Equipping USAID for Success

A Field Perspective

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Post-Conflict Reconstruction Special Reports

The Post-Conflict Reconstruction (PCR) Project develops innovative strategies to speed, enhance, and strengthen international conflict response. Established in 2002, the PCR Project is seen as a leading global source for authoritative analysis, evaluation and recommendations for fragile states and post-conflict reconstruction. The Project focuses on the full spectrum of conflict-related concerns, from early warning and conflict prevention to rebuilding shattered societies.

PCR invites outside experts and practitioners to examine specific aspects of conflict and reconstruction in its occasional series of Special Reports. Past PCR Special Reports include "An Expanded Venue for Peace Building: The State Department Role in Peace Diplomacy, Reconstruction and Stabilization," "Foreign Assistance for Peace: The U.S. Agency for International Development," and "Early Warning: A Review of Conflict Prediction Models and Systems."

PCR's latest special report "Equipping USAID for Success" is an analysis of development aid in Afghanistan and an evaluation of its efficacy. The explanation of resource distribution in this report contributes to current discussions of development in conflict settings. The report casts a crucial eye on the process as a whole, examines USAID's particular role, and finds that many development problems are caused by contradictions between USAID's mandates and its granted abilities. Understanding this disconnect is a crucial part of correcting the discrepancy and recovering the United States development program.

"Equipping USAID for Success" contains an analysis of overall development funding from the U.S. Government, and its distribution across agencies compared to their abilities and execution. It highlights USAID's effectiveness by explaining fieldwork performed by the author, a USAID worker in Panjshir Province, Afghanistan. Finally, it combines the author's experience with an understanding of overall development structure to offer suggestions about redistributing development resources and improving USAID's agility. This complete analysis is an important contribution to efforts to improve America's work in Afghanistan and other in-conflict, developing nations. The Post-Conflict Reconstruction Project is glad to sponsor its publication.

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Introduction

Is militarizing our development assistance the best use of U.S. Government resources? Of late, foreign assistance funds are more frequently being implemented by the military. The Pentagon now accounts for over 20 percent of U.S. Official Development Assistance (ODA). Between 1999 and 2005 the share of official development funds channeled through the Department of Defense increased from 3.5 percent to 21.7 percent. In that same period, U.S. Agency for International Development's (USAID)[1] share of ODA decreased from 65 percent to less than 40 percent of total American development funds. [2]

When John F. Kennedy established USAID in 1961 he noted the moral, economic and political obligations of America in an interdependent world. He outlined:

> To fail to meet those obligations now would be disastrous; and, in the long
> run, more expensive. For widespread poverty and chaos lead to a collapse
> of existing political and social structures which would inevitably invite the
> advance of totalitarianism into every weak and unstable area. Thus our
> own security would be endangered and our prosperity imperiled. A
> program of assistance to the underdeveloped nations must continue
> because the Nation's interest and the cause of political freedom require it.[3]

September 11, 2001 was a horrific reminder of the resonance of President Kennedy's words. President George W. Bush codified Kennedy's ideas in the National Security Strategy of 2002, the first to come out after September 11. In that document, President Bush diversified the U.S. national security strategy to be based not only on defense and diplomacy, as it has been historically, but also on a third "D" – development.

Currently, three main organizations implement the U.S. national security strategy of the "three D's" in stability operations[4]: Department of Defense (DoD), Department of State (DoS) and USAID. A review of the mandates and resources of each organization will demonstrate that USAID (or a successor organization) is theoretically the best-equipped and most logical organization to implement the majority of America's foreign assistance in fragile states.[5]

However, as three former USAID Administrators articulate in a recent *Foreign Affairs* article, "The civilian agencies today are simply not capable of pulling their weight."[6] USAID is unable

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[1] USAID is the main U.S. Government body managing foreign assistance.

[2] Stewart Patrick and Kaysie Brown, "The Pentagon and Global Development: Making Sense of the DoD's Expanding Role - Working Paper 131", Center for Global Development, November 12, 2007, http://www.cgdev.org/content/publications/detail/14815/ .

[3] USAID, "About USAID," USAID, http://www.usaid.gov/about_usaid/usaidhist.html.

[4] Stability operations are defined as, "Military and civilian activities conducted across the spectrum from peace to conflict to establish or maintain order in States and regions." Stability operations are most often carried out in fragile states, such as Afghanistan. Stability operations can be considered the earliest engagement of a fragile state strategy.

[5] Fragile states are those characterized by weak institutions of government and society. The term can be used for a whole spectrum of situations from failed states to recovering states. Fragility is often exacerbated by conflict and insurgencies.

[6] J. Brian Atwood, M. Peter McPherson and Andrew Natsios, "Arrested Development" *Foreign Affairs,* 87, no. 6 (November/December 2008): 132.

to pull its weight because it is understaffed, inhibited by risk aversion and inflexible contracting mechanisms and is subject to counterproductive Congressional and Executive oversight. The Office of the Secretary of Defense Directive, which assigned DoD its mandate in stability operations, explains why the military has engaged in stability operations. "Many stability operations tasks are best performed by indigenous, foreign, or U.S. civilian professionals. Nonetheless, U.S. military forces shall be prepared to perform all tasks necessary to establish or maintain order when civilians cannot do so."[7] The military has filled the gap left in the absence of a robust civilian engagement. However, the U.S. military is already overstretched with operational tasks in two theatres. Piling another mandate and an entirely new skill set onto the military is not only distracting it from its main task of war fighting, but underutilizing USAID, the organization established to address these issues

If USAID is to become an effective tool of U.S. foreign policy in stability operations, it must be modified with functionality in mind, rather than being subject to the politics dominating Washington. Scrutiny from Washington has created an Agency that is significantly smaller, with far fewer technical skills and with complicated regulations and a culture of risk aversion that stifles the creativity required to succeed in fluid situations and unfamiliar cultures. From the field perspective in fragile states, USAID could be effective if it were supported with the human resources and mechanisms to be fast, funds that are fungible and programming that is field driven. Note that more program funding is not among the requisite tools listed. Instead, USAID needs the tools to be able to more effectively use the program funding already allocated.

Case Study – The Field Perspective
This paper offers a field level perspective of foreign assistance implementation in Afghanistan, where a program must have impact to be successful. In today's wars, the focus is no longer on fighting between armies, which can be concluded with a peace accord negotiated by diplomats in state capitals. Rather, today's wars are fought in the minds of the villagers who are deciding whether to harbor or assist a terrorist or insurgent, or risk supporting government forces. The villager's decision is influenced by the threat of terror, and perhaps the allure of extremist ideology and economic rewards. Alternatively, s/he may choose to support government forces, assisted by the international community. As described in a recent Center for Strategic and International Studies' report, "today's central question is not simply whether we are capturing or killing more terrorists than are being recruited and trained, but whether we are providing more opportunities than our enemies can destroy and whether we are addressing more grievances than they can record."[8] One of the goals of our foreign policy (in Afghanistan for instance) is to convince an individual that the hope for his future lies with the government. We need a foreign assistance tool designed for this purpose. This paper serves as a reminder to Washington that today, perhaps more so than ever, it is at the field level that our tools must be effective.

The Panjshir Provincial Reconstruction Team (PRT) offers an illustrative case study to understand how and why USAID's current tools are ineffective and are, in fact, inhibiting

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[7] U.S. Department of Defense, "Department of Defense Directive, No. 3000.05," U.S. Department of Defense, November 28, 2005, http://www.dtic.mil/whs/directives/corres/pdf/300005p.pdf.
[8] CSIS, "CSIS Commission on Smart Power: A Smarter, More Secure America," CSIS, 2007, http://www.csis.org/media/csis/pubs/071106_csissmartpowerreport.pdf.

USAID's ability to be successful in a priority country like Afghanistan. As the ground level manifestation of the "three D's", the PRT is comprised of mostly military personnel, as well as a representative from the Department of State, USAID and the Department of Agriculture. Both the military and USAID have program funds to carry out projects. The collection of staff from all the agencies involved in three "D's" in one inter-agency team highlight some of USAID's shortcomings, but also its competitive advantage, vis-à-vis its counterparts, defense and diplomacy.

Panjshir, Afghanistan, offers an uncomplicated case study for various reasons. Panjshir is nearly mono-ethnic, with little or no insurgent activity or poppy production. Therefore, the accompanying complications of ethnic, narco-trade and insurgent violence are not pressing considerations for Panjshir. In addition, the PRT in Panjshir is all American. The competing bi-lateral political interests of different countries on a multinational PRT do not obscure decision-making in Panjshir. Furthermore, Panjshir is relatively secure, allowing an atmosphere where both military and civilian players can operate on a relatively level playing field and civilian agencies can achieve goals in a more "normal" development/reconstruction environment. In many ways, Panjshir is a control case through which the various inter-agency actors can be analyzed based on their abilities, with relatively few external complications.

An Analysis of the Mandates and Resources of the Three "D's"
What U.S. Government agency is best equipped to establish and run reconstruction missions in fragile states? For any government agency to be successful it must first have a mandate allowing it the latitude to carry out programs. In addition, the bureaucracy requires personnel and funds and the ability to deploy both. An analysis of the mandate and resources of the Department of Defense, the Department of State and USAID will be instructive in understanding which organization, in theory, is best oriented to establish stability in fragile states.

Defense: Department of Defense
  DoD Mandate
In 2005, Secretary of Defense Donald Rumsfeld declared that stability operations are a "core U.S. military mission that the Department of Defense shall be prepared to conduct and support. They shall be given priority comparable to combat operations and be explicitly addressed and integrated across all DoD activities…"[9] With this, the military established a mandate to work in stability operations. In so doing, DoD strives to establish a lasting peace and facilitate "the timely withdrawal of U.S. and foreign forces."

While the military do have a role to play in stability operations, their use of reconstruction funds is often inappropriate. An example from Panjshir will illustrate how the military's desire to achieve short-term objectives to reach a final goal of withdrawal can and often does impede sustainable development. The military leadership of the Panjshir PRT planned a program to bring American veterinarians to immunize and treat Panjshiri animals. Veterinary services are necessary for the rural Panjshiri population. Unfortunately, as designed the program undermined an economic growth initiative USAID had undertaken to establish a private sector in veterinary

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[9] U.S. Department of Defense, "Department of Defense Directive, No. 3000.05," U.S. Department of Defense, November 28, 2005, http://www.dtic.mil/whs/directives/corres/pdf/300005p.pdf.

services by training and equipping Afghan veterinary field units. The USAID project not only created jobs in a country where unemployment hovers around 40 percent, but created an indigenous and sustainable service provider for veterinary needs. When confronted with the reality that providing free vet services through the military in fact cannibalized the USAID program, the military explained that the goal of their project was not development, but to win friends and push into areas they had not yet reached. However, unlike many places in Afghanistan (and perhaps more akin to the environments in which the U.S. will likely engage in the future), Panjshir is not a hostile environment for Americans characterized by lethal activity. This tactical military objective aimed at "hearts and minds" was inappropriate as it undermined the longer-term development objective of establishing a sustainable veterinary system.[10]

DoD Human Resources

While the military may be attempting to bring on board more social scientists (through efforts such as the Human Terrain Teams) and to train on stability issues, their staff focus remains war fighting. In fact, in the initial design of the Africa Command (AFRICOM), which focuses on preventive measures aimed at stability and security, as much as twenty-five percent of the staff were to be civilians often from the Department of State or USAID, including the Deputy Commander position.

Part of the reason the military is so effective at fighting wars, yet unsuited to lead change towards a more open and democratic society in a stability operation, is due to its well-established hierarchy and the unity of command. From my observations, the military seek counterparts with similar unity of command. While it is certainly more expeditious to work with one leader who can make and enforce decisions, it is not always the most prudent tactic in fragile state situations. Most fragile states are characterized to some extent by a centralized power structure with one strongman at the top. From a political perspective, it is often undesirable to reinforce the legitimacy of one person when attempting to establish democracy and a vibrant, participatory civil society. For example, when the military in Panjshir had funds to build five schools they went directly to the Governor to identify the locations for those schools. The Governor could make a quick decision to help the military expeditiously expend their funds, which would expire at the end of the fiscal year. However, in the case of education, the Ministry of Education provincial representative should be involved in deciding where schools will be built as the Ministry provides for the recurring costs of the schools such as teachers and books. Once made aware of these issues, the military brought the Governor and the Ministry of Education representative together to identify locations for schools, even though this slowed the project. Considering the PRT goal in Afghanistan is to extend the reach of the Afghan Government, getting the local leaders to exercise collaborative decision-making and to deliver services to the people was as important as the end result of the schools themselves, though the military nearly overlooked the opportunity in their rush to spend funds.

The military staff in general may not have the skill sets or organizational culture for reconstruction activities, but they do have one essential advantage over their civilian counterparts: they are deployable. As will be discussed below, one of the largest challenges to the mission in Afghanistan is finding civilians who are willing to go to the country to fulfill the

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[10]In other parts of Afghanistan both the military and USAID's objective would be considered equally as legitimate as the military do need to try to gain the support of hostile populations in much of the south and east of Afghanistan.

civilian surge. The military does not face the same challenges; they will go where and when they are needed.

DoD Financial Resources

USAID continues to be the single largest implementer of ODA in the U.S. Government, although DoD's slice of the reconstruction pie is growing, as the chart below illustrates. The Pentagon now accounts for about one quarter of U.S. ODA. DoD spent the vast majority of its ODA funds in Iraq and Afghanistan.[11] For Afghanistan in FY 2007, DoD spent $206 million in reconstruction efforts through the Commander's Emergency Response Program (CERP). CERP funding jumped to $480 million in FY 2008 and the request for FY 2009 is $677 million.[12]

Table 1: Management of ODA by U.S. Agency (%)
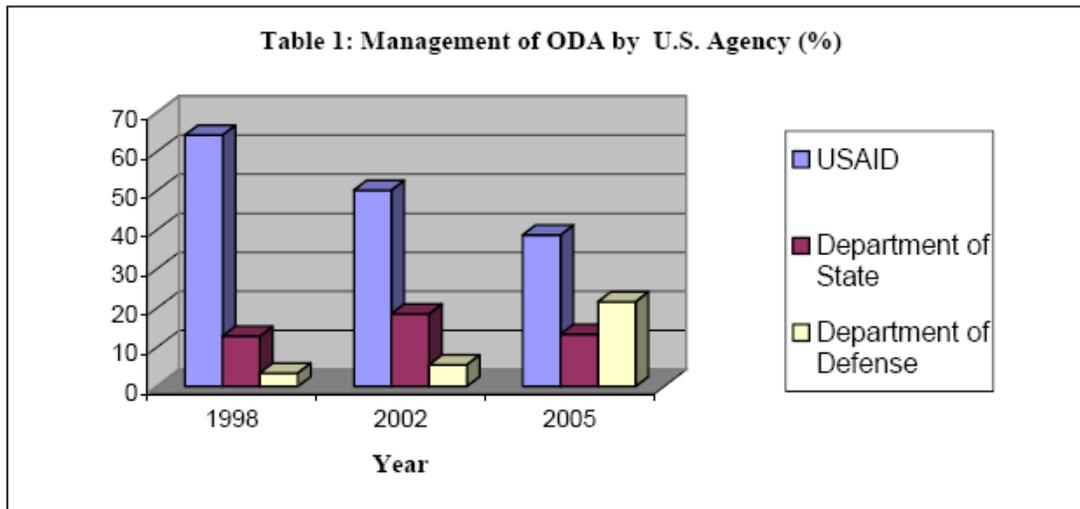
Source: OECD DAC Peer Review of the United States (2006)

In addition to having the funding to conduct stability operations, the Department of Defense has a flexible mechanism to spend those funds expeditiously. The Commander's Emergency Response Program (CERP) evolved in Iraq from commanders' need for funds to use on projects to benefit Iraqi civilians and create an atmosphere of goodwill. The original CERP funds were seized from Ba'athist party coffers. Due to the early achievements of CERP funding, a request was made to Congress to fund CERP with U.S. appropriations. The Defense Department argued that when used properly, the CERP projects garnered trust between the Iraqis and Americans, thus increasing available intelligence and improving security. In November 2003, U.S funding for CERP was approved with a "notwithstanding" clause, exempting CERP funds from U.S. federal procurement regulations in order to maintain crucial flexibility.[13]

The CERP mechanism is an example of DoD's willingness to adapt and take risks in new situations. A field commander would not normally have discretion over U.S. appropriated funds. Today, commanders on the ground can spend up to $25,000 without higher approval and up to $200,000 with Brigade Commander approval. Although DoD and Congressional studies have

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[11] This does not include non-ODA funds which are used for foreign assistance, such as counter-terrorism initiatives which are assistance related.

[12] Information gathered through an inquiry with the Department of Defense.

[13] Mark S. Martins, "The Commander's Emergency Response Program," Joint Forces Quarterly 37 (2005): 47.

shown some waste and failed projects using CERP, the failures are considered an acceptable part of the risk that is integral to the design of the Congressionally supported program. As described in a military journal, "Unorthodox modern operations are challenging the government to provide new mechanisms within the law no less than they are challenging joint forces to adapt new technologies, weapons and organizations."[14]

Diplomacy: Department of State
> *DoS Mandate*

The State Department's mission statement is to "Create a more secure, democratic, and prosperous world for the benefit of the American people and the international community." Technically, this mission statement also covers the role of USAID since USAID's integration into the Department of State in January 2006. The Director of Foreign Assistance holds the rank of Deputy Secretary of State and is the Administrator of USAID. The reorganization aimed to coordinate all foreign assistance activities and ensure that all assistance is effectively aligned with foreign policy objectives.[15]

> *DoS Human Resources*

Even though USAID has become a part of the State Department, staffing remains separate. Generally, those interested in joining the State Department are interested in politics, economics, diplomacy and foreign cultures. The Foreign Service Institute (the training institute for DoS) offers training to be an administrative, consular, economic/commercial, political or public diplomacy officer.[16] Career tracks coincide with the training and include: consular, economic affairs, management affairs, political affairs and public diplomacy. At its heart, State is an administrative and diplomatic agency (whereas USAID is a program implementation agency). Notably absent from State's roster are positions such as stability officer, transformational diplomacy officer or even development officer. USAID does have these positions, but as mentioned, the hiring mechanisms are separate.

Most DoS officers are hoping to be in the developed world, and not in war zones. Those willing to work in war zones are the exception. This is evidenced by the fact that in 2007 the State Department had to resort to reminding officers they were contractually obligated for "worldwide" assignment. The Department even threatened to fire those who refused to accept a directed assignment in Iraq and Afghanistan. The town hall meeting and the media coverage that followed demonstrated the strength of the conviction of many State officers that they should not be forced to go to places like Iraq and Afghanistan. Directed assignments were also used during the Vietnam War to staff the Civil Operations and Revolutionary Development Support (CORDS) teams, the civil-military teams which were the precursor to the PRTs.[17] State Department staff were also directed to West Africa in the 1970s and 1980s.[18]

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[14] Ibid., 47.

[15] There is a debate as to whether folding USAID into the Department of State has in fact achieved its objectives. In "Arrested Development," Foreign Affairs, December-January 2008, three former USAID Administrators have called for the rolling back of this decision.

[16] Department of State, "Foreign Service Institute," "Department of State, http://www.state.gov/m/fsi/.

[17] Karen DeYong, "State Department to Order Diplomats to Iraq, "*Washington Post,* October 27, 2007.

[18] Sue Pleming, "U.S. State Department Enforces Postings in Iraq," *Reuters*, October 26, 2007, http://www.reuters.com/article/latestCrisis/idUSN26394908.

DoS Financial Resources

DoS is responsible for 13.4 percent of ODA funds, but its programming is largely limited to targeted technical areas. DoS usually manages funds for international organizations, funds focused on migration and refugee issues, and funds for counter-narcotics initiatives. In Afghanistan in FY 2007, the Bureau for International Narcotics and Law Enforcement Affairs (INL) spent over $251 million (including supplementals) [19] on poppy elimination, police assistance and reform of the police, judicial and penal sectors. Many aspects of police training programs are overseen by the military, as most State Department representatives in the field do not have policing experience. The Department of State has several different types of funds, including Economic Support Funds (ESF), which in FY 2007 amounted to $478,709,000 worldwide. ESF is directed by DoS, but often implemented by USAID.

Development: USAID

USAID Mandate

USAID has five core goals: "Supporting transformational development, strengthening fragile states, supporting U.S. geostrategic interests, addressing transnational problems and providing humanitarian relief."[20] Stability operations tend to occur in fragile states and often in the context of the transformational development agenda. For USAID, fragile states are considered its most urgent and challenging task. USAID's mandate in fragile states is to counter the poverty, weak institutions and corruption endemic in weak states, which make the state vulnerable to terrorism, insurgency and organized crime. In the areas of transformational development, USAID works to establish indigenous capacities within institutions and societies, to create self-sustaining and stable countries.

USAID Human Resources

USAID staff are generally development professionals with backgrounds in public policy, development or political science. In the past, technical expertise such as in agriculture, engineering, planning, public health, economics and water and sanitation were part of the USAID officer's profile. However, as USAID's staff shrank, these skills were outsourced through contractors, which will be discussed below.

The number of USAID staff has dwindled significantly over the last fifty years, and has resulted in an Agency that has neither the staffing nor training resources to robustly engage in stability operations in fragile states. During the Vietnam War era, there were about 10,000 USAID American direct hires. By the 1980s, USAID shrank to about 4,000 U.S. direct hire employees.[21] Today, the number of USAID staff has withered to a mere 2,000. In FY 2007 these 2,000 officers were charged with spending close to $13 billion in 90 countries around the world.[22] In comparison, in 1969, over 10,000 direct hire USAID staff (16,232 staff in total in

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[19] U.S. Department of State, "International Narcotics and Law Enforcement: FY 2008 Program and Budget Guide," U.S. Department of State, September 18, 2007, http://www.state.gov/p/inl/rls/rpt/pbg/93290.htm.

[20] USAID, "USAID Primer: What we do and how we do it," USAID, http://www.usaid.gov/about_usaid/primer.html.

[21] M. Peter McPherson, "Rebuilding U.S. development and Diplomatic Capacity in the 21st Century," U.S. House of Representatives Committee on Foreign Affairs, June 25, 2008, http://foreignaffairs.house.gov/110/mcp062508.pdf.

[22] Gordon Adams, "Smart Power: Rebalancing Foreign Policy/National Security Toolkit," Testimony before the Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia of

1969[23]), spent close to $1.7 billion (about $9.6 billion in 2009 dollars[24]) in about 70 countries around the world.

To augment the direct hire staff, USAID hires personal service contractors (PSCs) to carry out specific tasks.[25] USAID has also expanded the use of the Foreign Service Limited (FSL) program which allows the Agency to appoint new foreign service officers for five year limited terms. (These hiring mechanisms will be discussed at length below.) USAID is severely hindered by an unwieldy timeline for hiring any staff, which takes a minimum four to six months for an individual deployment.

The biggest force multiplier USAID relies upon is partners who actually implement programs. USAID uses both grants (assistance mechanisms) and contracts (acquisition mechanisms) to employ partners. Contracts allow USAID staff greater control to determine how funds are implemented. Contractors are generally required to voucher expenses monthly and programs are reviewed based on the performance of the contractor and their ability to produce results. With assistance mechanisms, USAID agrees up front to fund the initiative of an organization that fits within USAID's foreign policy objectives. Grants restrict the substantial involvement of USAID beyond establishing general guidelines for what it would like an implementing partner to do. All assistance mechanisms require implementing partners to submit a one-page financial report quarterly. USAID has fewer levers to control funds implemented through an assistance mechanism.

With regard to the culture of USAID, there appears to be a clash between traditional humanitarians and those who have embraced the more overtly political use of foreign assistance as a tool in the national security arsenal. The traditional humanitarian officers consider the more explicitly political role of USAID as a partner in stability operations that the Agency has assumed since September 11 distasteful. The newer generation of USAID officers who embrace foreign assistance as a political instrument are often outnumbered and outranked by the traditional humanitarians. Strong leadership is required at all levels to support the new generation of USAID officers to act effectively in a changed security environment. However, the healthy debate about the extent to which foreign assistance can be politicized should be taking place within USAID.

USAID Financial Resources

Although the U.S. foreign assistance budget is less than one percent of the overall federal budget, the vast majority of U.S. Government assistance flows through USAID, and the U.S. is the largest bilateral donor in the world. In Afghanistan, in FY 2007 USAID's budget was $746

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the Senate Committee on Homeland Security and Governmental Affairs, July 31, 2008, http://hsgac.senate.gov/public/_files/AdamsTestimony073108.pdf.

[23] William Lerner, "Statistical Abstract of the United States, 1969", U.S. Department of Commerce, June 1969,http://www2.census.gov/prod2/statcomp/documents/1969-06.pdf.

[24] This calculation was based on the consumer price index.

[25] Some competencies are reserved for direct hires alone, although PSCs generally have similar responsibilities to direct hires.

million. An additional $732 million was made available through the FY 2007 supplemental.[26]
While USAID does have funding to carry out development work, a large percentage of the
allocated funds are earmarked by Congress, mandating exactly how those funds are spent in
specific countries. Unfortunately the earmarks, although often well intentioned, badly inhibit the
Agency and its ability to implement programs.

Execution
USAID has an explicit mandate to design and carry out assistance missions in fragile states, and
it has some of the human and enough financial resources to be successful in stability operations.
Why then has the military developed a mandate to engage more explicitly in reconstruction
work? Why has Congress allocated more and more of ODA budget to the Department of
Defense rather than USAID? There are institutional, cultural, bureaucratic and legislative
contributors to USAID's ineffectiveness. The Panjshir PRT case study allows policy makers to
analyze how and why USAID has fallen short in its execution on the ground in a foreign policy
priority country.

Case Study
Upon my arrival in Panjshir in July 2006, I was handed a list of seven outstanding USAID
projects awaiting implementation. The seven projects were identified through a USAID program
aimed to link communities with the District and Provincial Government. In each district,
meetings were held with district leadership and elders to discuss, identify and prioritize projects.
Representatives from the district meetings were invited to attend a plenary session with
provincial leadership during which the districts themselves were prioritized. The consultations
had concluded in May 2006, just three months prior to my arrival. As USAID promised during
the meetings, communities expected USAID to implement one project in each district.

My predecessor explicitly warned that if USAID did not follow through with the projects in a
timely fashion the program could be counter-productive for USAID and provincial leadership.
He attempted to allocate all $1.5 million designated by the USAID/PRT program[27] to Panjshir
Province to this project for fear that USAID would pull the money from Panjshir if it were not
obligated from the outset. However, USAID in Kabul argued that the project proposal was to
hold eight meetings and therefore could not justify attaching that amount of money to the project.
He was told that as soon as the projects were identified, individual project proposals should be
submitted, and money would then be allocated to Panjshir.

As any good bureaucrat knows, government funding is "use it or lose it." My apprehension
regarding the availability of funds and the delays on the Panjshir projects grew as rumors
circulated around USAID that the current implementing partner for the USAID/PRT program
was overspent for the previous year. Adding to my anxiety was the fact that our partner did not

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[26] USAID, "USAID Afghanistan Budget and Obligations," USAID,
http://afghanistan.usaid.gov/en/Page.Budget.aspx. It is noteworthy to mention that there was no supplemental in FY
2006.

[27] USAID Afghanistan has several national programs such as health, education, agriculture, etc., through which
funds flow. The USAID PRT program is the only part of the USAID Afghanistan Mission to fund programs
designed in the field by the USAID PRT field staff.

have the necessary staff in Panjshir to assist in expediting the paperwork required to complete proposals and thus lock in the funds.

I expressed my concerns to the military commander of the PRT. The Commander had the opposite problem. He was concerned his staff was under-employed since the military did not have any available CERP funds at that time. The commander suggested that we use his staff to assist in compiling the needed documents to lock the funding in before it was lost. The suggestion appeared to fit the interagency cooperative mandate of the PRT and an effective use of U.S. Government resources because USAID's money would be used to fulfill its promises and military assets would be employed to ensure that happened in a timely manner.

When I suggested this solution to my superiors at USAID in Kabul, the immediate response was "no." I was told that the contract with the implementing partner was written in a very specific fashion such that USAID money for Panjshir could not be diverted to another group. Additionally, USAID could not have the military implementing its funds. When I explained that the military was happy to do all the work without actually implementing the project – they would simply do the background work - the answer was still "no." When I later brought up this example with a senior USAID official he felt that there was no reason why we could not have worked out a solution with the military. Looking back, the tendency to say "no" was a clear manifestation of USAID's risk-averse culture. What I had proposed was slightly out of the ordinary and as such the automatic fallback response was "no," even though the suggestion was merely one of coordination and effective utilization of available U.S. Government resources.

Unfortunately, as I had feared, the $1.5 million initially promised for Panjshir was eventually re-allocated to cover the over-expenditure of USAID's partner on the existing agreement.[28] To salve the damage of unfulfilled promises, my superiors at USAID Kabul promised money to complete the Panjshir projects would materialize under the new contract, which was being finalized. Finalizing the contract took until mid-October 2006. Although the contract was in place by October, the contractor still needed time to deploy staff and establish an office and procedures – a difficult and time-consuming process in a place like Afghanistan. Despite the fact that Panjshir was identified as a priority province for project activities in the first year of the new program, the Panjshir budget was reduced by nearly $600,000 and actual activity did not begin until April 2007, nearly a full year after the conclusion of the original consultative meetings with the communities.

Breakdown of the Implementation Process
During that year there were several points where the process slowed. In choosing the project activities to implement I felt compelled to fulfill USAID's promises made in May 2006. Nearly all of the communities consulted in the original process prioritized mother and child health. It was clear the Panjshiris were expecting women's healthcare buildings. However, construction was impossible with the new budget constraints, and the new contractor did not have the capabilities to do construction work in a timely fashion. As a result, the contractor and I developed a project to distribute equipment for midwives to address women's health issues.[29]

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[28] I will not get into how the implementing partner overspent as I was not in Afghanistan when this took place.
[29] We considered that the vast majority of women in Afghanistan give birth at home and therefore working through the midwives would likely affect a larger population.

With the concept in place the final approval processes began for the various projects. After the contractor vetted the project within its organization, I approved the proposal forms and the concept paper was forwarded to USAID Kabul on December 3. In Kabul, USAID sector experts (health experts in this case) reviewed the proposal to ensure they promoted USAID and Afghan Government goals and priorities. Sector experts are asked to review PRT proposals within five days. However, the documents sat in the PRT office in Kabul for over three weeks before being passed to the sector offices on December 17.[30] Project concept approval was granted from the USAID/PRT office and the health office on December 25, three months after the start of the new contract and eight months after the conclusion of the original community consultation.

The contractor then began fleshing out a detailed plan and budget. Part of this process involved consulting with the Afghan Government to synchronize the procurement with the Ministry of Public Health formulary for midwives. Nearly two months later, on February 25, all of the necessary documents were collected and sent to USAID in a project proposal package. The full project proposal was approved by USAID within two days and the contractor sent out a bid to sub-contractors to procure required equipment.

The last stage of the project process was to send out bid requests to identify an Afghan sub-contractor to actually implement the project. By April 7 the contractor submitted the documents identifying the best sub-contractor for USAID's approval, which was granted within three days. An agreement was signed with the sub-contractor by April 15 and distribution of equipment began within weeks. In all, it took over six months to implement the first project from the time the new contract was finalized to the time that the assistance was delivered in Panjshir.

From the Afghan perspective this project took nearly a year to deliver results that were less than what was expected. The Panjshiris participated in a long consultation process ending in May 2006. USAID delivered on some of the promises made during that process in April 2007. However, the Afghans consider the project late and an inadequate response to the original promises made in 2006. They were expecting women's healthcare buildings, and USAID delivered equipment for midwives.

The project aimed to link the Panjshiris with their leadership through projects. Not only did the project fall short of this goal, but the long delays and process meant it was actually counter-productive to this goal in the end. My predecessor on the Panjshir PRT warned of the eventual outcome in an e-mail to USAID/Kabul:

> The nature of a participatory process raises expectations of the community and if it is not integrated with a guarantee of funding/project outcomes, then it will do damage to the relationship we are trying to form. Linking the process with the outcomes is fundamental to creating relationships in Panjshir and is the fundamental intent of the concept.

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[30] According to the then acting head of the USAID-PRT office the project proposals were held until a group of proposals could be submitted to the sector offices, rather than submitting individual proposals as they came in.

As predicted, all those involved in the participatory process to identify projects, including local leaders, USAID and the Department of State Director of the PRT, lost credibility in the eyes of disappointed villagers who repeatedly asked what happened to the projects they were promised.

USAID also degraded its own legitimacy in terms of U.S. policy goals and objectives. Complaints of USAID's inaction persisted from the moment I arrived in Panjshir and reached a crescendo in October 2006 when the Panjshiri Governor came to the PRT safe house to express his dismay over USAID's inactivity in the Province. This was due not only to USAID inactivity on the projects implemented under the PRT office, but in other areas as well. The lack of information flowing from USAID in Kabul to the field about the project promises made and ongoing project activities worsened the situation. This circumstance was not unique and USAID colleagues in other provinces told similar stories.

The project described in this case study also damaged my relationship with the military. One alarmist officer on the PRT claimed USAID's lack of action constituted a security threat to the PRT. In its extreme USAID's broken promises could be considered a threat to the U.S. presence in the Province from disgruntled Panjshiris. Happily, the extremes were not realized as the PRT had a very productive and close relationship with the leadership of Panjshir.

Analysis of USAID Implementation
Risk Aversion
USAID is fundamentally a risk-averse organization. Decades of strong Congressional oversight and fluctuating development policies by various administrations have been a contributing factor to its risk aversion. USAID's inability to consider non-traditional solutions, such as working with the military to implement a project, or attaching the $1.5 million to the project from the beginning, undermined USAID's reputation in Afghanistan with both the local population and military partners. In addition, and more importantly, it undermined the U.S. Government's goals in Afghanistan to help extend the reach of the Afghan Government. As an implementation organization USAID should be more inclined to say "yes" and take action. Its current posture is too often to say "no" or overcomplicate solutions. Getting to yes will require strong leadership at all levels of USAID to support those who are willing to experiment and try new methods. The PRTs are a relatively new construct and the modalities must be constantly tried and modified. USAID needs to embrace the opportunity to flex with the fluidity of the environment it is working in order to make its programs as relevant as possible. These changes will require the support of Congress and an overhaul of USAID's mechanisms, which will be discussed below.

Human Resources
USAID's staff, both in terms of numbers and disposition, are partly responsible for its risk aversion. As Peter McPherson, former Administrator of USAID, testified before the House of Representatives Committee on Foreign Affairs,

> These staff reductions, particularly of technical staff, contribute to an agency that
> is risk adverse and bureaucratic. A development agency must have the capacity to
> take some risk. It is in the nature of their work. However USAID staff are
> cautious and work often more slowly because of the lack of technical staff; high

workloads; criticism of decisions by the Government Accountability Office (GAO), USAID Inspector General and Office of Management and Budget (OMB); and regulatory and reporting requirements.[31]

Modifying contracts, transferring money, creating an agreement with the military to assist in the implementation of USAID funds or otherwise finding a way to work in fluid circumstances requires some amount of paperwork and some risk as it is not a standard USAID practice. USAID's PRT office in Kabul has been perpetually understaffed. At the time of the cited case study, there were only four people working on the PRT program at USAID Kabul and the majority of those individuals were administrative positions staffed by Afghan nationals. They were overseeing 24 field staff, 19 of whom were American,[32] addressing USAID internal issues in Kabul, responding to requests from USAID Washington, liaising with the military and Department of State in Kabul, and constantly recruiting new PRT staff, among other tasks. These four staff members could barely keep up with their correspondence or respond to each new crisis, let alone consider new requests.

The PRT contracting team at the time consisted of one contracting officer, one senior acquisition specialist and two foreign service nationals (FSN – Afghans). The team managed two PRT contracts, one in the south and east totaling $90 million over three years and in the north and the west totaling $30 million over three years. Both contracts have since been increased. This small team not only managed over $120 million in PRT contracts, but also managed between two and three other USAID contracts, some even larger and more complex than the PRT program. In order to be flexible, USAID needs contracting and support staff to implement innovatively.

Recognizing the need for more staff to carry out regular tasks (not to mention to increase agility and responsiveness) USAID has resorted to augmenting its anemic staff with contractors. For example, six of the seven desk officers for Afghanistan in the USAID Washington Headquarters at the end of 2008 were contractors. Of the 227 personnel at the USAID Mission in Afghanistan, only 36 are USAID Foreign Service Officers, 14 of whom are junior officers. The remaining personnel are Personal Service Contractors (PSC) or interagency staff (52), third country nationals (18) or FSNs (121).[33]

The lack of human resources not only affects USAID's ability to modify contracts and consider creative solutions as required in the fluid environment of a fragile state, but also its ability to maintain continuity in the field. I arrived in Panjshir after a nine-month gap in USAID staffing on the PRT. At the time there was USAID/PRT funding for Panjshir, but no staff to implement those funds. For the first half of my year in Panjshir, there was no money, but staff on the ground. After my deployment ended, there was a plan in place to spend USAID funds, there were funds, but there was no USAID officer. Even though there was a contractor and an

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[31] M. Peter McPherson, "Foreign Assistance Reform Hearings before the Committee on Foreign Affairs House of Representatives," U.S. House of Representatives Committee on Foreign Affairs, June 25, 2008, http://foreignaffairs.house.gov/110/41994.pdf.

[32] The number of staff has since grown to over 41 field positions (31 of whom are Americans) and 11 based in Kabul (six of whom are Americans). These numbers are constantly changing, but this was the case in early 2009.

[33] Mark Ward, "Recruitment, Deployment and Care of Federal Employees During and After Service in Iraq and Afghanistan," U.S. House of Representatives Armed Services Subcommittee on Oversight and Investigations, October 16, 2007, http://pdf.usaid.gov/pdf_docs/PDACK303.pdf.

established plan, without a USAID officer very little was done in Panjshir during the USAID staffing gap. In fact, the Panjshir field officer post was vacant for ten months after my departure.

Congress has agreed to fund an additional 300 USAID foreign service officers by September 2009, a 30 percent increase in USAID foreign service officers. In addition. President Obama's FY 2010 budget request significantly increases the number of USAID staff.[34] However, it is still insufficient to deal with the shortfalls in staffing imposed on USAID over the last several decades.

Equally important are the hiring mechanisms used to fill these posts. Currently, interested candidates can join USAID's foreign service ranks through two processes. The first is through the foreign service limited (FSL) contract conversion. The FSL process has existed for USAID since 1980. This little used hiring process was expanded in 2005 when Congress gave USAID the authority to hire up to 175 FSLs per year.[35] The FSL contract requires staff to agree to two years of service in a hardship post, after which time they will be eligible to convert to a foreign service position. When applying for foreign service positions, FSLs are often not afforded priority in the bidding process in the same manner a serving foreign service officer is after spending only one year in a hardship post. The FSL is a limited appointment for five years. Some, but not all, FSL posts are eligible for conversion to foreign service after the five year period is over. Alternatively, prospective staff can compete for junior officer positions. As the name suggests, junior officers enter the system at one of the lowest grades. Until 2007, USAID had a new entry professional (NEP) program, which allowed people to enter the foreign service ranks closer to their mid-career. This program has been discontinued. Today, mid-career staff face the choice of taking a significant pay cut (in the order of $20,000 or more) or agreeing to work in a hardship post for two years.

These staffing mechanisms are not adequate to attract the most qualified development practitioners, and in fact discourage conversion of staff from PSCs to the foreign service. The majority of high threat positions, including the vast majority of the USAID/PRT posts in Afghanistan, are currently staffed by PSCs. The skills developed by PSCs and the institutional knowledge they represent are important assets that could benefit USAID. Many PSCs are being lured away from USAID by contractors. Contractors usually have a similar pay scale to USAID, but offer incentives the Agency does not – such as the ability to negotiate other benefits and eligibility for the foreign-earned income tax exception. Working for USAID as a PSC offers virtually no latitude to negotiate a contract and does not include eligibility for the foreign-earned income tax exception. Congress should consider offering exceptions to officers working in hardship posts in order to assist USAID in being a more competitive employer. A thorough human resources review by an outside consulting firm is necessary to develop a human resources system for USAID that can attract and maintain top talent. If this does not happen, USAID will continue to hemorrhage talented and experienced staff.

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[34] Testimony of John K. Nayland before the House Appropriations Subcommittee on State, Foreign Operations and Related Programs, March 26, 2009, http://www.afsa.org/congress/nalandTestimony032609.doc.
[35] AFSAnet, "AFSAnet From the USAID Vice President, March 8, 2007," American Foreign Service Association net, March 8, 2007, http://www.afsa.org/USAID/030807afsanet.cfm.

Contracts
In testimony to Congress in May 2008, USAID's Deputy Assistant Administrator of the Asia Bureau, Mark Ward, noted,

> …it is my hope that a side effect of increasing our workforce will be that USAID is better equipped to manage smaller, country-specific contracts and grants and we can shift away from the large contracts that are often awarded to a small group of U.S.-based companies…. This will provide more flexibility, increased competition, and more effective assistance on the ground, where it matters.

As Mr. Ward states, the lack of staff has impeded flexibility on the ground. This is due, in part, to USAID staff relying on very large contracts as a coping mechanism to manage workloads. Managing one or two multi-million dollar instruments (contracts or grants) is more feasible than multiple smaller instruments. The larger contracts, inevitably, are more difficult to modify when needed. Furthermore, contracting officers are told that they can be held personally financially responsible if they do not administer the instrument appropriately. This threat reinforces the risk aversion such that even small changes to contracts can take months to consider and implement as the decision is pushed to higher and higher levels for action. Contracting officers also prefer to award grants or cooperative agreements, as they require less paperwork and applicants and have no avenues of appeal for unsuccessful bids.[36] Grants and cooperative agreements, however, offer the USAID officer far less opportunity to control the funds and direct the implementing partner. In fluid fragile states, the lack of flexibility and control coupled with the slow pace of implementation can render projects irrelevant or even counterproductive, as the case study demonstrated.

Another example from Panjshir demonstrates the extent to which USAID contracts lack flexibility. When I arrived in Panjshir, the Province had only recently gained its status as a province, having previously been a district in the Parwan Province. There were very few USAID national program activities taking place in Panjshir. When I realized that the USAID/PRT money was not forthcoming, I began trying to attract USAID national programs to Panjshir.[37] However, I found time and again that contracts specified in which provinces an implementer could operate. While Parwan was included in many contracts, Panjshir was not because it was not its own province at the time many of the contracts were written. Program and contract managers agreed that it would make sense to include Panjshir. However, modifying the contracts to include one more word would take so much time and effort, officers were unwilling to undertake the endeavor.

Equipping USAID for Success
In 1961 President Kennedy told Congress in a speech advocating for the establishment of USAID,

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[36] The HELP Commission, "Beyond Assistance," HELP Commission, December 7, 2007, http://www.helpcommission.gov/portals/0/Beyond percent20Assistance_HELP_Commission_Report.pdf.
[37] In Afghanistan, USAID has several programs through which money flows. The USAID/PRT funds are programmed from the field by the USAID officer in the PRT. The other USAID programs, called the USAID national programs, are programmed from Kabul by the program managers.

> The [current foreign assistance] program is based on a series of legislative measures and administrative procedures conceived at different times and for different purposes, many of them now obsolete, inconsistent and unduly rigid and thus unsuited for our present needs and purposes. Its weaknesses have begun to undermine confidence in our effort both here and abroad.

President Kennedy's words are true once again because, for the most part, we are still using tools we developed in the 1960s, with the last significant modification of the tools of foreign assistance taking place in the 1980s. In order for our programs to keep pace with the challenges of a changed and changing world, we need to reform our contracting mechanism and realign our tools to be suitable for the environments in which they will be used.

USAID Implementation Mechanisms
> *Establish Fast Mechanisms*

Contracts are supposed to be a tool used to make U.S. Government funds accessible in the field to carry out U.S. policy. Like any tool, the contracting instrument should be designed with functionality in mind. In fluid environments, when one cannot predict what might happen and whether a project might lead to the desired outcome, the tool used must be flexible and fast.

The current mechanism designed to support PRT work is inadequate. Funds must move to the field quickly to take advantage of windows of opportunity that might only be open for a moment in an insecure environment. As the Panjshir example shows, by the time the funds materialized the initial intent of the project was moot and the opportunity lost. The money had to be used to salvage USAID's relationship with local leadership and USAID's reputation, both of which were put in jeopardy due to slow implementation.

USAID should establish different contracting mechanisms for the different environments in which it operates. For the most part, USAID uses the same contracting tools from Afghanistan to Jamaica. USAID has programs that use notwithstanding authority, allowing contracting officers to waive time-consuming requirements. These mechanisms are used as the rare exception. In addition, there have been some modifications for tools to decrease the time it takes to finalize contracts. For example, USAID has a mechanism called the indefinite quantity contract (IQC). The IQC establishes a competitive process through which USAID shortlists a group of implementing partners within a sector. When a crisis happens, USAID can then issue a task order for that IQC, for which this smaller group of implementing partners can bid. With fewer applications to review, USAID can award the contract in a shorter timeframe. USAID is obligated to give implementing partners that are a part of the IQC a nominal award of up to $50,000, no matter if they win a task order or not. Considering that there can be dozens of contractors in an IQC these nominal awards can add up.

Despite simplified acquisition procedures and mechanisms like IQCs, delays still occur in program implementation. The USAID/PRT contract that was finalized in 2006 was under an IQC. Not only did the contracting take several months, and would have likely taken longer had it not been under an IQC, there were two other significant bottlenecks slowing implementation. Unlike the military, which deploys with specialized personnel trained to implement subcontracts,

manage funds and review engineering specifications on the ground – and not to mention brings along its own security – USAID's civilian contracts start from scratch setting up these systems after they are awarded a contract. The USAID/PRT contractors took several months to establish an office and procedures in Afghanistan. Recognizing that the lag time between contracts is counterproductive, USAID should have a contingency plan to build in funding at the end of a contract to bridge the gap during a transition between contracts to ensure that funds are continuously available to the field. One suggestion would be to require outgoing and incoming implementing partners to create a continuity plan and complete a handover so that the objectives on the ground are not sacrificed to contracting inefficiencies.

The USAID Mission must also consider sequencing when contracts begin and end across the various technical areas in which USAID works. In 2006 in Afghanistan, not only was the outgoing USAID/PRT implementer overspent, the USAID agriculture contract expired in the same time period – leaving several provinces with no significant source of development funds in a simultaneous timeframe. The agriculture contract took even longer to finalize than did the USAID/PRT contract. The USAID Mission must be more strategic with contracts across technical areas and sequence the start and end dates to avoid critical gaps. In addition, contracts should take into consideration the need for consistency in the field in terms of substance in order to sustain progress. The USAID Mission must compel offices to work on a common approach across provinces and regions and consider how to address shortfalls or decreasing funding in a transition.

Another bottleneck in delivery of projects on the ground is the approval processes, both within USAID and with the contractor. USAID is to blame for some of the slow approvals and overburdening procedures, but in the case of Panjshir it was the contractor who took two months to submit a final proposal to USAID for approval and another month to find a sub-contractor. Some of this was justified, as the contractor worked with the Afghan Ministry of Public Health and had to allow time for subcontractors to submit bids on the contract. However, overall the timeline for performance by the contractor was undeniably slow and there was no accountability for lethargic project implementation.

In order to solve the problems of slow implementation USAID has to heed the calls of analysts and USAID insiders to update its antiquated contracting and business mechanisms. Many believe USAID has the right mechanisms in place, such as performance-based contracting (PBC). The Office of Federal Procurement Policy's *Guide to Best Practices for Performance Based Contracting* says that performance based contracting is "designed to ensure that contractors are given the freedom to determine how to meet the government performance objectives, that appropriate performance quality levels are achieved and payment is only made for services which meet these levels." PBC lays out specific procedures for negative or positive incentives for the contractor. The Government only requires performance based contracting to be written into 20 percent of service contracts over $25,000.[38]

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[38] William E. Reynolds, "Performance Based Contracting the USAID Experience," National Contract Management Association, December 2002, http://www.ncmahq.org/files/Articles/DBBC2 percent5F12 percent5F02 percent5Fp40.pdf.

PBC is a good idea in concept, but falls short in implementation. This business model for development provides opportunities to review agreed upon work, withholding of payment for unsatisfactory or unauthorized work or holding the implementer to task for failure to deliver. However, the bureaucratic processes related to management of contracts are risk-averse and the size and scope of contracts are usually so large that disputes often fall between the cracks of vague language that frames them. Those individuals who seek a more proactive stance on contract management are quickly mired in bureaucratic modalities. The incentives and disincentives built into the PBC are impotent unless fundamental changes to the contracting rules are implemented.

One suggestion is to allow USAID the same contracting leeway afforded the military. Based on my observation of the pace with which the military implemented projects in Panjshir, they could have procured the women's healthcare equipment in a fraction of the time it took USAID. Unlike USAID, the military is not required to operate through implementing partners, but can contract directly with an Afghan non-governmental organization (NGO) or contractor. USAID is forbidden, through one of the numerous procurement regulations, from granting funds to any NGO that cannot demonstrate responsible accounting, record keeping, financial management systems, internal controls, including the segregation of duties, handling of cash, contracting procedures, and personnel and travel policies.[39] In the developing world where USAID operates, and especially in a place like Afghanistan, the majority of local non-governmental organizations are unable to meet this requirement. As a result an entire industry of USAID implementers has emerged through which USAID can channel money to NGOs and contractors in developing countries. It should be noted that all implementing partners charge overhead. However, the formula for calculating overheads has not been standardized. Therefore, it is often difficult to compare the overheads of one organization to the next. That said, overheads in places like Afghanistan range from 30-50 percent. The military avoids many of these overhead costs by contracting directly with local partners.

Funding must be Flexible and Fungible

Speed in deploying funds must be accompanied by funds that are flexible and fungible. It is important to keep in mind that there are no right answers in places like Afghanistan. This work is a social science, not a hard science. Successful programming is often the result of a vigilant trial and error process. Therefore, the tools used to implement those programs should allow for trial as well as error. USAID tools stifle the requisite creativity to develop fruitful programs in unfamiliar cultures and uncertain environments. Appropriators need to accept that there will be (and there has been) some waste of funds in environments like Iraq and Afghanistan as implementers try to identify a project that will have the desired effects. Congress has demonstrated some level of comfort with the concept of trial and error by allowing CERP huge latitude to act with little oversight. Acceptable levels of funding and risk need to be determined, and appropriators need to understand that the alternative of continuing to be stifled into inaction by rigid contracting mechanisms itself is a waste of funds. Throwing money around may not always solve the problem – but the flexibility to try new things or respond quickly when required can be invaluable. Just as appropriators are willing to accept a certain amount of "combat loss" with military resources in combat zones, so too should they accept some losses of development assistance, especially in combat zones.

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[39] Information came from correspondence with the USAID Ombudsman's office.

The lack of flexibility is often due to earmarks, meaning that the Congress proscribes how funds can be used. Earmarked funds are not fungible. It is difficult enough to know what projects will be effective in a specific village when you are living in the same province. It is unlikely that Congress, thousands of miles away, has the best understanding of how U.S. Government money will be most effective in a complex environment like Afghanistan.

Large contracts, a by-product of USAID's staffing constraints, have limited flexibility with funding and the activities managed under a contract. As discussed, large contracts are very difficult to modify and are often written for five years or more. Performance and deliverables over this period are often not monitored properly partly due to poor conceptualization of deliverables for success that do not take into consideration the fluidity of the environment or the variations between regions within one country. In some cases, the inability to monitor projects is based simply on the security restrictions that limit the mobility of USAID staff to actually get out to see projects. The larger contracts also stifle creativity that can come with smaller projects, in the order of $10,000-$30,000. Seasoned and senior USAID officers will tell you that their most successful projects were often the smallest. The pressure to spend huge amounts of money quickly[40] often results in "cookie-cutter" projects. However, with smaller budgets and smaller projects, officers are forced to be creative and to tailor their scarce funds to the specific dynamic they are attempting to address and to leverage their funds with other donors or projects for the maximum impact.

Establish Field Driven Programs

USAID has an institutional culture of risk aversion and a traditional practice of central management from the Country Mission located in the capital. To be successful, more staff and improved contracts should be driven from the field – particularly in fluid and transitional environments. Officers living in the provinces receive only about five percent of the USAID funds in Afghanistan. This means that the vast majority of USAID funds are invested in programs that are designed from cubicles in Kabul by officers who are rarely able to get out from behind the USAID and Embassy compound walls due to security concerns. While USAID required that field staff vet projects with sector experts, the sectors did not have to verify that projects made sense for specific provinces by vetting their projects through provincial experts. The result was that USAID's countrywide programs often did not take into account the strategic priorities in a single province.

For example, in 2006-2007 there were two USAID national programs offices operating in Panjshir. The first was the road-building project. This was the largest assistance project the U.S. Government ever implemented in Panjshir. The road was the most important change agent in Panjshir, as it reduced travel time to Kabul by half and thus made products in the markets cheaper and offered Panjshiris more access to health clinics, schools and markets. There was also a USAID supported training program for the Provincial Council, the only elected component of provincial government. However, there was no training for the other members of the provincial leadership. What was needed and would have made more sense was to train the local

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[40] Implementing partners are often asked for their "burn rates" which indicate how quickly they are spending money. Burn-rates should not be used as a measure of an implementer's success. However, in environments where the U.S. Government is attempting to spend large amounts of money quickly, these rates are often used to a gauge success.

leaders who would maintain the road, including the local representative of the Ministry of Public Works. This would have provided a multiplier effect for USAID and met stabilization objectives in the Province by giving the Afghans the tools they needed to manage the infrastructure asset themselves. However, the mandate for the training and for the road construction were developed by separate offices in the USAID Mission in Kabul, without consulting the field, or other offices within USAID, and without considering a comprehensive approach to U.S. goals in the Province.

Field staff as the sector and strategic experts in their region should review programs designed and administered from Kabul. The inclusion of field staff in program design would go a long way towards ensuring that field staff are privy to all USAID programs carried out in their province. On several occasions I was informed by local leaders that USAID had begun programs in Panjshir about which I had heard nothing. This made USAID look disorganized and denied me the much needed opportunity to advertise the success of USAID to local communities and partners in the field, including the military.

Consulting field staff in the design of programs could also aid implementation. Security restrictions usually forbid the USAID program management staff in Kabul from travel to the field to visit projects. Many have therefore begun relying on reports from implementing partners on their own project progress. Needless to say, implementing partners give themselves glowing reviews of their own work. This lack of objectivity resulted in tension between field and headquarters staff because field staff often gave conflicting reports about the success of the USAID programs than what was being reported by the implementing partners. Including the field staff from the inception stage as well as in the formal project monitoring process would not only enhance the program, but it would allow for a better relationship between the field and headquarters staff.

   Example of CERP
A tool that is fast, flexible, fungible and field-driven does exist. It is CERP. However, it is only available to the military. Criticisms of CERP have included that it lacks coordination with other reconstruction actors and the Afghan Government, community participation, or a development perspective and consideration for second- and third- order effects of projects. Such considerations are second nature to a development professional. For more permissive areas, such as Panjshir, it would make sense that the civilians implement the majority of the U.S. Government funds in the Province. In less permissive areas the CERP funding should be used to assist U.S. forces to gain access and win support of the communities, as discussed in the earlier example of the veterinary programs. As Secretary of Defense Gates said,

> …one of the most important lessons from our experience in Iraq and Afghanistan, and elsewhere has been the decisive role reconstruction, development, and governance plays in any meaningful, long-term success. The Department of Defense has taken on many of these burdens that might have been assumed by civilians agencies in the past….They have done an admirable job. But it is no replacement for the real thing – civilian involvement and expertise.[41]

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41 Robert M. Gates, "Ladon Lecutre, Kansas State University Speech," U.S. Department of Defense, November 26, 2007, http://www.defenselink.mil/speeches/speech.aspx?speechid=1199.

If the leadership in the U.S. agrees with Secretary Gates, why not put a reconstruction tool comparable to CERP in the hands of reconstruction and development experts? Perhaps a CERP-like fund could be created for USAID to use in provinces or districts that are more secure.

USAID already has some CERP-like mechanisms in place through its Office of Transition Initiatives (OTI) and the PRT program, but there are several obstacles to allowing USAID a CERP-like mechanism. Among other things, USAID would have to augment its field staff to complete technical tasks such as project monitoring, engineering review, and subcontracting as well as authorize them to spend money from the field, in the same way that a commander can approve projects of up to $25,000 from the field. USAID would have to staff a separate office in Kabul (or elsewhere) that would process these small contracts, freeing the field officer to do the project work, rather than contracting work. It is worth noting that there is now a new mechanism through which USAID/PRT field officers can spend up to $10,000 through an expedited approval process with USAID/PRT office in Kabul.[42]

Getting Congress On-side

In order for a fast, flexible, fungible and field-focused tool to become a reality, Congress also has to put faith in USAID's staff. Tying the hands of field officers with earmarked funds and a lack of flexibility with non-earmarked funds may play well with constituents who seek Congressional oversight of taxpayer dollars abroad, but can, and often does, undermine foreign policy objectives in the field. Our foreign policy implementation will continue to suffer unless this relationship between Congress and USAID is improved. Presidential leadership could go a long way towards making this a more functional relationship.

The antagonistic relationship stems in part from the fact that there is no constituency among the American people for foreign assistance. Many Americans do not see the value in investing millions in Afghan infrastructure when our own country requires infrastructure improvements. Unlike the Department of Defense, which has huge contracts with American companies in states all over the country, USAID is responsible for less than one percent of the U.S. federal budget and generates revenue for a limited group of organizations and individuals based mainly in the Washington, D.C. area. The good relationship DoD has with Congress was evidenced by the fact that Congress approved CERP with non-withstanding funding. It is highly unlikely USAID would have had similar success with Congress. The skeptical disposition of constituents towards foreign assistance predisposes members of Congress to be critical of USAID. The result is the shrinking staff discussed above and a litany of regulations stipulating how USAID funds are to be spent which inhibit the USAID officer on the ground. As Mr. McPherson, former USAID Administrator, testified before the House Committee on Foreign Affairs:

> The lack of flexibility limits the capacity [of USAID] to work with other U.S.
> Government agencies because the uses of the appropriations are so prescribed.
> The situation has evolved over many years and over several Administrations and
> Congresses. Clearly Congress must provide direction to USAID for appropriated

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[42] At the time of writing this paper this mechanism was fairly new and little information was available as to the success of this program.

monies. However, some means should be found for greater flexibility within the context of the appropriation process and oversight which Congress has the constitutional requirement to perform.[43]

USAID is stuck in a vicious cycle with Congress. Congress has demonstrated its lack of faith in USAID by stripping its staff and putting more and more of the ODA into the Department of Defense. USAID is not provided the human resources or tools required to be successful. Therefore it is unable to execute to its potential, thus reinforcing the lack of faith in USAID's ability to execute. Congress can also inhibit USAID's abilities more directly. For example, the fiscal year 2007 war-funding bill was held up for months while Congress debated the Iraq program. Because the bill included both Iraq and Afghanistan, there was no way to move forward with Afghanistan's funding without first working through the politically charged issues surrounding the Iraq war. Programs in Afghanistan suffered as a result of the bottlenecked funding pipeline. Congress needs to take a proactive role in helping USAID to become a more effective foreign policy instrument.

USAID should invest greater time and energy in its relationship with Congress. The recent support from senior Department of Defense staff on the Hill has been helpful. In order to follow up on the military's efforts, USAID needs to begin making its own case to Congress and the American people, within the boundaries of the law.[44] One suggestion is to allow various levels of staff, including field staff, to brief Congress directly. Field staff briefings upon returning from Afghanistan would help illuminate the constraints on foreign assistance programming. Currently, USAID is very reticent to allow field staff to brief Congress. In fact, when I spoke with Congressional staff I was told that they rarely speak to USAID field staff. However, when they meet field staff on Congressional delegation visits they are consistently impressed.

Conclusion

We cannot continue overburdening our military with a task they are not staffed or equipped to do and one that USAID can do well if given the appropriate resources. The trend toward the militarization of development should not be institutionalized. USAID has the mandate, most of the resources, and the staff with the background needed to successfully execute the mandate of the third D, development. However, more staff and appropriate implementation mechanisms are required for USAID to effectively use the resources they are given.

This paper clearly illustrates the implications of an under-resourced USAID on U.S. foreign policy. It complements the 40 or more papers written recently about foreign assistance reform. This field perspective should serve as a reminder that any reorganization of foreign assistance has to be done from the ground up. In the 1960s President Kennedy commented, "Only the persistent efforts of those dedicated and hard-working public servants who have kept the

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[43] Testimony of M. Peter McPherson before the House of Representatives Committee on Foreign Affairs, June 25, 2008, http://www.foreignaffairs.house.gov/110/mcp062508.pdf.

[44] USAID is limited by statute as to the kinds of outreach and public information it can provide to the American taxpayer.

program going managed to bring some success to our efforts overseas."[45] The same could be said of USAID staff today. However, in the dangerous world in which we live we must not rely only on their dedication. Give them the tools to be successful partners when they are serving alongside our military. As the USAID Mission Director in Afghanistan said during his first visit to Panjshir, "Just because it makes sense doesn't mean we can't do it."

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[45] John F. Kennedy, "Special Message to the Congress on Foreign Aid," The American Presidency Project, March 22, 1961, http://www.presidency.ucsb.edu/ws/index.php?pid=8545.

Amy, with the implementer and the Panjshiri Director of Health, hands healthcare equipment to a midwife in Panjshir Province as part of the USAID project she coordinated.

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