the Middle East, Afghanistan and Pakistan, Asia, and Latin America) link directly to the field missions. They represent their interests in the interagency, coordinate with Congress and the White House, mesh field strategies with Washington’s strategies, political priorities, and budget realities. Technical or functional bureaus in areas such as health, economic growth, education, environment, democracy, and humanitarian affairs offer expertise to the field, funding, and support for research and pilot projects.<sup>31</sup> They coordinate programs across the interagency with the Department of Health and Human Services in the case of health or with the Department of Treasury or Commerce for economic policy. One bureau, for Democracy, Conflict, and Humanitarian Assistance (DCHA), has ten quite different offices and hundreds of technical experts, mostly contractors, and is responsible for emergency assistance, stabilization, post-conflict crisis response, and human rights. It maintains close contact (and some overlap) with offices in State and Defense. (See box 5.1 for details.)

### *USAID’s Culture*

Creating a coherent culture is complicated by the agency’s diversity. Each group—civil service, foreign service, political appointees, contractors, other agency personnel, interns and fellows,

### BOX 5.1 USAID's Interagency 911 Teams

*Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA):* With a staff of 400 and annual budget levels depending on the year's crises, this bureau is the most likely to be called in case of emergency. Three of its offices in particular—foreign disaster assistance, transition initiatives, and civilian-military affairs—are crisis related. They are staffed with contractors, have years of experience with the interagency during crises, and maintain close relationships with counterparts within the State and Defense Departments.

*Office of Foreign Disaster Response (OFDA):* OFDA fulfills the Foreign Assistance Act of 1961 mandate that USAID's administrator act as the government's special coordinator for international disaster response. Nearly seventy foreign disasters occur every year, ranging from tsunamis in Southeast Asia to earthquakes in Haiti. OFDA has special authorities to hire experts and borrow technical staff from other agencies. Its network ranges from the Department of Defense and the Centers for Disease Control to the search and rescue services for Los Angeles and Fairfax Counties. When a call comes, OFDA forms a disaster assistance response team (DART) to contact local authorities, assess damage, determine needs, and manage the response. It has stockpiled commodities in locations around the world and maintains a strong planning and operating relationship with DOD.

*Office of Transition Response (OTI):* Set up in 1994 as countries in the former Soviet Union faced difficult political and economic transitions, OTI provides the same kind of quick response to political crises that OFDA does for humanitarian ones. Operating under special authorities from Congress focusing on "fast, flexible, short-term assistance for key political and stabilization needs," it draws on a "bull pen" of experts for short-term projects, generally less than two years (although missions may stretch the time frame on occasion). After 9/11 OTI's stabilization work in Afghanistan, Pakistan, Iraq, and other post-conflict situations increased markedly. With a budget of close to \$50 million a year, OTI now has programs in more than fourteen countries.

*Office of Civilian-Military Cooperation (CMC):* Formed in 2005, at the height of the wars in Iraq and Afghanistan, CMC coordinates USAID's efforts in stabilization, reconstruction, and recovery of fragile or failed states with the military. It hosts military officers on detail from the Navy, Army Corps of Engineers, and Marines and has senior development advisors in the six combatant commands and with the Joint Staff at the Pentagon to coordinate planning, training, and preparing for joint operations.

local hires—comes to the agency with a different background. Each works with different systems of incentives, evaluation, and promotion. Some, like those handling crises and disaster assistance, for example, develop their own subculture—practical, action oriented, and more tolerant of risk.<sup>32</sup>

Further challenging creation of a common culture has been a rapid increase in hiring and the generational change as millennials take over from those who joined in the shadow of Vietnam. From a high of 4,000 during the Vietnam War, the number of FSOs had been allowed to drop to fewer than 1,000 in 2005.<sup>33</sup> Recognizing that close to 100 percent of USAID's senior officers were eligible for retirement within three years, the George W. Bush administration committed to doubling those officers. By 2014 USAID had run close to seven years of increased recruiting, outstripping attrition and adding nearly 800 FSOs.<sup>34</sup> Today more than 60 percent of its employees have fewer than five years of experience.

Recognizing the challenge, the agency launched an extended effort in 2013 to unite the workforce around a new mission statement: "We partner to end extreme poverty and to promote resilient, democratic societies, while advancing our security and prosperity."<sup>35</sup> The process helped solidify a common vision. Many took pride in working on long-term develop-

ment issues while also being the go-to organization for crisis response. They shared a sense of purpose. USAID officers estimated that more than 75 percent saw their work as an opportunity to change the world. Far fewer, less than 20 percent, saw it as directly tied to national security.<sup>36</sup>

### *Growing Influence of Political Appointees*

Political appointees have always been influential in shaping the agency's role in the national security community, and that influence is growing. The number of political hires doubled between 2004 and 2012, from 52 to 110, and the number in the office of the administrator tripled to 22.<sup>37</sup> To the agency's benefit, these appointees often bring relationships and political contacts, new ideas and perspectives. When the administrator has been close to the president or when the president has seen development as key to national security, USAID's role has been enhanced. David Bell regularly sat in sessions chaired by President Kennedy.<sup>38</sup> Peter McPherson, formerly a lawyer for Ronald Reagan, attended cabinet meetings. On the negative side, appointees' incentives, goals, and objectives do not always mesh neatly with those of the career development staff. Appointees may feel pressure to act on short-term political demands that career staff see as distracting from long-term objectives. And they may lack experience in development or in the Washington interagency.

The administrator, appointed by the president, confirmed by the Senate, and reporting to the secretary of state, sets the tone for the agency. Party affiliation has been less important to an administrator's effectiveness than experience, personal contacts across the interagency, and personality. Some administrators have come with a development background: Peter McPherson (1981–87) was a former Peace Corps volunteer in Peru with White House experience; Brian Atwood (1993–99), a former State Department officer with experience in Ivory Coast, came to USAID after serving as president of the National Democratic Institute, a key partner in elections work; Andrew Natsios (2003–7) was the former head of the USAID's Office of Foreign Disaster Assistance and senior officer at World Vision, one of the largest development and humanitarian assistance organizations in the world; Raj Shah (2009–15), a medical doctor, came from the Gates Foundation; and Gayle Smith, appointed in December 2015, served on both the Obama and Clinton NSCs, as senior director for development and democracy and senior director for Africa, respectively, after a career as a journalist in Africa, work with international nongovernmental organizations (NGOs), and time with a Washington think tank.<sup>39</sup> The most successful have combined an understanding of development with an ability to manage a complex bureaucracy and complicated constituency of NGOs, contractors, universities, religious groups, and various members of the national security enterprise, including the White House and Congress.

Senior appointees, including deputy and assistant administrator, have worked on Capitol Hill, in think tanks, and in technical fields relating to development. As with the administrator's contacts, their connections with other political appointees across the administration have enhanced coordination and USAID participation in the interagency. Lower level appointees often come from presidential campaign staff and can provide interagency links. Their effectiveness depends less on party than on experience and, as so often is the case, personality. Party ties may affect policy emphasis. "Republicans have generally been stronger advocates of free market approaches . . . and more prone to 'securitize assistance.' Democrats have tended to have more of a people focus, have stressed human rights to a greater degree, been more willing

to work with multilaterals, and [been] stronger supporters of family planning and environmental protection.”<sup>40</sup>

### *Engaging the Interagency*

USAID is not structured for interoperability with its other national security agencies. Its bureaus do not align with those of the Departments of State and Defense. Its bottom-up approach to strategic planning conflicts with that of State and Defense. Its roles and responsibilities, particularly in areas relating to conflict, stabilization, and democracy, overlap. There are even logistical challenges. Senior USAID officials (with the exception of a few of the most senior, like the administrator) lack easy access to classified communications equipment or offices set up for classified briefings, either in Washington or in the field, a critical obstacle to USAID participation in national security discussions.

The field focus of so much of the agency’s top talent, however, increases its effectiveness abroad on the embassy country team. USAID often has its greatest influence on the interagency process through the mission director’s role on the country team. Mission directors may be among the most senior officers at post. They serve as senior development advisors to the ambassador and may act in the ambassador’s stead when he or she and the deputy chief of mission are away.

But strength in the field does not necessarily translate into effectiveness in Washington. USAID’s greatest assets—its field presence, knowledge, and experience—give the agency the potential to offer a development perspective in interagency discussions, but senior officers are not consistently available. There’s a shortage of senior leadership overall and a paucity of FSOs in Washington. Traditionally, USAID has had few officers serving on staff in Congress or on the National Security Council (NSC), although this may be changing. Since 2001 USAID has detailed more than forty civil service, foreign service, and contract employees to the NSC.<sup>41</sup> Recognizing the need for more senior foreign service representation in Washington, the agency began to enforce a rule limiting consecutive time overseas to twelve years, after which officers must return to Washington—an order long on the books but often resisted. Nevertheless, for the foreseeable future, USAID’s representation on the NSC and in high-level interagency discussions will continue to be led predominantly by political appointees and long-term civil service employees.

## DEALING WITH CHANGING TIMES

Today the agency is operating in an environment totally different from that at its creation. Institutions, politics, and technology have changed. Countries like India and Brazil are launching development assistance programs. Funding by private foundations has grown dramatically. Internet connections have created channels for individuals to contribute directly to local organizations. Foreign direct investment by private companies and pressure for corporate social responsibility offer opportunities for public-private partnerships. Diaspora interest groups provide generous flows of remittances to their home countries. Universities have started development labs researching innovative approaches to age-old problems like malaria, inadequate sanitation, and energy shortages. Silicon Valley is offering ideas and capital. Technology has created a revolution in communications. Perhaps most important, problems in fragile states—refugees, infectious disease, climate change, instability, and conflict—

have gone global, and USAID is increasingly being called to mount programs in insecure environments.

### *More Players in Development Assistance*

One of most significant changes in the aid environment has been its remarkable democratization. When USAID was established in 1961, capital flow from developed to underdeveloped countries was dominated by governments; USAID was the biggest game in town. Today everybody, from business associations to rock stars and individual donors, has become actively involved. By 2014, as shown in table 5.1, more than 90 percent of transfers were coming from private sources. As the Hudson Institute noted in a 2013 report, “Government aid . . . is now a minority shareholder, the opposite of 40 years ago.”<sup>42</sup> For example, in 2014 remittances outpaced official development assistance: US workers abroad sent abroad more than \$108 billion; official US development assistance was \$33.1 billion. Private philanthropy from US foundations, corporations, voluntary organizations, churches, and private individuals provided nearly \$44 billion.<sup>43</sup> Between 2006 and 2010, the Bill and Melinda Gates Foundation gave more funding for global health than any country in the world except for the United States.<sup>44</sup>

There has also been a great increase in the number of institutions, private companies, and NGOs interested in developing countries. Originally, USAID depended on in-house expertise, hiring trained agriculturalists, economists, public health specialists, and engineers for its own staff. Large international NGOs and private international development companies can now provide surge capacity to complement the agency’s own shrinking staff.<sup>45</sup>

**Table 5.1. US Total Net Economic Engagement with Developing Countries, 2013-14**

Flow	Amount Given (in billions of \$)	Percent of Total
Official development assistance	33.1	9
US private philanthropy	43.9	12
<i>Foundations</i>	4.7	11
<i>Corporations</i>	11.3	26
<i>Private and voluntary organizations</i>	15.4	35
<i>Volunteerism</i>	4.3	10
<i>Universities and colleges</i>	2.2	5
<i>Religious organizations</i>	6.0	14
Remittances	108.7	30
Private capital flows	179.3	49
<b>Total economic engagement</b>	<b>365.0</b>	<b>100<sup>a</sup></b>

Source: Center for Global Prosperity at Hudson Institute, Table 1, in *The Index of Global Philanthropy and Remittances 2016* (Washington, DC: Hudson Institute, 2016), 9. Used by permission.

<sup>a</sup>Variation due to rounding.

A third change has been the challenge to USAID's mandate as lead agency on development assistance. In 2003 President George W. Bush launched the President's Emergency Plan for AIDS Relief (PEPFAR) to provide billions of dollars to fight HIV and AIDS. The administration assigned responsibility for coordinating the effort to a new office in the State Department. The next year, it established the Millennium Challenge Corporation (MCC) as an independent agency to test a new model of development assistance, basing country eligibility on government effectiveness and providing close to a billion dollars annually.

Challenges to USAID were not limited to MCC and PEPFAR. With the end of the Soviet Union, a flood of agencies had become interested in overseas programs. From the Departments of Treasury, Labor, Energy, and Health and Human Services to the US Forest Service and Environmental Protection Agency, all had projects in former Soviet states. The dramatic increase in funding for civilian assistance in Iraq and Afghanistan encouraged this interest. By 2011 more than twenty-seven US government agencies were running development projects.<sup>46</sup> Both the Department of State and the Department of Defense (DOD) developed new units to deal with issues relating to stabilization and fragile states.<sup>47</sup> In 2006, for a limited period, DOD was responsible for about a quarter of US official development assistance.<sup>48</sup>

The proliferation of development activities and players raised concerns about coordination. Although successive administrations, beginning with President Kennedy, have expected USAID to lead, they stopped short of making USAID's administrator a cabinet officer or giving USAID authority for coordination. In an attempt to impose greater discipline, in 2006 the George W. Bush administration created a new position of director of foreign assistance in the State Department to serve concurrently as administrator of USAID and to coordinate foreign assistance strategy. It shifted USAID's Office of Budget and Planning to the State Department and moved toward a closer integration of assistance under the State Department. For regions of particularly high political interest and correspondingly large budgets, like Iraq, Afghanistan, Pakistan, and the Middle East, USAID programs have operated under State Department coordinators or special representatives charged with overseeing all assistance activities.

### *It's All about Politics*

The push to integrate USAID into the State Department reflected USAID's continuing challenges with Congress. Winning support for foreign assistance has never been easy. Public skepticism of government aid reflects a long-standing American concern about big government and welfare on an international scale. Natural skepticism is compounded by a misunderstanding of just how much of the US budget goes to foreign assistance. A 2013 Henry J. Kaiser Family Foundation survey found Americans on average thought 28 percent of the budget went to foreign aid.<sup>49</sup> In fact, as noted in chapter 3 on the Office of Management and Budget, foreign assistance has been less than 1 percent of the national budget for years.

Supporters have always had to fight for foreign aid, given its lack of constituency. George Marshall spent months traveling the country campaigning for his plan, visiting schools, Boy Scout gatherings, and town meetings to make the case. To sell aid programs to voters, presidents and lawmakers have talked about its importance to US trade and investment, employment, and American values. They have often turned to earmarks, initiatives, and directives.<sup>50</sup> Members (or staffers) have used earmarks to tilt support to favorite projects, foundations, institutes, or individuals. They have divided foreign assistance up into functional accounts with separate line items and assigned categories, essentially determining exactly how much can be used for what purposes.<sup>51</sup> The 1961 Foreign Assistance Act, under which USAID

continues to function, now includes 140 broad priorities and 400 directives on how USAID should pursue them.<sup>52</sup>

Initiatives and functional accounts cut two ways. They rally public interest and congressional support, creating specific pools of funds that can be tapped for field programs, but they are not strategic and cut into discretionary funds. In Nigeria, for example, the bulk of aid funds are slated for HIV/AIDS, not particularly useful for a strategic effort to promote jobs and undercut popular unrest in the country's northeast.<sup>53</sup> Mission directors complain that virtually all of their budget is now tied up in initiatives, directives, or earmarks with little

**Table 5.2. Aid Recipients by Country**

FY 2014 Estimate		FY 2015 Original Request	
Country	Aid (in millions of USD)	Country	Aid (in millions of USD)
1. Israel	3,100	1. Israel	3,100
2. Egypt	1,508	2. Afghanistan	1,595
3. Afghanistan	1,123	3. Egypt	1,506
4. Jordan	1,011	4. Pakistan	882
5. Pakistan	933	5. Nigeria	721
6. Nigeria	703	6. Jordan	671
7. Tanzania	588	7. Tanzania	590
8. Kenya	560	8. Kenya	553
9. South Africa	490	9. Ethiopia	483
10. Uganda	490	10. Uganda	465
11. Ethiopia	479	11. West Bank / Gaza	441
12. Zambia	406	12. South Africa	438
13. Mozambique	406	13. Mozambique	390
14. Iraq	373	14. Zambia	381
15. West Bank / Gaza	334	15. South Sudan	331

Source: Susan B. Epstein, Alex Tiersky, Marian Lawson, *State, Foreign Operations, and Related Programs: FY 2015 Budget and Appropriations* (Washington, DC: Congressional Research Service, December 8, 2014), 19, <http://fas.org/sfp/crs/row/R43569.pdf>. Country allocation table provided to CRS by the State Department in late March 2014.

Note: The FY 2015 figures do not reflect amendments to the request, for which country-level allocation data are not currently available but which would likely boost funding levels in some of the countries listed in the table. As in FY 2014 and recent years, the top recipient list for FY 2015 includes long-standing strategic partners such as Israel, Egypt, and Jordan; frontline states in the war against terrorism, such as Pakistan; and global health focus countries.

One notable change under the original request is the ranking of Iraq, which has been a top recipient since the 2003 US invasion but would fall just under the top fifteen in FY 2015 with the requested allocation of \$309 million. However, the request was made before the security situation in Iraq deteriorated in the midst of a Daesh insurgency, and a large portion of the additional funds requested for activities to fight Daesh would likely support activities in Iraq. Similarly, the amended request for increased funds to fight Ebola may move some of the countries hardest hit by the virus onto the top recipients list.

money available for discretionary activities in economic growth or democracy, for example.<sup>54</sup> The political nature of the assistance budget (and its link to national security objectives) is apparent in country allocation totals, as seen in table 5.2. Of \$20 billion requested for foreign aid in 2015, more than a third was targeted to four countries—Israel, Egypt, Pakistan, and Afghanistan.<sup>55</sup> As one mission director commented, “Congress doesn’t give a billion dollars for development but for politics. We at USAID have to understand that there are bigger issues at play.”<sup>56</sup>

### *Technology Opens Doors but Tightens Controls*

The revolution in communications has created new opportunities but challenged field authority. It has increased private fund-raising by highlighting needs—streaming pictures showing the vivid human costs of conflict or natural disasters—and making giving only a click away. Technology has also encouraged creative problem solving. Venture capitalists in California, students in university development laboratories, individuals in their garages are seeking innovative approaches to everything from malaria prevention to micro-banking. And it has brought innovations from health (cell-phone diagnosis) to conflict management (reporting and responding) and finance (banking and microfinance).

At the same time, new technologies have encouraged centralized decision making. Coming as concerns about aid effectiveness were growing, new communications tools have enabled greater Washington oversight and encouraged policymakers to believe that aid management could be done better with Washington help—fine-tuning with the “ten thousand mile screwdriver.” USAID in Washington has reduced field authorities. Policymakers have launched initiatives designed in Washington and increased reporting requirements. They have pushed for more scientific metrics, monitoring, and evaluation. Tensions between those in Washington wanting greater accountability and those in the field looking for flexibility have grown, pitting those concerned with “compliance” against those focused on “program.”

USAID’s leadership saw the drive to make development assistance more measurable and accountable as necessary to improve programs and reassure Congress. Reports of problems in managing the huge budgets for Afghanistan and Iraq had threatened USAID’s reputation and future funding.<sup>57</sup> At the same time, increased reporting requirements and data-driven programs threatened to create what Andrew Natsios calls a “counter-bureaucracy,” distorting USAID’s programs by tilting them toward those activities that are “measurable” rather than “transformational” and forcing field managers to spend more time in monitoring than in designing and implementing programs.<sup>58</sup>

### *USAID Plays Catch-Up*

Responding to these changes early in his term as administrator, Raj Shah announced, “USAID Forward . . . an effort to strengthen the Agency by embracing new partnerships, investing in the catalytic role of innovations and demanding a relentless focus on results.”<sup>59</sup> He developed new initiatives on agriculture and food security, health, and climate change and a set of new programs aimed at Africa.<sup>60</sup> In 2014 he launched the Global Development Laboratory, a metaphor for the new USAID. The goal was to draw in the best ideas from the private sector, universities, and foundations and use USAID’s field infrastructure to test them, measure the results closely, find what works, and scale it up. With success in food security, health, and education, the agency would showcase its strength as a convener of the new players in devel-



opment, a partner with the private sector, an innovator and catalyzer of great ideas. It would make the most of its budget, frugally leveraging the funding of others while creating a new image for itself as innovative and cutting-edge.

These efforts to reform and modernize the agency won support from Congress and the administration. They demoralized staffers who felt that field prerogatives were being replaced by Washington's top-down decision making and development objectives were being superseded by political goals.<sup>61</sup> Although the reform initiatives had managed to maintain support for USAID's budget, they left unanswered questions about USAID's mission, purpose, and authorities and the balance between work on long-term transformational change and human and institutional capacity building on one hand and short-term, post-conflict stabilization programs on the other. The answers to these questions, including USAID's role in national security, hinge on USAID's relationship with the State Department.

### SIBLING RIVALRY

For much of its life, USAID has had a contested relationship with its larger and more powerful sibling, the Department of State (see chapter 4). In part the tension results from the gravitational pull of their respective cultures, reinforced by the respective centers of gravity—the State Department's in Washington and USAID's in the field.<sup>62</sup> But it also grows out of differences in mission. The State Department is responsible for making policy. It is natural that it has a predominant capability in the national security enterprise. USAID's mandate is operations, although it aspires to shaping policy to reflect development objectives and impact.

Differences in mission affect the way the two agencies view the resources embodied in development assistance. For the State Department diplomacy is government-to-government engagement to reach an accommodation; assistance is often a useful inducement to that accommodation. State likes having USAID's resources at its disposal. On the other hand, USAID views development as a discipline, requiring relationship building with counterparts, careful analysis of problems, application of theories, development of strategies, and design and implementation of programs for transformational change. USAID professionals resent being pushed to use resources for short-term political objectives, particularly at the expense of long-term development.<sup>63</sup> The agency has chafed under the State Department's efforts to control budget or programs and has longed for independence as a cabinet-level agency with an institutional seat on the NSC.

In the run-up to the 2008 US elections, with USAID's growing role in Afghanistan and Iraq, supporters of foreign assistance embraced hopes not only that development would become one of the Three Ds but that USAID might become a cabinet agency.<sup>64</sup> As a cabinet member, USAID's administrator would be able to offer perspective on the development consequences of policies being espoused by departments like State, Treasury, and Commerce and to resist efforts by other agencies to take on development programs in its purview.

While that hope was never realized, USAID's boosters were encouraged when President Obama issued the first-ever Presidential Directive on Global Development. The directive described development as "indispensable in the forward defense of America's interests" and "essential to advancing our national security objectives." It pledged to make development "a central pillar of national security policy, equal to diplomacy and defense" and to rebuild USAID "as our lead development agency—and as the world's premier development agency."<sup>65</sup> It restored USAID's capacity for strategic analysis and oversight—lost to the State Department in 2006—by authorizing the new Bureau of Planning, Programs, and Learning.

The directive seemed to portend greater influence for USAID. This interpretation was encouraged by statements by the secretaries of defense and state promoting development as one of the Three Ds. But the concept of the Three Ds proved unrealistic. Resources never matched rhetoric, and the asymmetry in political support for each pillar has proved too great for them to be seen as carrying even proximate importance. Today USAID's budget remains one-thirtieth that of defense; its staff numbers are smaller than those in military bands.<sup>66</sup>

Moreover, a close reading of the directive itself makes clear the limits of USAID's role. The directive stipulates, "The Administrator of USAID will be included in the meetings of the National Security Council, as appropriate." In other words, when invited. The position reports to the secretary of state, "who will ensure that development and diplomacy are effectively coordinated and mutually reinforcing." USAID may help draft a US global development strategy every four years; the NSC will lead the Interagency Policy Committee on Global Development.<sup>67</sup>

The directive also called for the Quadrennial Diplomacy and Development Review (QDDR), modeled on the Defense Department's review. Completed in 2012, the first QDDR proposed a "lead agency approach" with the State Department responsible for responding to "political and security crises" and USAID responsible for responding to "humanitarian crises resulting from large-scale natural or industrial disasters, famines, disease outbreaks and other natural phenomena."<sup>68</sup> The QDDR put in writing what had transpired in practice over years. USAID would lead—except where it wouldn't, and the State Department would decide.<sup>69</sup>

Senior USAID officials describe the QDDR process "as more of a treaty negotiation than an exercise in coordination and collaboration."<sup>70</sup> It left the State Department and USAID sharing overlapping authorities and areas of responsibility. Displaced people, for example, are USAID's responsibility; the State Department helps refugees. Both give grants for work on democracy and human rights—sometimes to the same organization. Both fund groups promoting human rights, free elections, legislative capacity building, open media, and an independent judiciary. In interviews with USAID's inspector general, USAID officers expressed frustration and talked about the need for clearer guidance. They reported that confusion about interagency roles and responsibilities "clouds USAID's identity and mission."<sup>71</sup>

Competition over responsibilities spills into decisions as small as who will attend which NSC meetings. Although USAID has been invited to participate in an increasing number of meetings of the NSC in recent years,<sup>72</sup> senior officers report that State Department officials have counseled NSC staff that USAID need not be invited to some meetings—State can represent both—or have intervened to disinvite USAID after invitations have already been issued. USAID officers say these slights are not new.<sup>73</sup>

### A DECADE OF WAR: IMPACT ON USAID'S MISSION AND CULTURE

More than a decade of war has taken a toll on USAID's staffing and focus and continues to shape its culture in ways that affect its role in national security. With the programs in Iraq and Afghanistan, USAID's budgets soared to levels unseen since the war in Vietnam. Not surprisingly, expectations skyrocketed, and the demand for staff to serve on provincial reconstruction teams (PRTs) and at embassies in Baghdad and Kabul grew exponentially. At the same time, the agency was supposed to shift its ways of operating—away from using private contractors and grantees to implement its projects. It was to run up to 50 percent of its

budget directly through the Afghan government, a government not known for its financial management systems.

The demand that USAID's development programs support military and political objectives in Afghanistan and Iraq raised unachievable expectations and pushed the agency beyond its capacity. By some metrics—numbers of girls in school, maternal and child health programs, life expectancy, and roads built—USAID succeeded remarkably well in its development objectives. However, in terms of security produced, effective government, and efficient contracting and monitoring of dollars spent, the agency fell short. Hopes that USAID could step into insecure environments and produce a government in a box or forge partnerships with local organizations to deliver public services overnight were clearly unrealistic. The agency could not build resilient states in insecure environments. It was hard-pressed to field staff. Civilian agencies like the State Department and USAID have no surge capacity. They do not have swing staff, and they aren't trained to deploy rapidly; indeed, they do not have the mechanisms to support employees in conflict situations.

To be sure, some parts of the agency working on conflict and post-conflict problems adjusted reasonably well. For example, the Office of Transition Initiatives (OTI) and the Office of Foreign Disaster Assistance adapted quickly and were credited with major contributions to handling refugees, stabilization, and reconstruction. However, these two units, with fewer than 400 employees, represented a relatively small part of the total agency, which was, after all, set up to work primarily on long-term development rather than short-term crises.

The rest of the agency did what it could. USAID began recruiting a new category of employee specifically designated for "crisis, stabilization and governance" and contributed to the newly established Civilian Response Corps. It began to assign staff to combatant commands and PRTs. It expanded OTI and shifted the agency's entire personnel placement system to free staff for critical priority countries (CPCs) like Iraq, Afghanistan, Pakistan, and Sudan. It encouraged FSOs to apply by offering one-year tours with extra time off, incentive pay, priority consideration on next assignments, and promotions. But the recruiting also set up a cultural clash between those taking CPC assignments and development purists who saw the work as outside the USAID mainstream, "a sabbatical to work on political foreign aid" rather than development.<sup>74</sup>

The result was a constant turnover of employees worldwide as USAID's staff scrambled to meet the demands. When then-special representative Richard Holbrooke called for a civilian surge to match the military in Afghanistan, USAID was expected to add a hundred FSOs—10 percent of the total worldwide pool. So many were moving in and out of Kabul, when it came time to evaluate staff, the mission was unsure how many people it actually had.<sup>75</sup> Around the world FSOs cut their tours short to serve in CPCs, causing a ripple effect and leaving some missions short of leadership. Office chiefs were turning over every year, undercutting USAID's key strengths—local knowledge, experience, and long-term in-country relationships.

At the same time, the dramatic budget increase brought greater scrutiny. In Afghanistan, for example, five oversight agencies—auditors and inspectors general—worked in the same compound as USAID.<sup>76</sup> This kind of oversight encouraged the counter-bureaucracy to demand more data and reporting; it increased concerns that risk taking and creativity would be sacrificed for measurement. It also forced USAID to add regulatory people—contract officers and lawyers—rather than anthropologists, economists, and program designers and managers.<sup>77</sup>

It also brought more USAID staff directly into the national security enterprise at a tactical level. By 2014 nearly half of USAID's FSOs had worked in CPCs, many on PRTs. They had

developed a far deeper understanding of stability operations, the military, and the role of security, and the agency had strengthened its commitment to closer collaboration with DOD. In 2015 it issued the new Policy on Cooperation with the Department of Defense, aimed at better aligning policies, plans, and operations,<sup>78</sup> and in 2016 its Office of Civilian–Military Cooperation had forty-nine positions, including fourteen military officers deputed from their respective services. Of thirty-five USAID officers, fourteen were posted to geographic combatant commands, Special Operations Command, and the Pentagon.

Greater collaboration will be important in the future. USAID is now operating 550 programs in thirty-five nonpermissive environments,<sup>79</sup> countries with severe security restrictions. The demand for assistance programs in fragile states is unlikely to go away and raises critical issues relating to management of personnel and resources, which are only beginning to be addressed.<sup>80</sup>

### THE WAY AHEAD

Inevitably, foreign aid will be a part of future national security strategies, but questions introduced in this chapter remain. What will be the trade-offs between development resources for short-term versus long-term objectives? Who will decide? Who will be responsible for which programs, from humanitarian assistance and disaster response to stabilization, reconstruction, transition, and development? Can one agency do it all, and should USAID be that agency? How will changes in USAID's structure and culture affect its role in the national security enterprise? While those questions are debated and until they are resolved, USAID's effectiveness in the national security enterprise will be limited by continuing tensions over roles and authorities. Resolving these tensions will require clear vision and concerted effort by administration and congressional leadership.<sup>81</sup> Among the items to be considered:

- Clarified roles, responsibilities, and authorities for coordination and management of development assistance. The State Department and USAID could combine efforts on stabilization and disaster response, refugees and displaced, democracy, human rights, and rule of law, giving greater coherence to their work. Whether lodged in the State Department or USAID may be less important than simply getting them together under the same roof.
- Strategic use of USAID's unique field capacity. USAID could be playing a much larger role in supporting and coordinating departments and agencies like Treasury, Justice, or Agriculture in their international programs. Field missions and local staff are well positioned to provide the context and logistics for agencies lacking permanent field presence but interested in development programs. They can also do more to inform interagency discussion in Washington with a field perspective.
- Greater flexibility over funding. For decades employees have been told to do more with less. Congress has not matched USAID's operating expense (OE) budget—7.3 percent of its program budget—to ever-expanding responsibilities. For example, it provided USAID \$2.8 billion to work on Ebola but only \$63 million in OE to manage the expanded program. Congress should allow USAID to use program funding for operations to improve oversight and management.
- Increased staff and FSOs in Washington. USAID has a vision to grow the foreign service from 1,800 to 2,250 over the next five years. If successful, it would be better

positioned to rotate officers into the NSC; spend more time on training, planning, and strategy; and participate more effectively in the national security enterprise.<sup>82</sup>

- An institutional seat at the table. The competition between diplomacy and development, policy and operations, the Department of State and USAID, is unlikely to be resolved in the near future. Providing USAID an institutional seat on the NSC and ensuring invitations to the interagency depend in large part on the personal clout of senior USAID officials and their political connections. As long as the State Department speaks for USAID, the national security enterprise will lose the development perspective and field context USAID can provide.
- Risk management. Negotiations with the State Department's Office of Diplomatic Security, Congress, and various auditors are needed to develop risk management strategies for operations in insecure environments. Operations in unstable environments require greater flexibility and tolerance of failure. Setting realistic expectations would be particularly helpful; strategies for personnel protection, procurement, and oversight need to balance security and accountability requirements against development objectives and outcomes.

As the United States faces new threats from fragile states and violent extremism, transnational crime, changes in climate, demography, income inequality, and resource competition, taking full advantage of USAID's assets becomes all the more urgent. While USAID's participation in the national security enterprise may be increasing, its role is not what it could be. Political will and strong interagency leadership could produce the structural and cultural changes required to make USAID more effective. Until they do, USAID's contribution to national security strategy will be limited largely to its accomplishments in the field, not in the power centers in Washington. The agency will remain central on issues relating to humanitarian aid and development assistance but less engaged in other areas of national security, even when a development perspective could be important.

#### NOTES

The epigraph is from Eric Pace's "David. E. Bell, Budget Director for Kennedy, Is Dead at 81," *New York Times*, September 12, 2000, at [www.nytimes.com/2000/09/12/us/david-e-bell-budget-director-for-kennedy-is-dead-at-81.html](http://www.nytimes.com/2000/09/12/us/david-e-bell-budget-director-for-kennedy-is-dead-at-81.html). For an excellent review of USAID's history through its administrators, see John Norris, "Kennedy, Johnson and the Early Years," USAID: A History of US Foreign Aid, pt. 1, *Inside Development*, July 23, 2014, [www.devex.com/news/kennedy-johnson-and-the-early-years-83339](http://www.devex.com/news/kennedy-johnson-and-the-early-years-83339).

1. White House, *National Security Strategy* (Washington, DC, May 2010), 15, [www.whitehouse.gov/sites/default/files/rss\\_viewer/national\\_security\\_strategy.pdf](http://www.whitehouse.gov/sites/default/files/rss_viewer/national_security_strategy.pdf).

2. William Wood, former ambassador to Afghanistan and Colombia, discussion with the author, December 2014.

3. Carol Lancaster, *Foreign Aid* (Chicago: University of Chicago Press, 2007), 1.

4. Ibid, 10. Lancaster defines development as "economic or social progress in poor countries, sustained by economic growth, and leading eventually to a reduction in poverty."

5. Senior USAID retiree, talk to USAID senior executive and FSOs (USAID Headquarters, Washington, DC, January 2015).

6. John Sanbrailo, "Extending the American Revolution Overseas: Little Known Origins of U.S. Foreign Assistance and Lessons for Today" (presentation at USAID Alumni Meeting, Center on Global Development, Washington, DC, January 30, 2014).

7. George C. Marshall, "The Marshall Plan Speech" (Harvard University, June 1947), <http://marshallfoundation.org/marshall/the-marshall-plan/marshall-plan-speech/>.

8. John F. Kennedy, "Special Message to the Congress on Foreign Aid," March 22, 1961, in *The American Presidency Project*, ed. Gerhard Peters and John T. Woolley, [www.presidency.ucsb.edu/ws/?pid=8545](http://www.presidency.ucsb.edu/ws/?pid=8545).

9. Ibid.

10. Among these programs were the International Cooperation Agency, the Development Loan Fund, the Food for Peace Program, and aid programs within the State Department and Export Import Bank.

11. Norris, "Early Years."

12. Senior USAID officials, conversations with the author, 2014.

13. The Bureau of the Budget was the predecessor agency to the Office of Management and Budget (OMB).

14. Norris, "Early Years."

15. William Gaud Oral History Interview, JFK#1, February 12, 1966, 11, John F. Kennedy Presidential Library and Museum, Boston, MA.

16. USAID, "50th Anniversary: President Kennedy Addresses USAID Mission Directors," *Impact Blog*, June 8, 1962, <http://blog.usaid.gov/2011/08/50th-anniversary-president-kennedy-addresses-usaid-mission-directors/>.

17. "The President was aware in 1961 . . . of the importance of having an aid agency which could . . . be in a position to establish . . . central policy in the aid field for the United States. He wanted the aid program more centralized . . . and he wanted it elevated so that the AID Administrator would report directly to the Secretary of State and the President rather than through an Under Secretary [and] . . . permitted . . . safeguards against short-range political pressures." David Bell Oral History Interview, JFK#2, January 2, 1965, 130, John F. Kennedy Presidential Library and Museum, Boston, MA.

18. Frank L. Jones, "Blowtorch: Robert Komer and the Making of Vietnam Pacification Policy," *Parameters*, August 2005, 104.

19. Norris, "Early Years."

20. Gaud Oral History Interview.

21. Norris, "Early Years."

22. Ibid.

23. Lancaster, *Foreign Aid*, 79.

24. Nathaniel Myers, "How USAID's Growing Relevance Could Destroy It," *National Interest*, December 12, 2014.

25. Michael Carroll, "Most Serious Management and Performance Challenges," memorandum, USAID, Washington, DC, October 15, 2014, 5, [https://oig.usaid.gov/sites/default/files/other-reports/USAID\\_Management\\_Challenges\\_2014\\_0.pdf](https://oig.usaid.gov/sites/default/files/other-reports/USAID_Management_Challenges_2014_0.pdf).

26. USAID's actual budget—the budget that it manages directly—may be well below \$20 billion. USAID describes its budget ambiguously: "In total, funding for accounts from which USAID administers assistance is \$22.7 billion, of which \$11 billion is in core USAID-managed accounts." USAID, "FY 2017 Development and Humanitarian Assistance Budget," fact sheet, n.d., [www.usaid.gov/sites/default/files/documents/9276/FY2017\\_USAIDBudgetRequestFactSheet.pdf](http://www.usaid.gov/sites/default/files/documents/9276/FY2017_USAIDBudgetRequestFactSheet.pdf).

27. All employee numbers are from author interviews with USAID's Office of Human Resources staff. The numbers are under constant revision and represent a snapshot as of February 2015.

28. USAID's Development Leadership Initiative Class 22, USAID's Office of Human Resources, December 2014.

29. A USAID survey in 2014 showed 80 percent with master's degrees or PhDs.

30. Retired minister counselor, USAID Senior FSO, interview by the author, November 2014.

31. The technical and functional bureaus include Economic Growth, Education and Environment, Food Security, Global Health, and Democracy, Conflict, and Humanitarian Assistance.

32. There are twenty-three different mechanisms for hiring new employees, including agreements with other agencies, contracts with private companies, positions for fellows from universities or think tanks, or interns.

33. USAID Office of Human Resources staff interviews.

34. Ibid.

35. Lancaster, *Foreign Aid*, 10.

36. Retired USAID minister counselor interview, May 2014.

37. House Committee on Government Reform, *US Government Policy and Supporting Positions (Plum Book)* (Washington, DC: US Government Printing Office, 2004), 202, [www.gpo.gov/fdsys/pkg/GPO-PLUMBOOK-2004/pdf/GPO-PLUMBOOK-2004.pdf](http://www.gpo.gov/fdsys/pkg/GPO-PLUMBOOK-2004/pdf/GPO-PLUMBOOK-2004.pdf); and House Committee on Oversight and Government Reform, *US Government Policy and Supporting Positions (Plum Book)* (Washington, DC: US Government Printing Office, 2012), 187, [www.gpo.gov/fdsys/pkg/GPO-PLUMBOOK-2012/content-detail.html](http://www.gpo.gov/fdsys/pkg/GPO-PLUMBOOK-2012/content-detail.html).

38. Bell Oral History Interview, 130.

39. Norris, "Early Years."

40. John Norris, "Lesson for the Future," USAID: A History of US Foreign Aid, pt. 5, Inside Development, July 23, 2014, <https://www.devex.com/news/lessons-for-the-future-83343>.

41. Senior USAID official, private email to the author, October 3, 2016. The State Department may have as many as twenty fellows on the Hill and thirty in the NSC, according to one State Department official. USAID had one on Capitol Hill and six in the NSC in 2015 (the number had doubled during the past five years).

42. Hudson Institute, *The Index of Global Philanthropy and Remittances 2013* (Washington, DC, November 15, 2013), 5.

43. *Ibid.*, 12, 33–35.

44. Rifk Ebeid, "Five Global Health Giving Trends," Borgen Project *The Blog*, November 15, 2013, <http://borgenproject.org/five-global-health-giving-trends/>.

45. Tony Barclay, *50 Years in Development: How Private Companies Adapt and Deliver* (Washington, DC: Council of International Development Companies, 2013).

46. Organisation for Economic Cooperation and Development (OECD), *The United States: Development Assistance Committee (DAC) Peer Review 2011* (Geneva, 2011), 29.

47. The State Department established the Office of the Coordinator for Reconstruction and Stabilization in 2004 "to lead, coordinate, and institutionalize US government civilian capacity to prevent or prepare for post-conflict situations and to help stabilize and reconstruct societies in transition from conflict or civil strife." In 2005 the Department of Defense issued its own directive outlining "Military Support for Stability, Security, Transition and Reconstruction," making stabilization a core Defense objective. Department of Defense, Directive 3000.5 (Washington, DC: Undersecretary of Defense [Policy], November 28, 2005).

48. Amy B. Frumin, *Equipping USAID for Success: A Field Perspective* (Washington, DC: Center for Strategic and International Studies, July 2009), 9. (Most of DOD assistance was going to Iraq and Afghanistan.)

49. "2013 Survey of Americans on the U.S. Role in Global Health," Henry J. Kaiser Family Foundation, November 7, 2013, <http://kff.org/global-health-policy/poll-finding/2013-survey-of-americans-on-the-u-s-role-in-global-health/>.

50. Earmarks are provisions in legislation directing spending to specific projects.

51. The functional accounts include Global Health, Development Assistance, International Disaster Assistance, Transition Initiatives, Complex Crises, Economic Support Fund, Development Credit Authority, and Migration and Refugees.

52. OECD, *United States*, 29.

53. In 2013 USAID's budget for Nigeria totaled \$303.5 million: \$600,000 was for peacekeeping, conflict mitigation, and reconciliation; \$2.2 million was for civil society; \$246 million supported health; \$180 million of which was for HIV/AIDS and malaria. No funding was available for rule-of-law activities. USAID, "Dollars to Results: Nigeria," January 26, 2015, <https://results.usaid.gov/nigeria/#y2015>.

54. Senior USAID officials, discussions with the author, April 2016.

55. Susan B. Epstein, Alex Tiersky, and Marian Lawson, *State, Foreign Operations, and Related Programs: FY 2015 Budget and Appropriations* (Washington, DC: Congressional Research Service, December 8, 2014), 19, <http://fas.org/sgp/crs/row/R43569.pdf>.

56. Mission director, e-mail to the author, February 5, 2015.

57. See the reports published by the special inspector general for Iraq reconstruction (SIGIR), <http://cybercemetery.unt.edu/archive/sigir/20131001084741/http://www.sigir.mil/publications/index.html>; and Joel Brinkley, "Money Pit: The Monstrous Failure of US Aid to Afghanistan," *World Affairs*, January/February 2013, [www.worldaffairsjournal.org/article/money-pit-monstrous-failure-us-aid-afghanistan](http://www.worldaffairsjournal.org/article/money-pit-monstrous-failure-us-aid-afghanistan).

58. Andrew Natsios, *The Clash of the Counter-bureaucracy and Development* (Washington, DC: Center for Global Development, July 2010), [www.cgdev.org/sites/default/files/1424271\\_file\\_Natsios\\_Counterbureaucracy.pdf](http://www.cgdev.org/sites/default/files/1424271_file_Natsios_Counterbureaucracy.pdf).

59. USAID Forward, [www.usaid.gov/usaidforward](http://www.usaid.gov/usaidforward).

60. The new initiatives include Feed the Future, focusing on agriculture and food security; the Global Health Initiative on maternal and child health, infectious disease, and neglected tropical diseases; and Global Climate Change. The set of Africa programs included Power Africa, the Young African Leaders Initiative, and the African Global Competitiveness Initiative.

61. Michel Igoe, "Rajiv Shah's USAID Legacy," *Inside Development*, February 12, 2015, [www.devex.com/news/rajiv-shah-s-usaid-legacy-85239](http://www.devex.com/news/rajiv-shah-s-usaid-legacy-85239).

62. Ambassadors with close White House connections may be able to take on the secretary of state or combatant commanders on key policy issues, but power in the State Department normally tilts to the seventh floor; in USAID power has, historically, laid with the mission directors in the field. Communications technologies, particularly e-mail, may be blurring the lines, clipping the independence of the field but also complicating coordination of messages.

63. The conflict between aid for short-term political objectives and development for long-term transformational change is not new. William Gaud commented in 1966: "It seems to us that the State Department is primarily interested in the immediate, short-term objectives, keeping the other country happy. . . . We are much more interested in the long-term objective, in having the country take the steps which, over the long run, will mean that it has a sounder economic base, that it will make better use of its own resources and better use of the resources we are putting into it. The State Department is interested in what they call impact programs, programs that will be flashy and have an immediate effect. . . . We say, by and large, sure, you may need impact programs, occasionally, but as a general proposition, to hell with impact programs. We're working with a long-term objective in view." Gaud Oral History Interview.

64. Sheila Herrling and Steven Radelet, "Modernizing US Foreign Assistance for the Twenty-First Century," Center for Global Development, policy brief, 2008, [www.cgdev.org/files/16559\\_file\\_Foreign\\_Assistance\\_web.pdf](http://www.cgdev.org/files/16559_file_Foreign_Assistance_web.pdf).

65. White House, "U.S. Global Development Policy," Presidential Policy Directive 6, September 22, 2010, 11, 12, <http://fas.org/irp/offdocs/ppd/ppd-6.pdf>.

66. Walter Pincus, "Defense Department Uses Thousands of Musicians, Spends Many Millions to Strike Up the Bands," *Washington Post*, September 7, 2010, [www.washingtonpost.com/wp-dyn/content/story/2010/09/06/ST2010090603042.html?sid=ST2010090603042](http://www.washingtonpost.com/wp-dyn/content/story/2010/09/06/ST2010090603042.html?sid=ST2010090603042).

67. White House, "U.S. Global Development Policy," 13, 14.

68. US Department of States and USAID, *Leading through Civilian Power: The First Quadrennial Diplomacy and Development Review* (Washington, DC, 2010), 124, 133–43, [http://pdf.usaid.gov/pdf\\_docs/PDACQ604.pdf](http://pdf.usaid.gov/pdf_docs/PDACQ604.pdf).

69. The State Department's "F" Bureau retained overall authority for coordinating all foreign assistance budgets; it now has separate offices coordinating assistance for HIV/AIDs (PEPFAR), the Middle East, and Eastern Europe and a Bureau for Conflict and Stabilization Operations.

70. Senior USAID FSO, interview by the author, August 2014.

71. Carroll, "Management and Performance Challenges," 5.

72. In December 2014 a senior USAID manager reported that the agency had been invited to 263 NSC meetings in 2014.

73. "I found that while . . . deputy administrator . . . it was often difficult for USAID to get an invitation to high-level interagency policy discussions—even when development related issues were on the agenda. Cutting agencies out of senior meetings is a venerable bureaucratic tactic in Washington, one that is a lot easier to pull off where the agency in question is a subcabinet one." Lancaster, *Foreign Aid*, 101. Andrew Natsios argued that in 2008 USAID had lost its seat at the national security table because "the State Department claimed it would represent the Agency." A recent memo from a deputy assistant secretary, seen by several USAID staff, reportedly argues that USAID's development perspective does not align with the State Department's objectives in the region and therefore USAID need not participate in strategy discussions.

74. USAID officer, e-mail to the author, February 11, 2015.

75. USAID officials in Afghanistan, discussions with the author, April 2012.



76. The five oversight authorities were two inspectors general (State Department and USAID), the US General Accounting Office, the War Time Contracting Commission, and the SIGAR.

77. This distortion has been reflected in overall hiring. Classes recruited the last few years showed an increase in lawyers, contract specialists, and budget comptrollers. In one recent class of thirty-six, three were slated to work on stabilization whereas ten were destined for contracting assignments. (Author's review of records of the USAID Office of Human Resources, Development Leadership Initiative, 2014. The office is now called the Office of Human Capital and Talent Management.)

78. USAID, *USAID Policy on Cooperation with the Department of Defense* (Washington, DC, June 2015), [www.usaid.gov/policy/dod-cooperation](http://www.usaid.gov/policy/dod-cooperation).

79. Ericka Clesceri and Emily Kunen, *Planning and Monitoring Environmental Compliance in Non-Permissive Environments* (Washington, DC: USAID, DCHA, 2014), 5; and Office of Afghanistan and Pakistan Affairs, *Non-permissive Environments* (Washington, DC: USAID, May 14, 2014), 2.

80. Post-Benghazi security and political considerations have made the Department of State's Bureau of Diplomatic Security more conservative. Increasingly, in places like Lebanon and Yemen, USAID must rely on contractors, often local, who do not operate under the same security requirements as diplomatic passport holders and are often willing to work in insecure environments for extended periods. They are able to develop contacts, language skills, and regional expertise. Driving in beat-up Toyotas instead of armored SUVs, the contractors do site monitoring that FSOs would do under other circumstances. Although there is political reluctance to delegate program implementation to contractors, there may be little choice.

81. Still operating under the 1961 Foreign Assistance Act.

82. USAID could detail more FSOs to the NSC even without an increase in personnel. By one estimate, only three FSOs (two currently) had served on the NSC in the last fifteen years. Private e-mail to the author, February 11, 2015.

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