

The State Department, USAID, and the Flawed Mandate for Stabilization and Reconstruction

BY RENANAH MILES

Fanfare as the last combat brigade departed, a prime-time Oval Office address, and an official ceremony in Baghdad marked the end of combat operations in Iraq in August 2010. Less scrutinized, but no less significant, is the December 31, 2011, deadline when the last U.S. troops plan to exit the stage, leaving operations completely in civilian hands. Concerns have centered on security and logistics, areas where the Department of State relies heavily on the military.¹ Beyond the ability to physically maneuver, there is a pressing question over State's ability to execute the mission: does the State Department have the capacity to finish the reconstruction mission and manage the transition to long-term diplomacy and development? Given the lessons of the past 10 years, the answer is no.

When glaring civilian inadequacies and the flawed strategy in Iraq became apparent by 2004, legislative and executive pressure prompted the State Department to move out in developing planning and operational capabilities to conduct stabilization and reconstruction. National Security Presidential Directive 44 designated the State Department as the lead for such operations, and it in turn established

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the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) to coordinate operations. Last year, the first Quadrennial Diplomacy and Development Review (QDDR) reaffirmed the mandate, calling it a “core State mission” to be supported by the U.S. Agency for International Development (USAID).² However significant these commitments may be, the status quo continues to be marked by an inability to field a viable response capable of managing in the absence of the military or leading an integrated civil-military effort. The QDDR outlines reforms to close this capacity gap, but even if implemented, it is unlikely that these will be sufficient to address the root problems or timely enough to ensure a seamless transition in Iraq.

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There is a temptation, to which the QDDR occasionally succumbs, to blame current failures on limited resources. While resources are a critical component of capacity, priorities drive allocation of resources; external considerations combine with internal influences to determine capacity development. For State and USAID, the stabilization and reconstruction mission has been marked by indecision, preventing prioritization. Internecine conflict, indetermination over the mission itself, and aspects of each organization’s culture have choked capacity-building efforts internally.

Writing on U.S. organization for postconflict reconstruction, Samuel Farr observes, “It is ironic that as we struggle to make only the smallest changes in our own systems and institutions,

we are asking other countries to radically transform their governmental norms and structures.”³ The first order of business is to embark on the changes needed to get the State Department and USAID houses in order. As the final transition in Iraq nears, the State Department faces an uphill battle securing the resources and authorities needed from Congress. Without reconciling internal disconnects, State and USAID will remain unable to do the job or present a credible case to Congress justifying the support they desperately need.

External Considerations: The State-Defense Resource Gap

Stabilization and reconstruction are hardly new endeavors for the U.S. Government; despite numerous undertakings, lessons are typically observed rather than learned, and with each crisis, agencies scramble to reinvent coordination and execution processes. Political indecision over how much weight to give threats emanating from failed states and attention spans too short for long-term commitments of reconstruction have contributed to a government-wide failure to institutionalize the mission. Although the events of September 11 spawned a proliferation of offices and capabilities for stabilization, it is unclear whether buyer’s remorse over the price of rebuilding Iraq and Afghanistan will reduce incentives to resource standing capabilities for such efforts moving forward.⁴

It was against this background of political uncertainty and inattention that the State Department and Department of Defense (DOD) fell short in postconflict planning for Iraq. As instability spiraled, the Pentagon was able to move out faster in developing response capabilities due to its resources. This resource gap between State and Defense has serious implications for the former’s efforts to build a stabilization



U.S. Air Force (Dallas Edwards)

Soldier from Provincial Reconstruction Team Paktika distributes reading material to shopkeepers

and reconstruction capacity. It has helped create a cycle in which the military is the only entity resourced to act, thus becoming the default responder. The longer this lead role persists, the greater the gravitational pull on resources and authorities toward DOD, widening the capacity gap. An equation wherein the civilian mission owner is armed with intentions but no assets results in a serious imbalance of power.⁵ The risks are twofold: a realignment of authorities from State to DOD, and the corollary to defense expansion, which is a State failure to take ownership of stabilization and reconstruction, delaying capacity development and creating an unsustainable reliance on a military presence.⁶ The latter is the reality rapidly bearing down on the Embassy in Baghdad as December approaches.

State and USAID risk being overwhelmed by their military counterparts in the fight for resources against the Washington backdrop of two colliding budget cycles and increasing fiscal constraints. These are inescapable external considerations. Inasmuch as Congress withholds authorities and resources, resource starvation is a cause of capacity problems. But internal to the department, failure to prioritize and make the tough tradeoffs necessary to ground the mission makes resource scarcity a symptom. This failure is rooted in bureaucratic and cultural challenges, and until these are resolved, no budget increase will ensure that the right resources target the right gaps.

Internal Influences: State House in Disorder

Bureaucratic rivalries and infighting have systemically choked State's efforts to build capacity. This conflict is part of the broader "strife between State and USAID over the priorities and direction of U.S. foreign assistance,"⁷ and acutely manifests in stabilization and reconstruction due to their operational

Kindergarten students in Shikhan, Iraq, perform song for USAID personnel

U.S. Navy (Rufus Hucks)



demands and the overlapping capabilities that reside across the two agencies. The QDDR attempts to rectify issues by outlining an approach that gives the State Department the lead in political crises and USAID the lead in humanitarian crises. This leaves unanswered questions: demarcation lines are often hazy, and the lead agency approach does not confer operational control over the other agency.

The abbreviated history of S/CRS illustrates the challenge of establishing a cross-cutting capability that infringes on powerful bureaucratic turfs. Stood up in 2004 as a result of legislative pressure over Iraq shortcomings, S/CRS met intense internal opposition from the beginning. USAID, while opposed to short-term reconstruction work at the expense of longer term development objectives, took the tendentious view that if such a mission were to exist at all, it should belong to USAID with its orientation toward fieldwork.⁸ Meanwhile, State's regional bureaus were suspicious of the underempowered, undermanned office that wanted to weigh in on areas under their purview.⁹ As part of the S/CRS mandate to lead and coordinate U.S. Government civilian capacity to prevent and respond to conflict,¹⁰ the office developed a crisis response framework for the interagency to follow—the Interagency Management System (IMS). Although the National Security Council approved the system in 2007, it foundered and was never implemented; a Government Accountability Office report revealed that the drive against the IMS originated in USAID and State offices that mutinied against it.¹¹

These internal constraints reinforced the initial S/CRS decision not to focus on either Iraq or Afghanistan. Severely marginalized and underfunded, the first coordinators chose instead to focus on building up capability, in anticipation of using it in the next crisis.¹² Coming under fire for this decision, the office attempted to turn matters around in 2007. Despite an effort to deploy

its fledgling capabilities to Afghanistan, S/CRS was sidelined into nominal advisory roles. The QDDR tackles this problem in its primary recommendation for reform, which is to create a new Bureau for Conflict and Stabilization Operations led by an Assistant Secretary who will closely cooperate with the USAID Bureau of Democracy, Conflict, and Humanitarian Assistance. This bureau would subsume S/CRS and “build upon but go beyond the mandate and capabilities of S/CRS.”¹³ Although the mission and new organization have the imprimatur of the current administration and State leadership, the test will come down to whether the new bureau is actually given an opportunity to lead, and what resolution is reached concerning overlapping—and occasionally duplicative—capabilities between S/CRS and USAID offices.¹⁴

Although turf rivalries contributed to the S/CRS decision to opt out of Iraq and Afghanistan, there was another factor at play, which remains similarly unresolved: defining the mandate. Reorganization may tamp down bureaucratic rivalries by endowing the new bureau with hierarchal status, but ambiguity remains. State and USAID understanding of what activities stabilization and reconstruction comprise is evidenced in the QDDR, but left undetermined are how much of a response capability is needed and where it might actually be used. The main indication as to size is that whatever capacity is developed will target models other than Iraq or Afghanistan, which are deemed outliers.¹⁵ Whether these conflicts should be dismissed as *sui generis* is debatable, but the broader question is how the State Department intends to plan without a clear sense of scale.

The current approach is marked by the somewhat circular logic that as the stabilization and reconstruction capacity housed in S/CRS is used, it will be appreciated and more recognition

and resources will flow its way.¹⁶ But without support or assets to begin with, what is there even to use? This conundrum stems in part from failure

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to clearly define the scale and scope of the mission. Laura Hall states, “Left unclear, however, is whether this role is a boutique, ‘niche’ operation or whether it represents the ‘new normal.’ This is an important distinction that affects recruiting, training, staffing, and organization.”¹⁷ In other words, this is a distinction that will drive culture change, as organizational culture is a key determinant of management styles, incentives, training, and institutional perspective.

State and USAID both suffer cultural disconnects between their agency values and mindsets and those needed for stabilization and reconstruction. Within any organization, structures crop up to address specific requirements, while cultures mold around enduring needs, promoting certain behaviors based on the organization’s priorities over time. For the State Department, this has traditionally meant an emphasis on analytical reporting skills over action or management. James Dobbins unsparingly summed up the distinction between operator and diplomat in a 2004 Senate hearing: “We have a Foreign Service of farmers, in which cowboys are regarded with suspicion.”¹⁸ Conversely, USAID has an action-oriented, field-focused culture; however, it mirrors the development community’s culture and rejects missions closely aligned with political agendas, such as stabilization and reconstruction. While USAID’s longer term development goals arguably serve U.S. interests, the culture inside the agency at

times seems bent on distancing itself from anything perceived as militarizing development.¹⁹

These norms and values that comprise organizational culture have a significant impact on whether capacity is institutionalized and the speed at which it happens. Cultural values drive incentives and to date, little has changed to incentivize State and USAID personnel for the stabilization and reconstruction mission. A new generation of Foreign Service Officers has gained operational experience in Iraq and Afghanistan, but without incentive structures and processes in place to capture lessons learned, their newfound skills will disappear. Perhaps most significantly, a devalued, or undervalued, mission that lacks internal interest or support has a slim chance of garnering external support from Congress.

Congress: A Bridge Too Far?

All roads on State's quest for authorities and resources to build capacity will at some point end at Congress. The legislative relationship is second in importance only to State's relationship with USAID, yet is typically the most strained. Stacking the odds against the State Department, Congress is historically skeptical and even hostile toward the department and foreign assistance writ large. Foreign aid is an easy target for lawmakers, given the lack of a domestic constituency and the less tangible link to national security than the military institutions.²⁰ The different treatments Congress reserves for State and Defense is palpable; in just one instance, the House Republican Study Committee recently put forward a proposal to defund USAID.²¹ If congressional antipathy toward foreign aid were not enough to overcome, budget treatments compound State and USAID challenges. The House and Senate Foreign Relations Committees have not issued authorization bills for foreign assistance in more than two decades, and funding for stabilization and

reconstruction is splintered across eight different committees and subcommittees.²²

The State Department suffers a "chronic gap" between its ends and means.²³ If anything, this gap was widened by the ambitious goals laid out in the QDDR. Although State and USAID cannot change their external focus, which by nature is divorced from domestic politics and constituencies, or the fact that budget treatments disadvantage them compared to DOD, they miss important opportunities that are within reach due to structural and cultural liabilities. As disorganized as Congress's budgetary treatment of foreign assistance is, part of the problem is the stovepiped nature of foreign assistance itself. More than two dozen agencies administer foreign aid. With some falling under State's purview and others not, the result is institutional incoherence that undermines the Department's ability to plan and present budget requests in the "competition for the national security dollar."²⁴ Lack of authority is coupled with lack of consensus; USAID's cultural aversion to security agendas impedes its willingness to appeal to national security immunity in the budget process. Moreover, internal rivalries preclude State and USAID from presenting a unified front.

In addition to these structural and cultural disadvantages, State and USAID face the difficulty of hard-to-quantify programs. Even the counterpart to conflict response—conflict prevention—is exceptionally difficult to quantify. Even if funds are secured, how do you measure effectiveness of dollars spent on conflict prevention? Additionally, State and USAID face liabilities in planning and failure to emphasize management. The tendency to plan on a yearly, rather than multiyear, basis hurts State's efforts. While the QDDR tackles this issue, it does not as fully address the management deficit. This deficit creates a vicious cycle in which Congress

balks at funding requirements without a robust justification, but the State Department lacks the people to justify the requirements.²⁵ Not only are management capabilities enervated, but State and USAID numbers have shrunk while congressional staffs have expanded. The State Department has no excess personnel to dedicate to program management or training and doctrine,²⁶ let alone relationship-building on the Hill.

Moving Forward

The State Department must ask two questions before committing to the long and difficult process of reform and reorganization for a new mission: is the need for this mission ongoing, and is addressing it a priority for the U.S. Government? As Dobbins points out, “In the long run agencies will sustain investment only in capabilities that they know will be used.”²⁷ If the answer to both of these questions is yes, then State and USAID must take calculated steps to address the underlying bureaucratic, cultural, and structural considerations that undermine implementation of the reforms outlined in the QDDR.

The first step is to minimize bureaucratic strife and its ability to affect the mission. To remove the sources of contention, the State Department must clarify roles and responsibilities as well as consolidate redundant or overlapping capabilities. This must go further than the lead agency approach put forward in the QDDR, which even admits that its division of labor between the two agencies is “arbitrary.”²⁸ So long as duplicative capabilities exist, infighting will continue. Moreover, having capabilities spread across two agencies makes assigning credit or blame difficult and impedes evaluation of combined performance. At a minimum, any matrixed approach must confer

operational control over the other agency’s or office’s assets to enable effectiveness. If State and USAID will not work together, they will be immediately and perpetually disadvantaged trying to persuade a recalcitrant Congress or behemoth military apparatus.

The second step is to clearly define the mandate, articulate a strategic framework for developing and applying capacity, and then demonstrate that capacity. The circular reasoning that an underfunded, distrusted capacity will be allowed to lead, after which additional resources will flow in its direction, must give way to new logic. State leadership must define the scale on which existing capabilities can be leveraged and provide opportunities to demonstrate those abilities. If Iraq and Afghanistan are not the model, but Sudan is, then that fact should be made explicit. Moreover, it is not too late to revisit the S/CRS decision to opt out of Iraq. As violence subsides and Iraq begins the critical transition from reconstruction to recovery, operations may now be at an acceptable scale for S/CRS to demonstrate its skills. The office deployed just one person there in 2010;²⁹ with the S/CRS emphasis on planning and assessment, they have an opportunity to augment—or even lead—planning efforts for the transition on the ground.

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Defining the mandate and its future is a prerequisite to drive culture change. The question is not whether culture can change, but whether it should. The answer depends on the future of

State's and USAID's mandate for stabilization and reconstruction. While culture forms around enduring needs, it also influences whether missions are institutionalized. State and USAID leadership have an opportunity to guide culture changes to enhance the mission. For the State Department, the lessons learned in Iraq and Afghanistan must be institutionalized. Incentive structures must be changed to ground operational experience as enhancing for career advancement, linking promotion and hiring decisions to the skills needed for the mission. For USAID, cultural ties must be strengthened with the diplomatic and defense arms of foreign policy. This may come at the expense of ties with the development world and will require sustained leadership commitment.

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The final step is to refocus State's and USAID's approach to Congress. The State Department and USAID together must improve the case for the mission and the cost of maintaining a standing capability. However appealing the idea might be, the concept of a unified national security budget that the QDDR nods to remains beyond reach for the immediate future. It will require significant realignment within Congress and a comprehensive reexamination of inter-agency structures, authorities, and resources.³⁰ Nonetheless, State and USAID can take steps now to present an integrated, cross-department front and to strengthen the ties between stabilization and reconstruction and national security objectives. The QDDR demonstrates new and creative thought on the budget process, but a number of the measures put forward are work-arounds at best that create reliance on temporary

measures such as overseas contingency operations supplemental accounts and pooled funding with DOD. These fill short-term gaps and are necessary measures in the face of budget cuts but are unlikely to last beyond today's contingencies, thus failing to meet the requirements for maintaining capacity.

Asking for more money and more people in a time of fiscal constraint is a hard sell, not least in light of congressional announcements such as the House Appropriations Committee's intent to cut nearly a quarter of the State Department and foreign operations budget request for 2012.³¹ But the reality is that the alternative is much more costly, and State's time to make the case is running out. The mission in Iraq needs strong civilian leadership, the military needs a partner in the field in Afghanistan, and the U.S. Government “can no longer afford to face every task with nothing but a hammer at its disposal.”³² Building a robust State and USAID capacity for stabilization and reconstruction ultimately enhances both efficiency and effectiveness; this is the case that must be made.

Budget austerity and resource constraints will dominate Washington in the near future, and in lobbying for resources to build civilian capacity, the price of *not* having it must be clearly illustrated. An inability to prevent or mitigate conflict before it is full-blown results in large-scale crises that necessitate military involvement, along with its much higher price tag. Recognizing and funding State and USAID as part of the national security paradigm, as State's Director for Policy Planning, Jake Sullivan, said recently, will yield “huge savings for what we'd have to spend on military action down the road.”³³ As the costs of Iraq and Afghanistan have demonstrated, a lighter, less costly civilian capability is needed for the Sudans and East Timors of the world. Not only is this the less expensive solution, it is the more

effective one. While the military is remarkable in its ability to adapt and adopt new capabilities, the requirements of stabilization and reconstruction are largely the political, governance, and economic skills that reside in the civilian arms of foreign policy. **PRISM**

Notes

¹ For an overview of these concerns, see Stuart W. Bowen, Jr., Inspector General, Office of the Special Inspector General for Iraq Reconstruction, “Transition in Iraq: Is the State Department Prepared to Take the Lead?” testimony to the Committee on Oversight and Government Reform, U.S. House of Representatives, September 23, 2010, available at <www.sigir.mil/files/testimony/SIGIR_Testimony_10-005T.pdf>.

² U.S. Department of State, *Quadrennial Diplomacy and Development Review* (Washington, DC: Government Printing Office (GPO), 2010), 123.

³ Samuel S. Farr, “From Idea to Implementation: Standing Up the Civilian Response Corps,” *PRISM 2*, no. 1 (December 2010), 22.

⁴ For this argument, see Colin S. Gray, “Stability Operations in Strategic Perspective: A Skeptical View,” *Parameters* (Summer 2006), 4–14.

⁵ Joseph J. Collins, *Choosing War: The Decision to Invade Iraq and Its Aftermath*, INSS Occasional Paper 5 (Washington, DC: National Defense University Press, 2008), 35.

⁶ For a discussion of realignment of authorities, see Richard G. Lugar, “Stabilization and Reconstruction: A Long Beginning,” *PRISM 1*, no. 1 (December 2009), 3–8. For a discussion of civilian reliance on military capabilities, see Laura A. Hall, “Transition to Civilian-led Operations in Iraq: This Time It’s for Real,” *The Will and the Wallet blog*, August 12, 2010, available at <<http://thewillandthewallet.squarespace.com/2010/8/12/transition-to-civilian-led-operations-in-iraq-this-time-its.html>>.

⁷ Brian M. Burton and Kristin M. Lord, “Did the State Department Get the Quadrennial Diplomacy and Development Review Right?” *The Washington Quarterly* (Spring 2011), 118.

⁸ Author interview, Ambassador John Herbst (Ret.), Coordinator for Reconstruction and Stabilization, 2006–2010, Washington, DC, February 24, 2011.

⁹ U.S. Government Accountability Office (GAO), *Stabilization and Reconstruction: Actions Are Needed to Develop a Planning and Coordination Framework and Establish the Civilian Reserve Corps* (Washington, DC: GPO, 2007), 13.

¹⁰ Office of the Coordinator for Reconstruction and Stabilization (S/CRS), “Mission,” U.S. Department of State, available at <www.state.gov/s/crs/about/index.htm#mission>.

¹¹ U.S. Agency for International Development (USAID) officers claimed the system was redundant to their existing capabilities, while State staff cited a lack of senior leadership endorsement for the system. See GAO.

¹² For the criticism of this decision, see Special Inspector General for Iraq Reconstruction, *Applying Iraq’s Hard Lessons to the Reform of Stabilization and Reconstruction Operations* (Washington, DC: GPO, 2010).

¹³ Quadrennial Diplomacy and Development Review, 135.

¹⁴ USAID’s Office of Transition Initiatives and Conflict Mitigation and Management own capabilities closely mirroring the S/CRS functions. For an overview, see Dane F. Smith, Jr., *Foreign Assistance for Peace: The U.S. Agency for International Development* (Washington, DC: Center for Strategic and International Studies, April 2009), available at <<http://csis.org/publication/foreign-assistance-peace>>.

¹⁵ Burton and Lord, 119; *Quadrennial Diplomacy and Development Review*, 125.

¹⁶ See John Herbst's comments in Naveed Bandali, "Coordinating Reconstruction and Stabilization: An interview with Ambassador John E. Herbst (Ret.)," *Journal of International Peace Operations* 19, no. 4 (January–February 2011), 19–22.

¹⁷ Laura A. Hall, "S/CRS 2.0: QDDR Upgrade Provides More Operating Capacity but May Not Have Eliminated all the Bugs," *The Will and the Wallet blog*, December 16, 2010, available at <<http://thewillandthewallet.squarespace.com/2010/12/16/scrs-20-qddr-upgrade-provides-more-operating-capacity-but-ma.html>>.

¹⁸ James Dobbins, "Stabilization and Reconstruction Civilian Management Act of 2004," testimony to the Senate Committee on Foreign Relations, March 3, 2004, available at <www.rand.org/pubs/testimonies/CT218.html>.

¹⁹ See Benjamin Sovacool and Saul Halfon, "Reconstructing Iraq: Merging Discourses of Security and Development," *Review of International Studies* 33, no. 2 (2007), 223–243.

²⁰ Steven W. Hook, "Domestic Obstacles to International Affairs: The State Department Under Fire at Home," *PS: Political Science and Politics* 36, no. 1 (January 2003), 23–29.

²¹ Josh Rogin, "165 House Republicans Endorse Defunding USAID," *Foreign Policy.com*, January 20, 2011, available at <http://thecable.foreignpolicy.com/posts/2011/01/20/165_house_republicans_endorse_defunding_usaid>.

²² Gordon Adams, *The Politics of National Security Budgets* (Muscatine, IA: The Stanley Foundation, 2007), 13, available at <www.stanleyfoundation.org/publications/pab/pab07natsecbudget.pdf>; Nora Bensahel, Olga Oliker, and Heather Peterson, *Improving Capacity for Stabilization and Reconstruction Operations* (Santa Monica, CA: RAND Corporation, 2009), 58.

²³ Hook, 25.

²⁴ Adams, 4.

²⁵ Hall, "Transition to Civilian-led Operations in Iraq."

²⁶ In comparison, the U.S. Army has a command dedicated to training and doctrine. See Bensahel, Oliker, and Peterson, 49, for a discussion of State's inability to maintain a training float, or percentage of billets dedicated to training, as compared to Defense.

²⁷ Dobbins.

²⁸ Quadrennial Diplomacy and Development Review, 135.

²⁹ U.S. Department of State, *2010 Year in Review: Conflict Prevention & Stabilization Operations*, prepared by the S/CRS (Washington, DC: GPO, 2011), 20–21.

³⁰ For an argument toward achieving fungibility across development, diplomacy, and defense, see "Mr. Y" (Wayne Porter and Mark Mykleby), *A National Strategic Narrative* (Washington, DC: Woodrow Wilson Center, 2011).

³¹ The committee plans to cut \$11 billion from the \$47 billion budget request. See Kate Brannen, "Budget Crisis Will Hit U.S. State Department Hard," *Defense News*, June 2, 2011, available at <www.defensenews.com/story.php?i=6702504&c=AME&s=TOP>.

³² John J. Hamre and Gordon R. Sullivan, "Toward Postconflict Reconstruction," *The Washington Quarterly* (Autumn 2002), 95.

³³ Jake Sullivan, quoted in Brannen.