

**The U.S. Response to Precarious States: Tentative Progress and Remaining Obstacles to Coherence**

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By Stewart Patrick

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**ABSTRACT**

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The Bush administration has declared fragile states to be a threat to international security and an obstacle to global development. Unfortunately, the United States is still struggling to craft the strategies, mobilize the resources and align the policy instruments it needs to help reform and reconstruct failing, failed, and war-torn states. Improved U.S. performance in prevention, crisis response, and the long-term process of state-building after conflict will require a more integrated approach that goes well beyond impressive military assets to include major investments in critical civilian capabilities. Ingredients for a more successful approach include embracing prevention as an operating principle; achieving a common vision about the goals of U.S. action; establishing criteria and methods for determining when and where to engage; clarifying interagency leadership within Washington and in the field; improving civil-military planning and coordination; developing a standing civilian surge capacity and relevant technical skills; and providing significantly higher funding to support U.S. civilian engagement in failing and post-conflict states. Reconciling the conflicting cultures, mandates, operating procedures and time horizons of government departments and agencies will be a recurrent challenge.

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## The U.S. Response to Precarious States: Tentative Progress and Remaining Obstacles to Coherence

*Stewart Patrick\**

### Overview

Six years after the attacks of September 11, 2001, the United States has not yet embraced an integrated, whole of government approach to the challenges posed by fragile, failing and war-torn countries. This is an ironic outcome, for the U.S. national security discourse since 9/11 has been dominated by an emphasis on the transnational threats perceived to emanate from the world's unstable and poorly governed states. On the heels of frustrating nation-building exercises in Iraq and Afghanistan, the United States has made halting progress in creating standing military and civilian capabilities for what U.S. officials refer to as "stabilization and reconstruction operations." It has achieved far less on the preventive side, in terms of formulating strategies and building capabilities to help bolster effective institutions and ameliorate the underlying causes of instability in the world's most precarious states. The sole U.S. effort to formulate an explicit "fragile states" strategy, undertaken by the U.S. Agency for International Development (USAID), has won little support from other, more influential departments, particularly the Departments of State and Defense. In principle, the sweeping "transformational diplomacy" agenda announced Secretary of State Condoleezza Rice in January 2006, and the accompanying reform of U.S. foreign assistance, could inject greater coherence into U.S. foreign policy, for they are expressly designed to align policy and aid to promote the emergence of "democratic, well-governed states" in the developing world. In practice, the design and implementation of U.S. foreign aid reform has suffered from several critical flaws, including relative inattention to the specific problem of state fragility and practical constraints on the power of the new Director of Foreign Assistance.

This chapter begins by tracing the origins of contemporary U.S. policy interest in weak and failing states, highlighting changing U.S. threat perceptions in the wake of 9/11 and the perceived lessons of post-conflict difficulties in Afghanistan and Iraq. It then outlines the main strategic and institutional innovations in U.S. engagement with such countries, focusing first on U.S. post-conflict responses and then on the more tentative and uneven preventive efforts to reform and stabilize states at risk of failure. In both cases, the chapter evaluates efforts to integrate the approaches, mandates and instruments of the main U.S. government agencies, as well as the political, structural, procedural, and budgetary obstacles to achieving genuine unity of effort. It closes with policy recommendations about what must be done to achieve genuine policy coherence.

As this book attests, the quest for coherent approaches toward precarious states preoccupies many donor governments,<sup>1</sup> as well as the European Union and the United Nations. Nevertheless, the U.S. approach is distinctive in several respects, beginning with its underlying motivations. Whereas many other donors place the emphasis on forging policy coherence *for development*—that is, ensuring the alignment of national policy instruments to alleviate poverty and lay the conditions for self-

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sustaining growth in target countries--U.S. engagement with weak and failing states is focused overwhelmingly on what might be termed policy coherence *for national security*—that is, integrating policy tools to prevent weak states from generating transnational security threats that could harm the United States and its allies.

Second, and related, compared to other Western nations, the United States relies more heavily on military instruments than on civilian ones in engaging conflict prone and war-torn countries. Third, the United States has to date focused far more on addressing the challenges of post-conflict stabilization and reconstruction than on alleviating the structural causes of instability and conflict and advancing institution-building in the world's most fragile states.

Fourth, the Bush administration has elevated democracy as the ultimate goal, or end state, of its engagement in failing and war-torn states, based on the implicit assumption that the requirements of state-building and the consolidation of democratic governance go hand-in-hand; most other donor governments have settled on the less ambitious but more tractable goal of reasonably effective governance and social peace. Finally, like so much of the Bush administration's foreign policy, the overall thrust of U.S. engagement with precarious states has been predominantly unilateral, based on the expectation that Washington will naturally set the international agenda in most countries of U.S. concern. Compared to other Western nations, the United States has placed less priority on the need to harmonize its approaches with other donor nations or indeed to align itself with the priorities of target governments and stakeholders.

Improved U.S. performance in prevention, crisis response, and the long term process of state building after conflict will require a more integrated (or “joined up”) approach that goes well beyond impressive military assets to include major investments in critical civilian capabilities. Ingredients for a more successful approach include embracing prevention as an operating principle; achieving a common strategic vision about the goals of U.S. action; establishing criteria and methods for determining where to engage; clarifying interagency leadership within Washington and in the field; improving civil-military planning and coordination; developing a standing civilian surge capacity and relevant technical skills; and providing significantly higher funding to support U.S. civilian engagement in failing and post-conflict states. Based on the experience of the U.S. military, achieving greater “jointness” in U.S. policy toward precarious states may well take years, if not decades. Reconciling the conflicting cultures, mandates, operating procedures and time horizons of government departments and agencies will be a recurrent challenge.

### **A New Focus on Weak, Failing and Post-Conflict States**

In most wealthy Western donor nations, high-level policy attention to weak and failing states antedated the terrorist attacks of September 11, 2001. In contrast, the U.S. concern with precarious states is almost entirely a function of 9/11. During the 1990s, U.S. political leaders of both major parties tended to regard weak and failing states as possessing marginal strategic significance. Although Democrats were more inclined than Republicans to advocate armed intervention for humanitarian protection purposes, and to promote engagement in UN-led multidimensional peace operations, with few exceptions (in the Balkans, or Haiti, for example), the U.S. foreign policy establishment regarded such countries as peripheral, third-tier security concerns that did not warrant risking either lives or treasure.

This threat perception changed dramatically following the terrorist attacks on the World Trade Center and the Pentagon. Besides eliciting a popular desire for vengeance against the perpetrators, these events upended the longstanding geopolitical paradigm that associated security threats with a concentration of state power, as opposed to its absence. The capacity of the al Qaeda network to orchestrate the most devastating attack on the mainland United States in the country's history from the world's second poorest country convinced U.S. policymakers, as President Bush explained in the National Security Strategy of 2002, that America was "now more threatened by weak and failing states than we are by conquering ones." (White House, 2002) Such official reasoning quickly became conventional wisdom in wider foreign policy and national security circles, including in the writings of popular intellectuals like Thomas P. N. Barnett, who cautioned against the risks posed by countries trapped in the "non-integrating Gap" of the global political economy. (Barnett, 191-245)

From this perspective, zones of weak governance in the developing world were more than a danger to their citizens: they were also incubators and vectors for multiple transnational threats, including not only terrorism but also drug trafficking, weapons proliferation, and cross-border insurgency. (Crocker; Commission; Patrick) In an era of global communication, transportation, finance, and migration, the security of the United States was increasingly a function of political stability, internal security, and social development within the world's most wretched nations. As USAID explained in its 2002 document *Foreign Aid in the National Interest*,

When development and governance fail in a country, the consequences engulf entire regions and leap across the world. Terrorism, political violence, civil wars, organized crime, drug trafficking, infectious diseases, environmental crises, refugee flows and mass migration cascade across the borders of weak states more destructively than ever before. (USAID, Foreign Aid, 1)

The Administrator of USAID, Andrew Natsios, depicted development as the heretofore neglected third pillar of U.S. national security, joining diplomacy and defense as one of the critical "3Ds" of U.S. global engagement. In early 2005, his agency released a *Fragile States Strategy*, designed to guide USAID programming in the world's most troubled countries. (USAID, Fragile States) Natsios hoped that USAID's strategy might form the basis for a U.S. government wide approach.

Within a year, USAID's fragile states agenda had been overtaken by a broader "transformational diplomacy" initiative and an accompanying reform of U.S. foreign aid. The purpose of this agenda, in the words of Secretary of State Condoleezza Rice, was to help "build and sustain democratic, well-governed states that will respond to the needs of their people and conduct themselves responsibly in the international system." (Rice) To advance these goals, the State Department would redeploy U.S. diplomats to long-neglected global hot spots and overhaul the country's hopelessly fragmented foreign assistance regime, which has aid trickling out of dozens of spigots within the State Department, USAID, and other government agencies.

At the Department of Defense (DoD), meanwhile, the events of 9/11 stimulated a sweeping reassessment of the strategic importance of weak and failing states. The rationale for this shift was spelled out in the 2005 National Defense Strategy and 2006 Quadrennial Defense Review (QDR). These documents departed from previous installments by emphasizing the new "asymmetric" threats confronting the United States and by advancing the new intellectual construct of the "long war" against transnational terrorism and militant extremism as the overarching framework to guide U.S. defense policy and force structure in the twenty-first century. The QDR called on the U.S.

military to strengthen the sovereign capabilities of friendly governments to police their territories and borders against transnational terrorists, criminals, and insurgents who might wish to harm the United States and its allies. (Department of Defense, Quadrennial)

In parallel with these developments, senior Pentagon officials have advocated a comprehensive, government-wide strategy to eliminate the world's "ungoverned spaces," where stateless actors might otherwise act with impunity. (Garamone) The Central Intelligence Agency (CIA) has identified some 50 such zones around the world and is devoting new collection assets to some of these long-neglected regions. (Tenet) In early 2005, the National Intelligence Council (NIC) inaugurated a semi-annual Political Instability Watch List to help identify countries at risk of failure, so that the U.S. government could launch timely conflict prevention and mitigation efforts. (Krasner and Pascual)

This preoccupation with precarious states has been reinforced by the frustrations the United States has encountered in stabilizing Afghanistan and (especially) Iraq following the end of major combat operations in both countries. Shrugging off its instinctive aversion to nation building, the Bush administration has taken initial steps to improve U.S. capabilities to rebuild war-torn countries. This includes the establishment of an office within the State Department to lead interagency efforts to prepare for, plan, and run postwar stabilization and reconstruction efforts; the embrace by the Department of Defense of stability operations as a core mission of the U.S. military; and the creation of an office within USAID to facilitate civilian-military cooperation.

By the second term of the Bush Administration, the risks of precarious states to U.S. security were taken for granted across the U.S. foreign policy community. As the White House explained in its updated 2006 National Security Strategy,

Weak and impoverished states and ungoverned areas are not only a threat to their people and a burden on regional economies, but are also susceptible to exploitation by terrorists, tyrants and international criminals. We will work to bolster threatened states, provide relief in times of crisis and build capacity in developing states to increase their progress. (White House, 2006)

The document amended its 2002 predecessor by underlining the importance of democracy promotion as a key element of building effective, well-functioning states.

### *The Quest for Coherence*

In sum, six years after 9/11, this new preoccupation with precarious states has stimulated a welter of initiatives and innovations across the U.S. government. Senior U.S. officials increasingly argue that the linked challenges of instability, insecurity, and poverty required an integrated approach that could leverage the so-called "3Ds" of defense, diplomacy and development, as well as other instruments of American power. At the same time, this superficial unanimity has concealed a diversity in official opinion about the main rationale for U.S. engagement with precarious states; the criteria that should guide U.S. involvement in them; the ultimate end state towards which U.S. efforts should be directed; and the means required to achieve success. Instead of embracing a common strategy, different agencies have been guided by departmental mandates and concerns.

The resulting approach is a messy amalgam of the dominant preoccupations of the Pentagon, the State Department, and USAID, oftentimes in that order. As might be expected, DoD tends to view weak and war-torn states primarily as a national security challenge, focusing in particular on unstable countries in the Muslim world as potential hotbeds of terrorists and insurgents. State, meanwhile, is interested in a wider range of weak and troubled countries around the world and (at least rhetorically) tends to place greater stock in democracy promotion as a potential cure for their ills. Finally, USAID continues to regard state fragility primarily as a development challenge, one that can be ameliorated only by working with local governments and stakeholders to lay the institutional foundations of good governance and economic growth. In sum, the U.S. approach to precarious states does not yet reflect a single vision, much less a unified strategy.

Both the executive and legislative branches share responsibility for this lack of policy coherence. Under the Bush administration the National Security Council has been strikingly weak, shirking its responsibilities to provide direction to, impose discipline on, and bridge differences among the main government departments. Similarly, Congress has frequently abdicated its responsibilities for oversight on U.S. policies toward fragile, failing, and war-torn states, and it has consistently approved budgets that provide massive resources to the U.S. defense establishment while short-changing investments in the diplomatic and development sides of the “3D” triangle.

#### *The Challenge of Post-Conflict Reconstruction and Stabilization*

Despite widespread recognition of the potential spillover effects of state failure, the United States has devoted far more attention and resources to building capabilities for post-war stabilization and reconstruction operations than to developing a strategic approach, with accompanying tools and funding streams, to prevent unstable countries from succumbing to violence. The main institutional innovations have been a new State Department office to coordinate U.S. agencies involved in post-war operations and the belated recognition by the Pentagon that stability operations constitute a core mission for the U.S. military.

As students of organizational theory are well aware, institutions of government are notoriously resistant to change. Major innovation typically depends on three key ingredients: An abject policy failure that discredits old ways of doing business; an alternative set of beliefs about how to do things better; and political champions well-placed to advocate the new approach in policy battles. (Hall) The recent innovations in U.S. post-conflict operations provide a classic case study of these dynamics.

The relevant disaster here was the debacle of postwar planning for Iraq and the resultant difficulties in stabilizing and reconstructing that country. This wound was very much a self-inflicted one, reflecting the Bush administration’s myopic disdain for “nation-building.” Upon taking office in January 2001, the new administration abandoned a sophisticated political-military planning process, formalized under the Clinton administration as Presidential Decision Directive 56, that assigned the roles and responsibilities of U.S. agencies involved in “complex contingency operations.”<sup>2</sup> The United States thus went to war in Iraq without a plan to win the peace. Critics have excoriated the Pentagon for failing to plan for the post-conflict period (“Phase IV” in military parlance), and Secretary of Defense Donald Rumsfeld in particular for dismissing the efforts of the State Department-led Working Group on the Future of Iraq and waiting until the eleventh hour to establish the Office for Reconstruction and Humanitarian Assistance (ORHA). (Packer; Ricks)

Although it is tempting to assign entire culpability for the resulting disaster to the Pentagon, the State Department and USAID should not escape blame. For it was the lack of credible capacity within the civilian side of government that led the White House to assign leadership for running the post-conflict phase to DoD. The ensuing chaos in Iraq – including the breakdown of public order, the collapse of public services, and the emergence of a full-blown insurgency – drove home the price of failing to develop the doctrine and capabilities to stabilize and reconstruct war-torn societies.

This fiasco was all the more disheartening because many of the dilemmas encountered were anticipated by external (and in some cases internal) experts, who had absorbed a decade's worth of lessons from armed interventions and peace operations in the 1990s, in locales ranging from Cambodia to Bosnia, Kosovo to East Timor. (AUSA/CSIS) A core lesson of these earlier experiences was that the United States could no longer afford to reinvent the wheel for every new crisis; rather, it needed a standing capacity to respond to these contingencies. By stumbling “blind into Baghdad” (Fallows) the administration unwittingly gave new life to these languishing ideas.

Nevertheless, it took well-placed individuals to give these ideas political traction. The relevant champions were Senators Richard Lugar and Joseph Biden, chair and ranking member of the Senate Foreign Relations Committee, respectively. They forced the issue onto the administration's agenda in late 2003 and early 2004, by establishing an informal policy advisory group of executive branch officials and outside experts and ultimately introducing legislation authorizing the creation of a new post-conflict office at the State Department, in the form of the Stabilization and Reconstruction Management Act (SARCOMA) of 2004 (S 2127, 108<sup>th</sup> Congress).<sup>3</sup>

This congressional activism spurred the Bush administration into belated action. In early 2004 the National Security Council (NSC) began circulating a proposal to create a new State Department office to address urgent transitional security and rule of law needs in post-conflict settings.<sup>4</sup> The proposal elicited intense debate and turf battles within both State and USAID, with opponents debating whether the office should address the full spectrum of post-conflict tasks (or simply rule of law issues) and whether its mandate should be restricted to building U.S. capacities (or also include an “operational” role).<sup>5</sup> In the end, Secretary of State Colin Powell would endorse an office that would engage the entire panoply of stabilization and reconstruction challenges -- including governance, physical infrastructure, and economic development -- and would actually plan and run such interventions, rather than simply prepare for them.

### *A New State Department Office*

Thanks to this unique constellation of forces, a rare consensus transcending partisan divides took hold in Washington by spring 2004, facilitating institutional change: In a world of failed states and terrorist threats, the challenges of stabilizing and reconstructing failed and war-torn states could no longer be treated as peripheral to U.S. national security, nor could the United States continue its ad hoc approach. The country needed robust civilian as well as military capabilities to manage and undertake post-conflict operations. Essential elements would include new coordination mechanisms with clear lines of authority and accountability; new interagency doctrine to inform joint civil-military planning, training, and operations; and a deployable civilian capability to permit rapid, effective responses. (Scowcroft and Berger) To fill this gap, the National Security Council in April 2004 agreed that the State Department should coordinate interagency responses to future post-conflict operations, including the development of a civilian surge capacity that could be deployed

quickly to crisis countries. To implement this new mission set, Secretary of State Colin Powell in August 2004 created a new Office of the Coordinator for Reconstruction and Stabilization (S/CRS).

One signal of the difficulties S/CRS would confront was the delay in establishing the office's formal authorities. Thanks to inter-departmental wrangling and a continued lack of White House leadership, it was not until December 2005 that the NSC released National Security Presidential Directive (NSPD) 44, "Management of Interagency Efforts Concerning Reconstruction and Stabilization." The document established the rationale for the office, declaring, "The United States has a significant stake in enhancing and reconstructing countries or regions, especially those at risk of, in, or in transition from conflict or civil strife, and to help them establish a sustainable path towards peaceful societies, democracies, and market economies." To accomplish these objectives, NSPD 44 assigned to the Secretary of State – and through her to S/CRS -- leadership of interagency efforts "to anticipate state failure, avoid it whenever possible, and respond quickly and effectively when necessary and appropriate to promote peace, democratic practices, market economies, and the rule of law." (NSPD 44) The office was to serve as the focal point for creating, managing, and deploying relevant civilian response capabilities, including those required to advance "internal security, governance and participation, social and economic well-being, and justice and reconciliation." In instances where U.S. troops were deployed, S/CRS was to coordinate with DoD to harmonize military and civilian involvement.

The creation of S/CRS heartened those who believed that the United States had gotten serious about building civilian capacity to address state fragility and post-conflict reconstruction. Unfortunately, such hopes have yet to be realized. This is partly a function of the massive and arguably unrealistic mandate S/CRS office has sought to fulfill. These duties include monitoring countries at risk of instability; leading interagency efforts to prevent or mitigate conflict in specific cases; developing joint civil-military doctrine for post-conflict operations; designing and conducting exercises with military counterparts; building standing civilian response capabilities within the State Department, USAID, the wider government and U.S. society; mobilizing and deploying these resources to the field and to the military's Regional Combatant Commands in actual crises; coordinating post-conflict operations in Washington; mainstreaming conflict prevention within the U.S. foreign policy bureaucracy; distilling best practices and lessons learned from post-conflict operations and integrating these into policy; and engaging with international partners.

Fulfilling such an ambitious mandate would be daunting in the best of circumstances. It implies that S/CRS should not only organize, train and equip U.S. civilian agencies for post-conflict purposes but also lead planning, deployment, and execution of those operations. It is especially unrealistic in the case of S/CRS, which since its creation has been a beleaguered, understaffed and under-resourced office operating from a single government department.

From its inception, S/CRS was envisioned as the focal point for interagency coordination, ensuring timely reconstruction and stabilization responses by reaching back to relevant agencies to draw upon standing technical capacities, as well as country-specific knowledge in State Department regional bureaus. In practice, S/CRS has demonstrated little ability to coordinate -- much less direct -- other U.S. agencies, thanks to bureaucratic resistance within State itself and rivalries with other agencies including DoD and USAID. Moreover, the office made an early, strategic decision not to take part in the two main US reconstruction efforts in Afghanistan or Iraq, as it sought to build up its staff and capabilities. While understandable, that decision was symbolically costly, depriving it of much-needed credibility within the executive branch. As of early 2007, the office had stood up only one



interagency Country Reconstruction and Stabilization Group (CRSG), for Sudan, where its role has remained frankly minor. In the absence of a leadership role in actual operations, the office has been relegated to developing planning templates, constructing operational models for possible use in future contingencies, and offering conflict management consultancy services to often skeptical regional State Department bureaus. By late 2006, there was widespread agreement within Washington that S/CRS had over-promised and under-delivered. Still seeking to demonstrate its value added and offer proof of its concepts, S/CRS narrowed its focus to three (still daunting) areas: building interagency civilian capacities; leading integrated strategies; and deploying to the field.

The office would have greater credibility and authority if it actually commanded significant resources. But three years after its creation S/CRS remains woefully under-funded. For the past few budget cycles the office has sought, with lukewarm White House support, a modest \$100 million conflict response to jump start interagency post-conflict responses.<sup>6</sup> In each instance Congress--distrustful of "slush funds" not appropriated to any specific project or activity--has rejected this budget item, on the grounds that the President can always reallocate his current budget to respond to an unanticipated crisis or, if need be, submit an emergency supplementary budget for legislative consideration. Such reasoning is superficially appealing but overlooks the inevitable delays in preparing a supplemental request or reconfiguring a current budget in the face of bureaucratic resistance. In reality, nothing can compete with a flexible, fast-disbursing contingency fund, which has the power to bring relevant parties to the table and ensure rapid responses to unforeseen contingencies. Without such a fund, S/CRS has been forced to rely on cumbersome work-around arrangements, such as temporary drawdown authority under Section 1207 of the National Defense Authorization Act, which permits the State Department to make use of up to \$100 million in Pentagon operations and maintenance funds for urgent reconstruction purposes.

#### *The 800 Pound (and Growing) Gorilla: The Department of Defense*

While the State Department has made only halting progress toward fulfilling this new mission, the Department of Defense has moved with dispatch. Amid growing concerns about a rising insurgency in Iraq, the Defense Science Board in early 2004 launched a yearlong study on the role of the Pentagon in "the Transition to and From Hostilities."<sup>7</sup> (Defense Science Board) Although some defense intellectuals had suggested that DoD create specialized divisions dedicated to post-conflict operations (Binnendijk and Johnson; Barnett) the final report of this task force recommended that the entire U.S. military embrace stability operations as a core mission, on a par with war-fighting. In July 2005, Deputy Secretary of Defense Gordon England endorsed this approach by signing Directive (3000.05), on "Military Support for Stability, Security, Transition and Reconstruction Operations (SSTR)." The document emphasizes that these new responsibilities "shall be given priority comparable to combat operations and be explicitly addressed and integrated across all DoD activities including doctrine, organizations, training, education, exercises, materiel, leadership, personnel, facilities and planning." (Department of Defense) The Pentagon has appointed a new Deputy Assistant Secretary of Defense for Stability Operations to supervise implementation of this directive, created a Defense Reconstruction Support Office to sustain these efforts in the field, and assigned a senior director for stability operations to each Combatant Command.

In light of the inadequate "Phase IV" planning in Iraq, Directive 3000.05 mandates that each U.S. war plan henceforth include a detailed annex explaining how stabilization and reconstruction will occur. While acknowledging that many relevant tasks are more appropriately carried out by civilians,

the directive notes that this may not always be possible in highly insecure environments or where such civilian capabilities do not yet exist. Accordingly, U.S. troops must be prepared to carry out a wide range of SSTR activities, from rebuilding physical infrastructure to training police to reviving market activity to developing institutions of representative government. Moreover, some Pentagon officials, frustrated by continued shortcomings in civilian reconstruction capabilities, are exploring the creation of an expeditionary *civilian* cadre within the Department of Defense to fill this gap.

How these emerging DoD capabilities relate to the civilian side of the executive branch remains ambiguous. At first glance, NSPD 44 would appear to give the State Department authority to coordinate all U.S. government agencies, including DoD, in stabilization and reconstruction operations. On closer inspection, the question of leadership is far from settled. There is no formal linkage between Directive 3000.05 and NSPD 44, beyond the declaration that the Pentagon will provide capabilities to help support post-conflict operations by the State Department and other civilian agencies, “as appropriate.” (Department of Defense) This ambiguity has been reinforced by State Department delays in implementing NSPD 44.

Beyond the question of who is in charge is the one of who should be delivering such assistance. Directive 3000.05 is part of a larger expansion of the Department of Defense into the fields of relief, reconstruction and development. This trend reflects a gaping mismatch between the authorities of the State Department, nominally responsible for leadership in U.S. foreign policy and foreign assistance, and the resources actually devoted to supporting the civilian (versus military) side of government. Given its unique logistical capabilities, massive resources and ability to operate in hostile environments, the U.S. military is often called upon to respond in the immediate aftermath of natural disasters (such as the Indian Ocean tsunami or Pakistani earthquake) and during active hostilities (such as the insurgency in Iraq). But primary reliance on the U.S. military to implement assistance programs is potentially problematic from a public diplomacy and development perspective, since it tends to tar U.S. aid with a military brush and to encourage unsustainable, externally imposed interventions.

#### *USAID -- Odd Man Out?*

Building civilian capabilities to take some of this load off the Pentagon would obviously be desirable. Unfortunately, the most natural partner for DoD in post-conflict and reconstruction efforts, the United States Agency for International Development (USAID), has been gutted over the past two decades of much of its once vaunted professional and technical expertise. This downsizing has reinforced the weakness of the “development” side of America’s “3D” triangle. Whereas many other OECD donor nations can boast an independent, cabinet-level development agency, capable of holding its own in interagency deliberations with its diplomatic and defense counterparts, USAID remains a sub-cabinet entity whose administrator reports directly to the Secretary of State.<sup>8</sup> Despite these handicaps, USAID has been deeply enmeshed in the civilian side of post-conflict operations, particularly in Afghanistan and Iraq. In March 2005, USAID created an Office of Military Affairs (OMA), to improve communication between the U.S. military and development professionals and to facilitate the development of joint doctrine, planning, training, and smooth cooperation in the field.

Somewhat surprisingly, given its unenviable bureaucratic position, the agency has also been at the forefront of U.S. government thinking about how to prevent state failure and internal conflict. In 2002, Administrator Andrew Natsios created an Office of Conflict Management and Mitigation (CMM), to encourage sensitivity to conflict dynamics in every area of agency programming in

developing countries. Whereas the agency had traditionally sought to work *around* conflict, and occasionally *in* conflict, CMM has helped USAID increasingly work *on* conflict – by shaping its assistance in a manner that promises to ameliorate the underlying drivers of inter-group tensions.

The USAID White Paper of 2004 expanded the agency’s concern with precarious states beyond violent conflict, *per se*, by identifying the development challenges of “fragile states” as one of USAID’s five main priorities. “In countries characterized by instability and weak governance,” it stated, the agency’s focus should be on advancing “stabilization, security, reform and capacity development.” (USAID, US Foreign Aid 19-20) The following year the agency released a full-blown *Fragile States Strategy*, which distinguished between two types of precarious states: *vulnerable* states that are unwilling or unable to provide security and basic services to their people, and where the legitimacy of the government was in question; and *crisis* ones that are at great risk of violent conflict. The document called on USAID to engage strategically and selectively with such countries, with the objective of “reversing decline in fragile states and advancing their recovery to a stage where transformational development is possible.” The strategy advocated targeting U.S. assistance and policy dialogue to the underlying sources of state fragility; linking efforts at short term impact with longer term structural reform; engaging with both the governing regime and civil society; setting goals and targets that reflect local realities; and working with other parts of the U.S. government to advance security, stability, service provision and institution-building. To mainstream the concept of fragility within USAID and to monitor and track global trends in fragility, the agency has created a Fragile States Council

Unfortunately, USAID has failed to win support for these innovations within the wider U.S. government. Indeed, the concept of fragility was effectively shelved in early 2006, when the Bush administration suddenly announced a sweeping foreign aid reform that would link USAID even more tightly with the State Department.

### **Foreign Aid Reform and Fragile States**

In January 2006, Secretary of State Condoleezza Rice presented a plan to introduce greater strategic direction, coherence and accountability to the U.S. foreign aid regime. This initiative is central to her larger “transformational diplomacy” agenda for nurturing well-governed democratic states in the developing world. (Rice) It is motivated by the conviction that the greatest threats to U.S. security emanate from dysfunctional governance and economic stagnation. The logical response, Rice argues, is for the United States to use the policy levers at its disposal to transform domestic institutions and authority structures in developing countries so that they are both capable of and committed to exercising responsible sovereignty.<sup>9</sup> Foreign aid reform is intended to ensure that all U.S. aid, including development assistance, reflects the “strategic direction and priorities” of the Secretary of State. (Office, 2006)

The impact of this closer integration between the State Department and USAID continues to be hotly debated within the U.S. foreign policy and development communities. Supporters argue that it has brought senior development professionals into the corridors of power within the State Department. This is arguably an improvement over the previous arrangement, whereby USAID was neither an independent cabinet agency able to hold its own as an advocate for development in interagency meetings, nor sufficiently integrated with the State Department to be an effective instrument of U.S. foreign policy. Critics, meanwhile, bemoan the loss of what is left of USAID’s independence, predicting an inevitable subordination of the agency’s historic mandate of promoting

poverty alleviation and economic growth to short-term projects aligned with current national security preoccupations like promoting democracy and prosecuting the global war on terrorism.

The foreign aid reform plan is unfolding in the context of significant increases in the overall U.S. aid budget in recent years. From 2000-2005, U.S. disbursements of official development assistance (ODA) surged from approximately \$10 billion to \$27.5 billion. This dramatic increase began under the Clinton administration and accelerated under President George W. Bush with the launching of the Millennium Challenge Account (MCA) and the President's Emergency Plan for AIDS Relief (PEPFAR).<sup>10</sup> This historic expansion has been buoyed by a bipartisan consensus in the aftermath of 9/11 that promoting growth and opportunity in developing countries is critical to ameliorating the roots of violent extremism, not least in the Muslim world.

At the same time, there has been widespread dissatisfaction with the fragmentation and perceived ineffectiveness of much U.S. foreign assistance. That assistance trickles out of eighteen different spigots in the State Department and USAID alone, not to mention some twenty-odd other federal agencies, addressing everything from health interventions to military training, counter-narcotics assistance, and economic support to allies. Rather than reflecting coherent U.S. strategies toward particular countries, aid is too often driven by the desires of individual agencies or U.S. missions, with the right hand not always knowing what the left hand is doing.

To implement the envisioned reform plan, Rice in spring 2006 appointed Randall Tobias as the country's first Director of Foreign Assistance (DFA), serving simultaneously as Administrator of USAID, at the level of Deputy Secretary of State. The DFA's primary duties are to draft an overall U.S. aid strategy, as well as five-year strategic and one year operational plans for each recipient country. In terms of competence, the DFA has explicit authority over the design, planning, coordination and implementation of all funding and programs of the State Department and USAID.<sup>11</sup> In addition, the office is to provide "coordination and guidance to all foreign assistance delivered through other agencies and entities of the USG, including the Millennium Challenge Corporation and the Office of the Global AIDS Coordinator." (State Department, New Leadership) As discussed below, the precise nature of that "coordination and guidance" remains undefined.

The reform plan emerged following a year long review led by the State Department's policy planning staff, which revealed extensive fragmentation, duplication and inefficient use of aid monies.<sup>12</sup> Initially, the administration considered pursuing an ambitious legislative remedy, including re-writing the Foreign Assistance Act (FAA) of 1961. When consultations with Congress in autumn 2005 suggested this was unrealistic, particularly given the political calendar, Secretary of State Rice chose to pursue initial reforms within the confines of existing authorities. In effect, the administration calculated that legislators would be more likely to grant flexibility and resources if it first demonstrated its dedication to strategic planning, results, and accountability. The Bush administration has described the foreign aid reform as only an initial step in overhauling the foreign assistance regime (although its ability to do more in the final two years of its term is doubtful).

### *A New Strategic Framework*

In May 2006, the DFA unveiled a new Strategic Framework for Foreign Assistance to rationalize the multiple aid streams appropriated to the State Department and USAID. In support of the core goal of promoting "democratic, well-governed states," it establishes five overarching objectives for U.S. aid: (i) advancing peace and security; (ii) promoting just and democratic governance; (iii) encouraging

investments in people; (iv) promoting economic growth; and (v) providing humanitarian assistance. (The second, third, and fourth of these goals mirror the eligibility criteria for the Millennium Challenge Account.) The DFA does not prioritize among these objectives.

Aware that different contexts will shape how the United States pursues these goals, and thus the design of its aid interventions, the administration in summer 2006 assigned each of the 154 developing and transitional countries that received U.S. aid into one of five distinct categories, reflecting U.S. assessments of their current circumstances. For each category, the administration established a general end goal, as well as a “graduation trajectory,” which may include moving to the next category up or graduating from foreign aid entirely. These categories include:

- *Rebuilding Countries* – states emerging from internal or external conflict. The category currently includes twelve countries: Afghanistan, Colombia, Haiti, Sudan, Liberia, Kosovo, Iraq, Democratic Republic of Congo, Nepal, Cote d’Ivoire, Sierra Leone and Somalia.
- *Developing Countries* – low or lower-middle income countries (below \$3,256 per capita) that do not meet MCA performance criteria or a hard hurdle on either corruption or political rights. This cohort currently includes 66 countries at various states of development, from Cambodia to Pakistan, Egypt to Ecuador.
- *Transforming Countries* – low or lower-middle income countries that pass MCA performance criteria, as well as a hard hurdle for corruption and political rights. Twenty-four nations, including all MCA recipients and threshold countries, currently qualify for this status.
- *Sustaining Partnership Countries* – middle income (or better) countries “for which U.S. support is provided to sustain partnerships, progress, and peace.” The 43 countries on this list range from Israel to Mexico, Russia to Kuwait.
- *Restrictive Countries* – these are “states of concern where there are significant governance issues,” and where direct U.S. funding is restricted. This (U.S.-defined) rogues’ gallery includes eleven authoritarian regimes, or, in the administration’s parlance, “outposts of tyranny.”<sup>13</sup>

In July 2006, the DFA added a sixth category to cover “global or regional” issues, defined as “activities that advance the five objectives, transcend a single country’s borders, and are addressed outside a country strategy.”

The administration’s reform plan has a number of positive elements. First, it promises a closer alignment of U.S. aid and foreign policy priorities, by centralizing management and accountability over USAID and State Department funds. Second, it holds the potential for better stewardship over taxpayer dollars, by connecting aid expenditures to specific objectives, and by tracking each aid dollar from expenditure to implementation. Third, the framework places a welcome emphasis on state-building: helping countries create their own institutions to govern effectively and provide security, economic growth, and social welfare. Fourth, the envisioned “graduation trajectory” seeks to avoid the dependency that much foreign aid has inadvertently encouraged. Finally, the new approach recognizes, at least implicitly, that advancing “development,” particularly in fragile states, may rely on a wide range of policy instruments, from multiple agencies, to address the weak governance and internal conflict that beset so many poor countries. (Picciotto)

What the administration has not yet developed is a rigorous process to prioritize among the five strategic objectives in each target country. While the framework serves as a useful book-keeping exercise, it gives policymakers little guidance about how to balance and integrate these goals in the service of transformational diplomacy in particular countries. It offers no planning methodology to inform the allocation of limited resources on the basis of clear criteria, desired outcomes, or local context. In the absence of a more deliberative process, these well-intentioned reforms could well deteriorate into business-as-usual budgeting driven by bureaucratic interests. This is precisely what transpired during a number of DFA-chaired country coordination meetings during the summer and fall of 2006. In some cases agencies simply mapped current agency and bureau budgets over the new strategic framework, re-labeling existing programs and activities according to the new aid categories. If the DFA hopes to overcome such bureaucratic resistance in the future, it must craft a more robust planning process to guide its five-year strategic and one year operational plans.

#### *An Incomplete Taxonomy: Inattention to Fragile States*

Beyond the concern that nothing much will change, the reform plan suffers from several critical flaws. Given the administration's strategic preoccupation with weak and failing states, it is startling that the foreign aid framework lacks a specific category to capture these countries. For diplomatic reasons, the administration chose not to identify fragile states explicitly, but rather to lump most of them within a catch-all category of "developing" countries.<sup>14</sup> This lacuna creates the impression that the United States has a reactive policy toward war-torn countries and a punitive one toward rogue states, while lacking a preventive strategy to stop struggling states from sliding toward failure. It also downplays the distinctive policy dilemmas posed by states unable or unwilling to provide essential goods to their own people. As the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) has recognized, such countries require innovative approaches to development cooperation, particularly when it comes to service delivery, institution building and policy dialogue. (OECD/DAC) At the very least, the administration should incorporate USAID's common principles for engaging in fragile states into its plans for relevant countries.

Any review of current programs should also explore a better balance between aid to good performers and assistance to deserving fragile states. In this regard, close analysis of the administration's budget requests for FY07 and FY08 reveals a yawning gap between U.S. rhetoric regarding the importance of weak and failing states and actual resource allocations to helping reform and bolster such nations. As discussed later on in this chapter, only a tiny proportion of U.S. International Affairs spending (the so-called "150 Account") goes to advancing stability and development in fragile states.<sup>15</sup> (Patrick and Brown, *Fragile States*)

#### *A Constrained Coordinator*

Another obstacle to policy coherence in addressing precarious states is the narrow scope of action permitted the Director of Foreign Assistance. To be truly effective, the DFA needs the practical capacity and legal authority to shift funds across accounts within USAID and the State Department; to roll back outdated and irrelevant congressional earmarks on foreign assistance; to coordinate the independent MCA and HIV/AIDS initiatives; and to control foreign aid spending by other U.S. agencies, not least the Department of Defense. He currently has none of these powers. (Patrick, *Toolbox*)

In principle, the DFA is empowered to manage all State Department and USAID assistance, including reallocating funds among countries and programs. In practice, his flexibility is limited by the existence of eighteen distinct State Department and USAID accounts. When it comes to shifting allocated funds within specific accounts -- say, between governance and health within the Development Assistance (DA) account -- the DFA can submit a reprogramming request to Congress, though even in this case legislative approval is not guaranteed. Things get much more complicated if the DFA tries to shift allocations across accounts, since the relevant Congressional committees are likely to resist to preserve their powers of oversight and appropriation.

Even more troubling, the reform plan does nothing to alleviate the problem of earmarks, which mandate that foreign assistance funds be devoted to particular countries or purposes. Today's foreign operations budget is constrained by hundreds of distinct legislative and executive branch directives, many of which reflect parochial interests and undercut aid effectiveness, particularly from a development perspective. They are also very difficult to remove, given the entrenched support of domestic constituencies and special interests. Unless the DFA can persuade Congress to eliminate some of these restrictions and impose discipline on the executive branch itself, he will find it difficult to align State and USAID funds with pressing U.S. priorities in fragile states.

Even if the DFA succeeds in rationalizing foreign assistance within State and USAID, a large proportion of aid resources will remain beyond his reach, including the Bush administration's two signature initiatives, MCA and PEPFAR. By statute the MCC was created as an independent corporation, and the Office of the Global AIDS Coordinator reports directly to the Secretary of State. The DFA aspires to offer some guidance to both entities through regular, structured conversations to ensure information sharing and harmonization of approaches. State Department officials also note that the DFA, as USAID Administrator, sits on the board of the MCC, and that the Secretary of State serves as its chair. Despite these assurances, without budget authority the DFA may find that its input is simply ignored.

Similarly, the DFA lacks any clear authority over numerous foreign aid accounts and activities of domestic departments and agencies that in 2005 controlled 21% of U.S. foreign assistance. Some of these aid programs -- including those pursued by the Departments of Agriculture, Energy, Health and Human Services, Labor, and Treasury -- are quite large. The Treasury Department, for example, controls U.S. relations with the international financial institutions, as well as the extension of debt relief and provision of technical assistance. During his confirmation hearings in spring 2006, Tobias indicated a desire to institute a "formal process" to fulfill his mandate of providing "coordination and guidance" across the interagency. Such efforts have been tried in the past without much luck, as in the creation of a Development Coordinating Council in 1973 (as Section 640B of an amended Foreign Assistance Act). (Nowels and Veillette) One interim if imperfect option would be for the President or NSC to require relevant Cabinet officials to meet regularly with the DFA to review issues, trends, gaps and duplication in foreign aid policies.

Finally, it is unlikely that the DFA will have any practical influence over the expanding aid role of the Department of Defense, including post-conflict reconstruction and counterterrorism, counter-narcotics and humanitarian assistance. The growth in DoD programs is one of the most striking recent trends in foreign aid. According to the OECD/DAC, between 2002 and 2005, the Pentagon's total share of U.S. official development assistance (ODA) surged from 5.6% to 21.7%. (OECD/DAC, United States) In Iraq and Afghanistan, funds appropriated to DoD for reconstruction and stabilization totaled \$4.66 billion in FY06, plus another \$500 million for the

flexible Commanders' Emergency Response Program (CERP), in addition to \$7 billion in the FY05 supplemental budget for training and equipping security forces in those countries. DoD funds go well beyond just military activities, to include the repair of oil infrastructure and health care for injured Iraqi children. In FY06, DoD also controlled some \$917.7 million for counter-drug activities in nine countries. (Nowels and Veillette 5-6)

The emergence of DoD as a massive aid provider has the potential to encroach on the State Department's leadership in U.S. foreign policy and authorities under the Foreign Assistance Act. In 2006, the Pentagon secured even more leeway, gaining authority from Congress (under provision 1206 of the National Defense Authorization Act) to use up to \$200 million of its own funds to train and equip foreign military forces involved in counterterrorism and stability operations around the globe (a figure increased to \$300 million in FY07). President Bush identified twenty-odd countries as partners in the "global war on terrorism" that were eligible for direct funding from the Department of Defense. The expansion of the U.S. military into development has taken it far from its ostensible mandate. One recent example is the involvement of the Combined Joint Task Force-Horn of Africa in the construction of schools in Kenya. ("Kenyan Government")

In sum, while some administration officials claim the DFA will manage 80% of U.S. foreign aid, the true proportion is likely to be considerably smaller, given the separate status of PEPFAR, MCA, and the programs of multiple domestic agencies and DoD. Indeed, the Congressional Research Service estimates that in FY05 the DFA would have controlled only 55% of U.S. foreign aid (with DoD controlling 19% and other departments and agencies some 26%). (Nowells and Veillette) Yet even this exaggerates the DFA's purview, since a huge proportion of U.S. foreign aid goes to a handful of strategic countries and is effectively off limits to reapportionment. Take the FY08 Office of Management and Budget aid allocation to State and USAID – some \$25.71 billion—as a point of departure. The lion's share of this assistance – some 63% -- goes to just ten countries (Israel, Egypt, Iraq, Afghanistan, Pakistan, Sudan, South Africa, Colombia, Kenya, and Nigeria). Once we subtract these partners in the Global War on Terror and PEPFAR beneficiaries, the total available to the 140-odd remaining recipients of U.S. aid is only \$6 billion—perhaps one or two dollars per person per year in those countries. It is fair to ask how much "transformation" the DFA can accomplish with such modest funds. (Bazzi, Herrling, and Patrick)

### *A Commitment to Development?*

The previous section suggests clear limits to the DFA's practical ability to bring coherence to U.S. foreign assistance for fragile states. But this raises a more profound question: *coherence for what?* The integration of foreign aid under the authority of a single individual sounds attractive, but one must recall that development and diplomatic actors—to say nothing of defense agencies--possess different mandates, motivations, time lines and operating structures. Striking the right balance between the imperatives of security, democracy promotion and development in precarious states will be a constant struggle.

The development community has long advocated "policy coherence for development," or the alignment of aid and non-aid policy instruments to advance sustained economic growth and poverty alleviation. The overriding goal of the administration's reform plan might be labeled "policy coherence for national security." Indeed, when Secretary Rice announced her plans for foreign aid reform, many NGOs were struck by her failure to mention poverty alleviation as a priority goal of U.S. aid policy. (Interaction) She couched her remarks not in terms of improving the human



condition through social and economic progress but rather in terms of good governance and democracy and their benefits for U.S. national security.

On one level, there is less daylight between the administration and its critics than meets the eye. The basic premise of the reform plan, according to State Department officials, is one embraced by political scientists and development economists in recent years, namely, that institutions matter. That is, aid interventions are likely to be effective in promoting development only in good policy and institutional environments. The reform plan thus envisions nurturing the institutional infrastructure of poor countries so that the latter can attain the diverse goals of physical security, accountable government, economic growth and social welfare.

On another level, however, the administration's heavy emphasis on national security as the main rationale for U.S. foreign aid carries risks, suggesting that short-term imperatives may in practice overwhelm long term efforts to nurture effective institutions in fragile states. While ameliorating poverty, reducing political extremism, and advancing democracy are presumably mutually reinforcing over time, there may well be tensions and trade-offs in the short term, as "freedom from fear" (for us) trumps "freedom from want" (for them). A big concern is that DFA officials will be under constant pressure, on diplomatic and national security grounds, to divert resources and attention toward immediate political purposes, such as rewarding allies in the U.S.-led "global war on terrorism" (or GWOT, as it is often abbreviated in official circles) and away from advancing development in countries of lower strategic profile. Of course, geopolitical concerns have long guided the allocation of much U.S. foreign aid, most obviously in the form of Economic Support Funds (ESF) and Foreign Military Financing (FMF) for strategic allies. The anxiety today is that the integration of USAID into State will accelerate this trend, as the priorities of the stronger entity overwhelm those of the weaker.

Since 2001 the United States has largely avoided hard trade-offs between security and development. With overall ODA levels rising, the administration could reward Pakistan, Jordan and other GWOT allies even as it got PEPFAR and MCA up and running. Nor is there any evidence through 2005 that core USAID aid resources suffered from new strategic priorities. (Moss, Roodman, and Standley) But as the federal budget deficit exerts downward pressure on spending, development accounts may become tempting targets. In this regard, the administration's FY08 budget, which calls for a big cut in the Development Assistance account (-31%) but a surge in Economic Support Funds (+27%) for strategic countries, may foreshadow a disturbing trend.<sup>16</sup> The administration contends that the vast bulk of its proposed ESF spending has a "development" focus; but the very flexibility of ESF and the lack of publicly available details about the uses of such funds in particular countries (e.g., Pakistan) make it difficult to verify this claim. (Bazzi, Herrling, and Patrick 6-7) At a minimum, the Bush administration should spell out how it intends to navigate the tensions inherent in aligning U.S. security, diplomatic, and development objectives in precarious states.

In a similar vein, the administration's declaration of democracy promotion as the cornerstone of U.S. global engagement – espoused most dramatically in the *National Security Strategy* of 2006 – has potentially problematic implications for U.S. development policy in fragile states. The general goal of encouraging "democratic, well-governed states" is unassailable. But democracy promotion and institution-building are not the same thing, and that in some circumstances the latter must take priority over the former. Democracy, moreover, is not the only measure of development. While the United States and other donors must of course work for positive political change in fragile states, they must simultaneously fight poverty, hunger, hopelessness and disease in non-democracies.

Finally, the emergence of democracy will require sustained -- in some cases decades-long -- investment, including in social sectors like health and education. In sum, promoting healthy institutions of governance is a worthy goal of foreign assistance in fragile states. But it would be a mistake to subsume all U.S. foreign aid objectives in a democracy promotion agenda that may be difficult to achieve in many contexts in the short or medium term.

Striking the right balance between development, diplomatic, and defense priorities in U.S. policy toward fragile states has been complicated by the disempowerment of USAID over the past decade and a half. Already, much of USAID's control over development policy -- and increasingly over programs -- has migrated to the State Department. Some critics regard foreign aid reform as accelerating this "merger by stealth," transforming USAID into a mere implementer of (some) aid programs with little voice over aid policy. (Lancaster) State Department officials reject this characterization, arguing that the creation of the DFA office has enhanced USAID's stature and influence by placing the agency's development sensibilities and operational culture at the heart of U.S. decisions about the allocation of the entire foreign aid budget. Nevertheless, misgivings about the "politicization" of foreign aid persist, with some basis. According to participants in some DFA-led interagency meetings, for example, aid ceilings for each recipient have been set by senior State Department officials on the basis of the country's ranking in U.S. foreign policy priorities. The rationales for these rankings and aid ceilings were never spelled out.<sup>17</sup>

The administration may be able to mollify its critics by reassuring them that development objectives in fragile states will not be sacrificed to the priorities and time horizons of foreign policy professionals and that aid policy will be formulated by people who will actually be responsible for designing and implementing programs. Randall Tobias made a necessary if belated gesture in this direction in January 2007, when he added three words to the central goal of the administration's foreign aid reform. The core goal of U.S. foreign assistance is now: "To help build and sustain democratic, well-governed states that respond to the needs of their people, *reduce widespread poverty* and conduct themselves responsibly in the international system." (Office, 2007) The administration's rediscovered commitment to alleviating poverty will be more credible if it works with Congress to restore USAID's once vaunted technical expertise, including by expanding its ranks of professional Foreign Service Officers.

### **Steps in the Right Direction, but Miles to Go**

As the preceding paragraphs testify, the growing U.S. concern with weak, failing, and post-conflict states has spurred a flurry of activity, including multiple strategies and institutional innovations. What is still lacking is a coherent strategy for how to work as an entire government in fragile settings. There are at least a dozen remaining hurdles the United States must surmount to realize a more effective approach to precarious states.

- Take Prevention Seriously

First, the U.S. government needs to complement its recent efforts to improve post-conflict response with a more serious commitment to preventing states from sliding into failure and violence to begin with. Although the NSC and S/CRS now co-chair a low-level interagency working group on Conflict Management and Mitigation, prevention remains outside the mainstream of U.S. foreign policy. Except in high profile crisis situations, Washington rarely attempts to develop an integrated,

government-wide strategy to prevent conflict and state failure, in which the National Security Council sets overall objectives and figures out how to bring relevant tools of influence to bear in the service of unified country strategies. More commonly, the United States engages individual fragile and failing states in a haphazard and “stove-piped” manner, pursuing separate bilateral diplomatic, aid, defense, trade, and financial relationships, each reflecting the institutional mandates and bureaucratic priorities of the relevant agencies.

The reform of U.S. foreign assistance provides an initial opportunity to align U.S. resources more closely with overall foreign policy goals, but – as noted earlier – it does not encompass critical aid and non-aid instruments outside the purview of the State Department and USAID. The few integrated approaches the United States has pursued toward precarious states and regions, such as the Trans-Saharan Counterterrorism Initiative, have been focused primarily on improving the operational capability of foreign security forces to control their borders and territories, rather than on addressing the underlying structural sources of dysfunctional governance and political instability in target countries. Without a more balanced involvement with precarious states, the United States risks achieving illusory, short term order at the expense of long term structural stability.

- Agree on a Common Strategic Vision

Second, the United States needs to forge interagency consensus about the appropriate scale of its aspirations in fragile states, including the desirable end state of any “nation-building” efforts. In post-conflict settings, for example, should the goal be the restoration of baseline order, the creation of a functioning government, or a liberal democracy? This is not an abstract question. The updated *National Security Strategy* of March 2006 identifies democracy as the cornerstone of global peace and development, implying that democratic institutions guarantee good policies and advance the goals of security and poverty alleviation. Things may not always be so neat, particularly in the short run. In volatile post-conflict environments that lack incentives for (or a culture of) restraint, precipitous movement toward political and economic competition can exacerbate the risk of violence. In such circumstances, the first order of business may be creating a capable state. The United States will need to negotiate the tensions and trade-offs between short-term expediency, driven by political and security concerns, and long-term imperatives of institution-building, which should be informed in part by development considerations.

- Decide Where and When to Engage

Third, the United States needs to rationalize and upgrade its fragmented approach to monitoring precarious states and develop new mechanisms to improve the chance that early warning actually triggers early action. Washington, like many Western capitals, is awash with official “watch lists.” What policymakers lack is solid intelligence collection and analysis that connects state weakness to specific threats to U.S. national interests and to international security. By deepening official understanding of the potential implications of state failure and internal conflict – including their likely spillover consequences for the United States and its allies – such assessments could help U.S. policymakers prioritize among multiple unstable countries and, in principle, build political will within the executive branch and Congress for taking preventive action. One priority should be to consolidate (or at a minimum reconcile) the separate and often competing monitoring and warning products maintained by the State Department, DoD, and USAID. Today, for example, S/CRS and the National Intelligence Council produce a semi-annual Political Instability Watch List, intended to

identify precarious countries where contingency planning for conflict mitigation or potential intervention might be warranted. The Pentagon, meanwhile, maintains “a list of countries and areas with the potential for U.S. military intervention.” (Department of Defense, Directive) Similarly, USAID’s CMM office maintains a Conflict Assessment Framework (CAF), designed to assess the risk of violent conflict in recipients of US development assistance and to provide policy options for ameliorating it. Given the distinct mandates of each of these agencies, some proliferation of lists may be inevitable. Still, in the interest of promoting greater coherence, the S/CRS office has usefully promoted a single Interagency Methodology to Assess Instability and Conflict (IMIC), designed to provide policymakers in different departments with a common understanding of conditions in potential crisis countries.

- Clarify Interagency Roles and Coordination in Washington and in the Field

Fourth, coherent U.S. policies toward fragile and war-torn states will require the National Security Council to become far more assertive in coordinating interagency conflict prevention and post-conflict efforts. Despite the ostensible authorities conferred by NSPD 44, the S/CRS experience confirms that it is difficult if not impossible to coordinate the entire U.S. government from a single agency, even one that draws staff from multiple departments. It is even more challenging when the office has not been empowered within its own department, much less provided with financial resources needed to command respect within the U.S. government as a credible leader capable of getting things done. The weak interagency position of S/CRS has been reinforced by the decision in March 2007 to designate the S/CRS coordinator as a Deputy Director of Foreign Assistance. While that step usefully associates the office with aid resources, it paradoxically weakens its claim coordinate interagency policymaking on stabilization and reconstruction operations. The result is a vacuum of interagency authority that can be filled only by the NSC, the sole entity with clear presidential authority to direct and coordinate all executive branch departments.<sup>18</sup> The NSC, besides leading interagency task forces with S/CRS, should help the S/CRS office develop doctrine that defines roles and responsibilities across agencies, military and civilian alike, as well as the objectives in any prospective preventive or post-conflict effort.

Clearer leadership in Washington must be complemented by clear roles and responsibilities for U.S. agencies in the field. In peacetime, the structure of authority is fairly straightforward. All U.S. personnel fall under the jurisdiction of the ambassador in his capacity as the head of the “country team.” Things get more complicated during military operations, however, as U.S. military commanders in the affected state report back through the National Command Authority (that is, via the relevant Regional Combatant Command to the Secretary of Defense to the President), outside the ambassadorial chain of command. Where disagreements arise -- as they frequently did between Paul Bremer, the head of the Coalition Provisional Authority in Iraq, and Lt. Gen. Ricardo Sanchez, the U.S. commander of multinational Forces in Iraq -- there is no clear means to adjudicate their differences. The executive branch, with support from Congress, must refine interagency doctrine clarifying lines and phases of military and civilian authority in the immediate aftermath of major combat operations. (Nash and Knudsen)

- Improve Civil-Military Planning and Coordination

Fifth, a central lesson of Iraq and Afghanistan is that civilian agencies must develop new ways of planning, as well as integrated mechanisms for joint civil-military planning. Today, most “planning”

in the State Department is ad hoc and conceptual, intended to develop a common understanding of the objective itself rather than provide a roadmap detailing how to get there. The same tends to be true of USAID, although the latter does have experience in supervising the implementation of actual programs and projects. By contrast, a culture of operational planning permeates the U.S. military, focusing on how to meld overall strategy, doctrine, resources, and logistics into a coherent effort to get the job done. Achieving greater policy coherence requires bridging these two planning cultures, so that the strategic determination of overall objectives, informed by a sophisticated understanding of local political and cultural environments, is accompanied by a rigorous operational planning ethos, including regular testing, honing and correction of plans through gaming, training and exercises.

In parallel fashion, the U.S. government must commit to joint civilian-military planning whenever there is likelihood that U.S. armed forces may be deployed. Traditionally, civilian agency input to military planning – if it has existed at all – has been restricted to the post-conflict phase. This should no longer be the case, since military decisions in the run-up to and conduct of military operations influence the subsequent realization of postwar objectives. It is thus imperative that the United States incorporate civilian agency inputs into *all* phases of its military involvement. With this end in mind, S/CRS is working with the military's Joint Forces Command to develop a common doctrine for civilian-military planning and conduct of stabilization and reconstruction operations, as well as on procedures to deploy civilian agency representatives to the relevant Regional Combatant Command in anticipation of such operations.

- Develop Standing Civilian Surge Capacities and Technical Skills

Sixth, despite the pressing needs demonstrated in Iraq and Afghanistan, the United States has made only meager progress in developing a supply of qualified civilian personnel who can be deployed rapidly to conflict and post-conflict settings in sufficient numbers and with relevant skills to make a tangible difference on the ground. From its inception, S/CRS has conceived of developing such capabilities in three concentric circles. These would include “first responders” within the State Department itself, in the form of a 100-person Active Response Corps (ARC) available for immediate deployment, backed by a 500 person reserve available over a slightly longer time horizon; an augmented core of technical experts within the wider U.S. government, including at USAID and the departments of Agriculture, Justice, Treasury, and other specialized agencies; and the mobilization of expertise from outside the federal government, in the form of rosters of relevant professionals, standing arrangements with private contractors and NGOs, and a Civilian Reserve permitting qualified citizens to take temporary assignments as federal employees in overseas reconstruction efforts.

Progress in developing these human resources has been painfully slow, leading many to wonder whether the State Department is capable of rising to the operational challenges of post-conflict reconstruction. Although the ARC is currently being formed, the FY08 budget envisions only 33 members by the end of FY08; the full State Department reserve, meanwhile, will not be constituted until 2011 at the very earliest. The consequences of these failures have been real. Despite the rhetoric of “transformational diplomacy,” the State Department remains unable to staff more than a modest number of civilian slots in Provincial Reconstruction Teams in Iraq and Afghanistan. Such a gap is likely to be filled only if the incentive structures regarding career promotions are changed to

preferentially reward service in hardship environments and relevant technical skills, as well as joint service across agencies.<sup>19</sup>

Finally, the United States has made little headway in developing an actual Civilian Reserve from the wider U.S. citizenry. President Bush mentioned this goal in his State of the Union Address in January 2007, but his FY08 budget did not include any line for this item. Although both houses of Congress subsequently included \$50 million for the Civilian Reserve in their mark-up of the 2007 supplemental budget for Iraq, the ultimate fate of this provision was uncertain as of May 2007. That same month, the S/CRS office engineered interagency agreement about what a several thousand person civilian reserve might some day look like.

These delays in creating standby capacities within U.S. civilian agencies and wider American society have been acutely frustrating to the Department of Defense. If current patterns persist, pressure will continue to grow for the Pentagon to build up more *civilian* expeditionary capabilities of its own, akin to a colonial service.

- Secure Adequate Funding for Civilian Agencies and Activities

Seventh, the United States must invest in the civilian components of its national security apparatus that are most relevant to addressing the fundamental sources of weak governance, insecurity and chronic poverty in the developing world. Despite a significant increase in total U.S. foreign aid during the past several years, the federal budget remains heavily skewed toward military expenditures, short-changing critical civilian investments in state-building. Take the Bush administration's proposed federal budget for FY08, totaling \$2.9 trillion. Of this amount, defense spending would amount to a whopping \$623 billion, or 21.5% of the federal budget, outpacing investments in civilian aspects of global engagement (\$39.49 billion) by a factor of some sixteen to one. (Bazzi, Herrling, and Patrick)

This misalignment in resources between the military and civilian branches of government has potentially pernicious implications for U.S. global engagement and America's ability to address the structural sources of weakness in precarious states. Beyond exaggerating the Pentagon's position in the nation's national security architecture, it deprives civilian agencies of resources they need to build up their own technical expertise, respond to unforeseen contingencies and provide critical aid to fragile and post-conflict states. A case in point is the inability of the S/CRS office, over the past several years, to secure from Congress a modest \$100 million Conflict Response Fund. Current budgetary allocations leave the United States well resourced to fight wars not to address the root causes of political instability and state failure in the developing world, as well as leading to an over-reliance on soldiers to conduct post-conflict activities, from policing to infrastructure, which should more appropriately be done by civilian agencies and actors. (Pemberton and Korb)

The ideal solution to this imbalance would be for the administration to submit, and Congress to endorse, a "smart power" budget that promises to adequately fund the international affairs account, particularly capabilities related to state-building.<sup>20</sup> Perhaps the largest structural obstacle to such re-balancing is the committee structure on Capitol Hill, which involves separate authorization and appropriations committees for the State Department and USAID, on the one hand, and DoD on the other. One initial step might be to constitute a Select Committee on National Security in both houses of Congress, drawn from the relevant committees, to explore the concept.

- Invest -- Selectively -- in Aid to Precarious States

Eighth, an effective U.S. approach toward precarious states will require not only strategic integration of relevant departments but also an investment of resources sufficient to have a tangible impact on the trajectory of the target country. While the Bush administration has given unprecedented rhetorical emphasis to weak and failing states, it has failed (as the saying goes) to put its money where its mouth is, devoting only tiny amounts of its budget to building effective institutions in the world's weakest countries. The administration's FY07 budget request to Congress is a case in point. If we remove assistance to Iraq, Afghanistan and Pakistan -- two theaters of war and a central front line state in the Bush Administration's "global war on terrorism" -- as well as all spending on HIV/AIDS, proposed U.S. bilateral assistance in FY07 to fifty of the world's weakest states amounts to little more than one dollar per person per year. Moreover, there is huge variation in per capita US bilateral aid flows, with assistance being particularly high to post-conflict countries like Liberia (\$26 per capita) and East Timor (\$18), in contrast to Nigeria, (\$2.35), Yemen (\$1.3), and Niger (\$0.30). (Patrick and Brown, *Fragile States*) While there is no necessary reason that the United States should be everywhere at the same level of funding, it is problematic when other donors also ignore the same fragile states, creating the phenomenon of "aid orphans." (Levin and Dollar; McGillivray 11-12)

On one level, modest U.S. requests for aid to precarious states are unsurprising. Within the international donor community the recent trend has been to channel aid resources preferentially to so-called "good performers," along the lines of the MCA, on the reasonable grounds that aid is most effective in good policy and institutional environments. (Burnside and Dollar) Almost by definition, engaging weak and failing states is risky: There is a greater danger that external aid may be wasted, thanks to high levels of corruption, low absorptive capacity or repressive or unresponsive regimes, so that injecting more resources would not necessarily advance development prospects or other foreign policy objectives. Nevertheless, the current donor preoccupation with good performers may be greater than warranted, overlooking evidence that carefully focused foreign assistance can encourage policy reform and institutional development in weak and failing states, and that the absorptive capacity of such countries is often greater than imagined. (Chauvet and Collier, *Helping Hand*; Levin and Dollar; World Bank) Indeed, a comprehensive DAC study of July 2006 points to wide disparities between aid to some fragile states and other low-income countries, despite similar governance and performance indicators. (OECD/DAC, *Monitoring*) Furthermore, if the risks of engaging fragile states are high, so are the costs of allowing them to "stew in their own juice." (Chauvet and Collier, *Development*)

Given the inevitable risks associated with engaging precarious states, the United States should treat such aid as a form of venture capital – liable to have a higher rate of failure than typical aid "investments," but also likely to have a higher long term payoff when it succeeds. Any increase in aid volumes must be accompanied by creative thinking about the proper types of aid and their sequencing, as well as how to integrate non-aid instruments into a more coherent strategy. Inevitably, the precise type of U.S. interventions, and the rationale for engagement, will vary according to perceptions of national interest and the local context. Such a strategy should encompass policy options beyond those included in traditional aid programs, such as security, rule of law programming, regional programs and the like.

### *Harmonize Approaches with Other Donors*

Ninth, the United States needs to ensure that its efforts to improve the coherence of its own policies do not paradoxically make it more difficult to partner with other external actors who share the desire to build effective states in the developing world. In general, the United States has a lower commitment to multilateralism in development cooperation than most other donor states of the OECD/DAC. This penchant for independent action expresses itself in a variety of ways, including the modest share of U.S. ODA channeled through international institutions and U.S. tendency to create parallel aid delivery mechanisms rather than rely on established multilateral bodies or donor coordination mechanisms. (Patrick, Birdsall, and Vaishnav) There is some danger that the U.S. reform effort, even if it improves the coherence of U.S. foreign aid, may undermine donor harmonization in confronting precarious states.

There are two issues at stake here, one philosophical and the other practical. First, the merging of development with national security makes the United States something of an outlier within OECD/DAC, where the dominant trend has been to empower development agencies, on the grounds that poverty alleviation is a worthy goal in its own right. By treating development as a means (and subordinate) to security ends, the United States risks speaking – and acting -- past other donors. Second, from a practical perspective, the United States is rarely the largest single donor in any one fragile state, where the role of the World Bank, the EU, Japan, the UK, France or others may be greater. In such settings it makes little sense for the United States to design and implement aid programs in isolation. Further, U.S. national efforts to integrate the development, political, and military purposes of U.S. foreign aid -- and the blurring of these components in the field -- may create insurmountable obstacles for harmonized donor approaches to development cooperation, as well as for coordination with NGOs, particularly in highly insecure contexts. (Wheeler and Harmer)

### *Promote Local Ownership*

Tenth, increased U.S. policy coherence may pose similar challenges for effective partnerships with the beneficiaries of U.S. assistance – that is, the people of the precarious states themselves. A core principle of the OECD/DAC is that development cooperation should be founded on the basis of alignment with host country priorities. Some donors take this injunction very seriously. (Government Bill) Current blueprints for U.S. foreign aid reform, however, say little about the role of developing country governments or other local stakeholders in shaping the contours of U.S. assistance strategies. Indeed, given its emphasis on top-down strategic direction from Washington, it is unclear how or when in the process of policy formulation the administration intends to solicit such input from local partners in fragile states, or whether this can possibly rise above the tactical level.

One welcome step, where feasible, would be for each U.S. embassy (and USAID mission) to institutionalize an annual dialogue with the host government and key elements of civil society, including the private sector and citizens' groups, to solicit their views on the preconditions for effective institutions of governance, broadly defined. The foreign assistance relationship could then be codified, as in the case of the MCA, in the form of a “contract” spelling out the purposes to which U.S. aid will be put and the responsibilities of both partners. Such an arrangement would pay dividends in terms of both aid effectiveness and public diplomacy. Beyond eliciting local views about the main challenges to security, good governance, economic freedom, and investing in people, this approach could highlight the generosity of the United States in addressing these obstacles.



### *Taking Monitoring and Evaluation Seriously*

Eleventh, the United States must develop a credible mechanism to monitor and evaluate the impact of U.S. foreign aid. As colleagues at the Center for Global Development have documented, failure to take monitoring and evaluation seriously is a recurrent weakness of donor aid initiatives. (Report) This failing is particularly common within the U.S. government, which often measures inputs and outputs rather than outcomes or impacts.

The mandate of the new DFA office includes responsibility for “monitoring and evaluation of program results against goals and objectives.” (Tobias) But the office has not sufficiently explained how it defines success across its five core objectives. Although the administration has introduced performance indicators to measure the effectiveness of foreign aid, these metrics are primarily geared to measure inputs and outputs (i.e., money spent or programs implemented) rather than actual impact of programs on overall conditions.

To some degree, the DFA can rely on well-developed metrics used by the MCA, particularly in the spheres of just governance, investments in people, and economic freedom. Identifying the right indicators for “peace and security” is more daunting, given the potential breadth of the categories of violence or insecurity (including crime, terrorism, counter-narcotics, weapons of mass destruction, and internal conflict) and the lack of scholarly agreement on appropriate metrics. Beyond identifying indicators, there remains the dilemma of how (and over what time frame) to assess progress toward the “end goal of foreign assistance” for each country category, in part because the DFA’s proposed end states are quite general and ill-defined. Given the inherent disincentives to objective in-house monitoring and evaluation, one logical approach would be for the Secretary of State to establish an independent evaluation unit to perform this function.

- Deepen Foreign Assistance Reform

Finally, the United States must expand the scope of its initial foreign aid reforms. The U.S. foreign assistance regime is clearly broken, but it is not clear that the administration’s scheme – however well intended -- will fix it. Under the current scenario, the Director of Foreign Assistance will face high practical hurdles in his effort to integrate the aid efforts of the State Department and USAID, much less to the multiple aid programs run by U.S. domestic agencies and DoD. Beyond this matter of authority, the administration needs to devote more explicit attention to the complicated question of how to balance competing U.S. goals -- including security, diplomatic, and development considerations – in countries receiving U.S. aid. Without a regularized process to conduct such deliberations and a serious methodology for planning the integration of various foreign aid tools, the quest for coherence in U.S. fragile states strategy will continue to suffer.

Over the longer term, a comprehensive strategy toward precarious states will require more dramatic steps, including an overhaul of the Foreign Assistance Act. One aim of any further reform should be to place development on a stronger footing within the U.S. executive branch, befitting its growing importance to U.S. foreign policy. Within Washington policy circles, as in other donor governments, there has been much discussion about integrating the “3Ds” -- diplomacy, defense, and development -- of global engagement. (Global Interdependence Initiative) The difference is that outside the United States, the movement toward “whole of government” or “joined up”

approaches typically takes the form of a consortium of equals (or at least quasi-equals), often including a robust development ministry alongside foreign and defense ministries. (Patrick and Brown, Greater than)

Given the fierce political headwinds, an independent department of development is unlikely to be a near or medium term option in the United States. Still, the White House and Congress can take some concrete interim steps to improve impact and voice of U.S. development policy, particularly in fragile states. One place to begin would be for the President to issue an executive order designating the DFA as the head of development issues within the United States government, and authorizing the DFA to conduct a “Quadrennial Development Review”<sup>21</sup> (similar to its defense counterpart) that would drive development programming by all federal departments. Such a commitment would underscore to the entire government the centrality of development as an equal pillar, along with defense and diplomacy, in the realization of U.S. policy coherence toward fragile states.

A more coherent and effective U.S. policy toward precarious states will require greater patience and a higher tolerance for political risk from the U.S. foreign policy and aid bureaucracies, as well as an unusual degree of forbearance from Congressional paymasters. There will be no quick fixes and many setbacks, even when the overall balance sheet is positive. Nevertheless, sustained attention to fragile states is more likely to produce lasting returns than episodic and volatile engagement. Today’s weak and failing states represent both the hard core of the development challenge and an increasing source of transnational threats to U.S. and global security. It is clear that abandoning these countries is not the answer.

## Acronyms

ARC	Active Response Corps
CERP	Commanders' Emergency Response Program
CIA	Central Intelligence Agency
CMM	Conflict Management and Mitigation
CRSG	Country Reconstruction and Stabilization Group
DA	Development Assistance
DAC	Development Assistance Committee
DFA	Director of Foreign Assistance
DFID	Department for International Development
DoD	Department of Defense
ESF	Economic Support Funds
FAA	Foreign Assistance Act
FMF	Foreign Military Financing
FY	Fiscal Year
GWOT	“Global War on Terrorism”
INCLE	International Narcotics and Law Enforcement
MCA	Millennium Challenge Account
NSC	National Security Council
NIC	National Intelligence Council
NSPD	National Security Presidential Directive
OECD	Organization for Economic Cooperation and Development
ODA	Official Development Assistance
OMA	Office of Military Affairs
ORHA	Office of Reconstruction and Humanitarian Assistance
PDD	Presidential Decision Directive
PEPFAR	President's Emergency Plan for AIDS Relief
QDR	Quadrennial Defense Review
SARCMA	Stabilization and Reconstruction Management Act
S/CRS	Office of the Coordinator for Reconstruction and Stabilization
SSTR	Stability, Security, Transition, and Reconstruction
USAIDUS	Agency for International Development

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## Notes

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<sup>1</sup> For a recent comparative study of the experiences of seven Western governments (the United Kingdom, the United States, Canada, Australia, France Germany and Sweden), see Patrick and Brown, *Greater than the Sum of Its Parts?*

<sup>2</sup> A draft successor document, National Security Presidential Directive "XX," was abandoned in January 2002 at the behest of the offices of the Secretary of Defense and Vice President. NSPD-XX, "Anticipating, Preventing, and Responding to Complex Foreign Crises," unclassified 60 page draft NSC document (mimeo). January 2002

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<sup>3</sup> The bill also called for a “Response Readiness Corps” of 250 civilian personnel available for immediate deployment to crisis zones, complemented by a 500 person “Response Readiness Reserve” of professionals from federal agencies and NGOs; and a \$100 million contingency fund to facilitate rapid response.

<sup>4</sup> The proposal, the handiwork of NSC official J. Clint Williamson, was shaped by leading experts at the United States Institute of Peace, which soon released its own version of the proposal. See Perito, Dziedzic, and DeGrasse.

<sup>5</sup> The author participated in these deliberations as a member of the policy planning staff at the State Department.

<sup>6</sup> One can contrast this with the ability of its Canadian counterpart – the Stabilization and Reconstruction Task Force (START) to obtain a contingency fund of 100 million Canadian dollars, despite Canada’s vastly smaller international involvement in such operations.

<sup>7</sup> The author served as State Department representative on the post-conflict panel of the DSB study.

<sup>8</sup> This leaves the agency in a far weaker position than that enjoyed by the UK’s Department for International Development (DFID), for instance.

<sup>9</sup> As the first Director of Foreign Assistance, testified on April 26, 2006, “The locus of national security threats has shifted to the developing world, where poverty, oppression, injustice and indifference are exploited by our foes to provide haven for criminals and the planning of criminal acts. Foreign assistance is an effective tool for countering these new threats, and thus has become a foundational pillar of our new national security architecture.” (Tobias)

<sup>10</sup> Much of the increase over the 2004 figure of \$19.7 billion is likely to be temporary, as the lion’s share (\$8.5 billion) represents supplementary funding approved by Congress to support recovery efforts in Iraq and Afghanistan.

<sup>11</sup> To support his work, the DFA is slated to have an 80-100 person office, with staff drawn primarily from State and USAID that previously performed foreign assistance functions of strategic planning, budgeting, program planning, results reporting and accountability.

<sup>12</sup> The author left the State Department policy planning staff shortly before this review was launched.

<sup>13</sup> Although not public, by process of elimination they include Belarus, Burma, China, Cuba, Iran, Libya, North Korea, Syria, Uzbekistan, Venezuela, and Zimbabwe. This category was initially named “reforming countries.”

<sup>14</sup> Some are captured in the administration’s “rebuilding” and “restrictive” categories.

<sup>15</sup> In general, data from the DAC reveals that certain fragile states receive significantly less aid than do other low-income countries, despite similar governance and performance indicators. OECD/DAC, *Monitoring*.

<sup>16</sup> Likewise, the administration’s FY07 request called for a cut in DA of 23% and in CSH of 13%, offset by a 23% increase in ESF. Data from Global Leadership Campaign, <http://www.usgloballeadership.org/archives/000222.php>. (Loeb; Dinmore).

<sup>17</sup> Interviews with State Department officials, August 2006.

<sup>18</sup> One option would be to assign responsibility for coordinating complex contingency planning for and the management of post-conflict operations to a Deputy National Security Advisor (or at a minimum a senior director), rather than, in current practice, a mid-level director level. A more modest one would be to “dual hat” the Coordinator of S/CRS as an NSC senior director, which would at least give the coordinator the imprimatur of the White House.

<sup>19</sup> To further this objective, some experts have called on Congress to pass legislation akin to the landmark Goldwater-Nichols Department of Defense Reorganization Act of 1986, which -- in addition to creating the Joint Chiefs of Staff -- made “joint” service a precondition for career advancement. (Murdock and Flournoy)

<sup>20</sup> Bazzi, Herrling, and Patrick.

<sup>21</sup> Douglas Menarchik, Assistant Administrator of USAID, first proposed such a document.