



A Foreign Affairs Budget *for the Future*

Fixing the Crisis in Diplomatic Readiness

October 2008

Resources
for US Global
Engagement





Dear Colleague,

The new Administration will face multiple, critical foreign challenges with inadequate diplomatic personnel and resources to carry out policy effectively. To lead the way in presenting detailed recommendations tied to specific analysis, we are very pleased to present *A Foreign Affairs Budget for the Future*. This study examines key elements of the resource crisis in America's ability to conduct its international programs and policies. Our study considers the 21st century challenges for American diplomacy, and proposes a budget that would provide the financial and human capacity to address those fundamental tasks that make such a vital contribution to international peace, development and security and to the promotion of US interests globally.

The American Academy of Diplomacy, with vital support from the Una Chapman Cox Foundation, launched this project in 2007 and named Ambassador Thomas Boyatt as Project Chairman. The Academy turned to the Stimson Center to conduct research and draft the report. To guide key directions of the research, the Academy organized, under the leadership of former Under Secretary of State Thomas Pickering, an Advisory Group and a Red Team, comprised of distinguished members of the Academy and senior former policy makers from outside its ranks. Their participation in a series of meetings and feedback was critical in establishing the key assumptions for the study. The Stimson team was led by former USAID Budget Director Richard Nygard. Former OMB official Gordon Adams, now a Distinguished Fellow at Stimson, was a key advisor to the project. The full list of American Academy and Stimson contributors can be found inside.

This study is intended to provide solutions for and stimulate a needed conversation about the urgent need to provide the necessary funding for our nation's foreign policies. We need more diplomats, foreign assistance professionals and public diplomacy experts to achieve our national objectives and fulfill our international obligations. This study offers a path forward, identifying responsible and achievable ways to meet the nation's needs. It is our hope that the US Congress and the next Administration will use this study to build the right foreign affairs budget for the future.

Sincerely,

Ambassador Ronald Neumann
President
The American Academy of Diplomacy

Ambassador Thomas R. Pickering
Advisory Group Chairman

Ellen Laipson
President
Stimson Center

Ambassador Thomas D Boyatt
Project Chairman



LIST OF CONTRIBUTORS AND COLLABORATORS

Project Organizers

Ambassador Thomas Boyatt

Project Chairman

Ambassador Thomas Pickering

Chairman of the Advisory Group

Ambassador Ronald Neumann

President, American Academy of Diplomacy

Ambassador Edward Rowell

Chairman, Red Team

Ellen Laipson

President and CEO, Stimson Center

Richard Nygard

Project Director, Stimson Center

Advisory Group

Senator Daniel Akaka (D-HI) | Congressman Howard Berman (D-CA)
Ambassador Thomas D. Boyatt | Stephen Chaplin | Grant Green | Ambassador Marc
Grossman | John Hamre | Ambassador William C. Harrop | Senator Patrick Leahy (D-VT)
Senator Richard Lugar (R-IN) | Peter McPherson | John Naland | Ambassador Ronald
Neumann | Ambassador Thomas R. Pickering | Anne Richard | Ambassador Edward
Rowell | General John Sheehan (ret.) | Senator George Voinovich (R-OH)

Red Team

Jeffrey Biggs | Ambassador Julia Chang Bloch | Ambassador Avis Bohlen
Ambassador Edwin Corr | Ambassador Richard Gardner | Ambassador Edward Gnehm
Ambassador James Jones | Ambassador Robert Keeley | Ambassador Kenton Keith
Ambassador Princeton Lyman | Ambassador Robert Pearson
Ambassador Edward Rowell | Ambassador Ronald Spiers | Ambassador George Staples

Una Chapman Cox Foundation

Ambassador Clyde Taylor

Stimson Team

Gordon Adams | William I. Bacchus | Stephen Chaplin
David Glaudemans | Eric Lief | Richard Nygard | J.J. Saulino
Stanley Silverman | Yvonne Siu (AAD)

Specific report findings and recommendations do not necessarily reflect the views of or endorsements by all members of the American Academy of Diplomacy, Advisory Group, Red Team, Una Chapman Cox Foundation, or Stimson Center.

Note: The Ambassadors listed above are not currently serving in ambassadorial positions.



Foreword

"Our diplomatic leaders – be they in ambassadors' suites or on the State Department's seventh floor – must have the resources and political support needed to fully exercise their statutory responsibilities in leading American foreign policy."

-Defense Secretary Robert Gates, July 2008

The situation that Secretary Gates calls for does not exist today. On the contrary, our foreign affairs capacity is hobbled by a human capital crisis. We do not have enough people to meet our current responsibilities. Looking forward, requirements are expanding. Increased diplomatic needs in Iraq, Afghanistan and "the next" crisis area, as well as global challenges in finance, the environment, terrorism and other areas have not been supported by increased staffing. Those positions that do exist have vacancy rates approaching 15% at our Embassies and Consulates abroad and at the State Department in Washington, DC. USAID's situation is even more dire. Today, significant portions of the nation's foreign affairs business simply are not accomplished. The work migrates by default to the military that does have the necessary people and funding but neither sufficient experience nor knowledge. The "militarization" of diplomacy exists and is accelerating.

Currently the Secretary of State lacks the tools – people, competencies, authorities, programs and funding - to execute the President's foreign policies. The status quo cannot continue without serious damage to our vital interests. We must invest on an urgent basis in our capabilities in the State Department, USAID, and related organizations to ensure we can meet our foreign policy and national security objectives. There must be enough diplomatic, public diplomacy, and foreign assistance professionals overseas and they cannot remain behind the walls of fortress embassies. They must be equipped and trained to be out, engaged with the populace and, where needed, working closely with the nation's military forces to advance America's interests and goals. This report provides a plan and a process to begin and carry forward the rebuilding of America's foreign affairs capability.¹

¹ This study's scope does not explicitly comprise Department of State assistance, administrative, and diplomatic security activities, although some of these, such as overseas Counter-narcotics and refugee work, should in the Academy's view be considered basic elements of U.S. diplomacy.



SUMMARY OF RECOMMENDATIONS

Our paper proposes a strategic and targeted set of staffing and related funding increases in the International Affairs (Function 150) portion of the federal budget. Those increases will enable the next Secretary of State to deal with the full range of foreign policy opportunities and challenges facing the country during the next five years. This study reviews four major categories of foreign affairs activity – core diplomacy, public diplomacy, economic assistance, and reconstruction/stabilization, as well as State Department training – and finds critical personnel shortages in each of them. In addition to staffing shortfalls, there are “authority shortfalls” relating to security assistance programs that should be in the Secretary’s civilian toolkit, but that are currently being exercised by the Secretary of Defense. We also conclude that increased staffing capacity alone will not be sufficient to meet U.S. public diplomacy goals; a number of international exchange and other programs should be expanded as well to help meet the country’s diplomatic objectives.

In summary, we propose that:

- U.S. direct-hire staffing in the four categories above be increased over FY 2008 levels by 4,735 over the timeframe of 2010-2014, a growth of 46% above current levels in these categories (20% of total State/USAID staffing), to be accompanied by significant increases in training and in the number of locally employed staff overseas; the additional staff and related costs will rise to \$2 billion annually by FY 2014;²
- Funding to permit ambassadors to respond effectively to humanitarian and political emergencies be increased by \$125 million in FY 2010 and \$75 million annually thereafter;
- Public diplomacy programs, especially exchanges, should be expanded significantly, at a cost that will total \$455.2 million annually by FY 2014; and
- Authority over selected Security Assistance programs, totaling \$785 million annually, be moved in stages from the Department of Defense to the Department of State, with much of the implementation remaining at Defense. In areas where combat operations continue, authority would stay with Defense for the duration of those operations.

² Fiscal Year 2008 is used as the current level baseline. Projected future personnel costs are adjusted for inflation at an annual rate of 3.5%, consistent with average annual BLS employment cost index growth during the previous 5 years.



OVERVIEW – THE PROBLEM

Since the fall of the Berlin Wall, the diplomatic capacity of the United States has been hollowed out. A combination of reduced personnel, program cuts and sharply increased responsibilities has put maximum pressure on the capacity of agencies responsible for the missions of core diplomacy, public diplomacy, foreign assistance, and stabilization and reconstruction budgeted under Function 150 of the federal budget.

During the 1990s—as the “peace dividend” was cashed—overseas staffing for these functions was significantly reduced in the context of the roughly 30% real dollar reduction in U.S. international affairs spending. In addition, the implosions of the Soviet Union and Yugoslavia resulted in the need to staff 20 new embassies in the new countries created as a result, and to expand staff based in other Eastern European nations without an overall increase in Department personnel. Because State had to absorb these increases, the overseas staffing deficit in the State Department had approached 20% by September 11, 2001, with a larger gap within USAID.

Secretary of State Powell’s Diplomatic Readiness Initiative (DRI) created more than 1,000 new State Department diplomatic positions during 2001 to 2004, bolstering core diplomatic staffing to above that of post-Cold War levels. These increases, however, were quickly absorbed by the diplomatic surges in Iraq, Afghanistan and neighboring countries.

Since the DRI ended in 2004, staffing increases at State have been concentrated in consular affairs and diplomatic security. Core diplomatic staffing deficits have, in effect, returned to 2000 levels. The current realities are as follows:

- As of 2008, State faces a personnel shortfall of about 2,400 relating to enduring core diplomatic work, emerging policy challenges, public diplomacy, and critical training needs. Persistent staffing gaps at hardship posts continue to impede important policy pursuits. Staffing demands related to Iraq and Afghanistan translates not only into needs for resident personnel, but for significant numbers of short-term staff diverted temporarily from other jobs, to the detriment of other important work. For example, all State political and USAID field positions in the Afghan provinces are vacant an average of two months a year due to the inability of organizations to cover scheduled absences.
- Training lags because of personnel shortages. A well-trained workforce is extremely difficult when every additional training assignment could leave an operational job unfilled. A 2006 report by the Government Accountability Office (GAO) found that 29% of language-designated positions at embassies and consulates were not filled with language-proficient staff.³ There is an even greater shortfall in functional training - particularly in program management skills.
- In public diplomacy, reduced budgets and staff devoted to explaining America abroad after the end of the Cold War contributed to a decline in understanding of and respect for the United States in many parts of the world. Increased resources, including larger numbers of skilled personnel, are required in this area. For example, for almost a decade public diplomacy missed opportunities to develop a vigorous

³ *Staffing and Foreign Language shortfalls persist Despite Initiatives to Address Gaps*, U.S. General Accounting Office, Washington, DC, Report 06-894, p 25.



global internet programming capability to reach millions due to insufficient funding and a lack of trained career personnel, particularly in program management skills.

- USAID currently has 2,200 personnel who administer more than \$8 billion annually in development and other assistance (excluding cash grants) following cumulative staffing reductions of nearly 40% during the past two decades. In 1990, USAID had nearly 3,500 personnel assigned to the task of administering a total of approximately \$5 billion annually. The Agency has too few staff responsible for managing billions of program dollars. For example, USAID currently has only 29 education officers to administer education programs in 84 countries.
- There will be an increasing need for pre- and post-conflict stabilization efforts in many parts of the world, which should be staffed and managed by civilian leadership. While a Presidential directive (NSPD-44) directs the State Department to coordinate government-wide stabilization and reconstruction operations, the Department of Defense (DOD) is actually assuming most of the responsibility for these ongoing efforts. There needs to be a permanent core of civilian experts who are ready to deploy when required; these experts should in turn be supported by others in government and other sectors who can provide additional support. A bill to authorize funding and personnel for the new “surge” capacity has passed the House and is pending in the full Senate.
- The “militarization of diplomacy” is noticeably expanding as DOD personnel assume public diplomacy and assistance responsibilities that the civilian agencies do not have the trained staff to fill. In the area of security assistance - traditionally the authority of the Secretary of State but implemented largely by the Defense Department - a number of new DOD authorities have been created, reducing the role of the Secretary of State even more in this vital area of U.S. foreign policy.

Today, the United States faces a wide range of problems ranging from Al-Qaeda and other terrorist organizations to the challenges of globalization, HIV/AIDS and other pandemics, environmental degradation, and failed states. Opportunities also abound in relation to rising powers, non-proliferation, strengthening of international trade and financial systems, and achieving improvements in the quality of life in developing and transitioning societies. These dynamic challenges and opportunities can only be met effectively through a significantly more robust foreign affairs capacity that features skilled diplomats and foreign assistance professionals.



Staffing and Related Resources Required

Having thoroughly reviewed the categories of core diplomacy, public diplomacy, foreign assistance, and stabilization and reconstruction, we propose a set of staffing and related increases for the five-year period of 2010-2014 (FY 2010 being the first “budget year” of a new administration). We also recommend expanding cultural, exchange and other public diplomacy programs and shifting certain security assistance authorities back to the Secretary of State. This section describes the methodology, rationale, and substance of the various increases and changes that we are recommending. The underlying premise of these recommendations is that the President and Secretary of State must have increased numbers of qualified people in all four categories of diplomacy if they are to carry out an effective foreign policy in the critical years ahead.

I. Core Diplomacy – Department of State

Recommendation:

Increase permanent American staffing by 1,099 above FY 2008 levels by FY 2014 to meet current and expected international challenges and opportunities and to close existing staffing gaps. This increase in core staffing will cost \$510.5 million annually by FY 2014. In addition, we recommend shifting 493 Consular positions from fee to appropriated fund status, at a cumulative cost over baseline of \$160.6 million.

Against a backdrop of overall post-Cold War fiscal constraint during the mid-1990s, State Department staffing for so-called “core” diplomatic and policy activities declined at a time when workload demands were growing significantly. As mentioned above, during this time State absorbed most staffing needs associated with the opening of 20 new embassies — principally in the states of the former Soviet Union and Yugoslavia — mostly by staffing down, and even closing, some Western European posts.⁴

There has been a generally recognized need in recent years “to augment state-to-state relations with other avenues of U.S. influence overseas, such as the business community, non-governmental organizations, international organizations, and charitable institutions.”⁵ However, the staffing constraints of the 1990s limited the ability of State to expand and diversify the staff competencies needed for this broadened mission. Furthermore, these constraints limited State’s capacity to conduct government-to-government diplomacy in new countries and to manage emerging and critical transnational issues.

The downward trend in diplomatic staffing was partially reversed with some increases in the late 1990s, followed by the more significant increases of Secretary Powell’s Diplomatic Readiness Initiative. The first three years of this growth essentially offset the impact of diplomatic post openings from the previous decade, but increases in subsequent years were largely consumed by staffing demands related to Iraq, Afghanistan, and their neighbors.

⁴ Department of State, *Congressional Budget Justifications*, Washington DC, 1992-95.

⁵ Project on the Advocacy of U.S. Interests Abroad, *“Equipped for the Future; Managing U.S. Foreign Affairs in the 21st Century,”* John Schall, Executive Director, The Henry L. Stimson Center, Washington DC, October 1998, page 7.



Our recommendations are based on a significantly more expansive vision of overseas staffing required for the conduct of US foreign relations. The American Academy for Diplomacy views the following principles as being central to the future requirements for overseas staffing capacity:

Universality: The U.S. will have a resident presence in every country with which it maintains national government-to-government relations, and at every multilateral organization of which it is a member.

Expanded Engagement: State will need to expand significantly interaction with non-government actors, requiring increases in staffing and broadened competencies.

Location/Configuration: The State Department will extend U.S. presence “in capitals and outside them” using branch offices, American Presence Posts, American Centers, and traveling circuit riders.⁶

Security: “To support a diplomatic presence that is distributed, the department’s security culture and practices must continue to transition from risk avoidance to risk management.” Physical threats to U.S. government personnel abroad can be expected to continue, will likely grow with dispersal, and may grow in any event.⁷

For the purpose of our analysis, core diplomacy includes the following activities:⁸

Conduct of Diplomatic Relations:

- Government-to-government diplomacy, implementing policy, representing U.S. interests and advocating U.S. policy positions abroad, and negotiation.
- Overt intelligence: collection, analysis and reporting of information from foreign sources.
- Transnational issue diplomacy: Executing specialized U.S. policy pursuits, in areas ranging from environment to energy.

Conduct of Consular Relations:

- Adjudication of non-immigrant and immigrant visa requests.
- Routine and emergency assistance to American citizens in distress.
- Public information activities for the benefit of American travelers and the U.S. travel industry.
- Adjudication of passport applications, and passport issuance or denial for U.S. citizens.

Policy Formulation:

- Development of substantive policy positions and strategies for their pursuit.

Multilateral Diplomacy:

- Conduct of relations at multilateral organizations.

⁶ Center for Strategic and International Studies, *“The Embassy of the Future,”* Washington DC, 2007, p. 30.

⁷ *Ibid*, p. 50.

⁸ Department of State, *Congressional Budget Justification, FY 2009*. Excluded from “Core Diplomacy” for analytical purposes are the budget activity sets corresponding to “Diplomatic Security” as well as those corresponding to indirect management/administrative support. However, core diplomatic costs include full per capita shares of full funding for needed overseas administrative support services, without which none of the policy demands identified in this analysis can be met.



In addition, State will also need to increase core diplomatic staffing and expertise to manage the following new emerging foreign policy imperatives:⁹

- **Proactive and Preventive Shaping Capabilities:** To create conditions favorable to U.S. interests on an anticipatory (vice-reactive) and results-oriented basis, specifically consisting of proactive multilateral leadership, pre-crisis conflict mediation and resolution, the ability to activate and influence emerging areas of international law, development of joint-planning and joint-response strategies with both state and non-state actors.
- **Engagement of Non-Traditional Actors:** A strengthened institutional means to understand, engage, and partner creatively with overseas private sector and Non-Governmental Organization (NGO) actors.
- **Capacity to Integrate U.S. Government Global Affairs Activities:** Coordinating the periodic development of a Global Affairs Strategic Plan and presenting a related and integrated annual Global Affairs Budget; and leading the development of government-wide regional strategic plans and expanding its senior-level diplomatic visibility.

As of 2008, overseas staffing gaps related to these activities totaled 234, calculated according to the Department's Overseas Staffing Model criteria. In addition, State has staffing growth demands of 320 needed to directly support new requirements, including Secretary Rice's Transformational Diplomacy initiative and the related opening of new American Presence Posts and Iraq. Among these requirements, 73 positions were funded in FY 2008, leaving a shortfall of 481 positions. In addition, State will also need to increase staffing and expertise by 545 to manage effectively the following new foreign policy imperatives:¹⁰

- **Multilateral Diplomacy:** Influencing conditions and multilateral agendas: The creation of conditions favorable to U.S. interests on a forward looking basis and shaping the agendas of multilateral institutions. **Recommendation:** 100 additional staff.
- **International Law:** Monitoring/driving the development of international law and practice – particularly in new substantive areas. **Recommendation:** 20 additional staff.
- **Economics:** Increased focus on economic diplomacy and an institutional role for State in coordinating the development and execution of the nation's global economic policy. **Recommendation:** 80 additional staff.
- **Science & Technology:** Expanded engagement in science, engineering, technology and health, consistent with a previous Academy recommendation that the Department "have a formal mandate to manage international science negotiations and ... make an aggressive effort to recruit officers with the ability to understand sophisticated scientific issues and methodology."¹¹ **Recommendation:** 70 additional staff.

⁹ Based on recommendations 1-3, Advisory Committee on Transformational Diplomacy, *op. cit.*

¹⁰ *Ibid.*

¹¹ *American Diplomacy for a Changing World*, American Academy of Diplomacy, November 2004, p. 7.



- **Public-Private Partnerships:** Strategic engagement with entities other than national governments to enhance the emerging patterns of activity through which they operate, and to leverage the growing resources and capabilities at their disposal. **Recommendation:** 100 additional staff.
- **Interagency Coordination:** Planning, developing and executing policies and budgets in Washington, and staffing of regional planning hubs abroad. Additional staff will ensure all parts of international affairs agencies are collaborating, avoid wasteful duplication, and improve communication of policies and budgets to the Congress, media and public. **Recommendation:** 175 additional staff.

To the extent that State is not staffed appropriately, other federal agencies may take responsibility for some activities that are integral elements of U.S. foreign policy while other critical work will go undone.

Consular Affairs

For much of U.S. history, Consular officers acted and were perceived as sole U.S. government representatives in localities across the world. This situation lasted well into the 1960s. Since then, many Consulates have been closed and their functions shifted to U.S. Embassies in capital cities. This trend was driven by budget considerations, security concerns, and efficiencies resulting from improvements in communication and transportation.

Current State Department U.S. Direct-hire (USDH) Consular staffing abroad totals 1,435 representing just over a doubling since 1995. Virtually all such staffing is funded by fee collections. As of the end of FY 2007, only 161 overseas USDH consular positions were supported with appropriated funds, down from 712 in 1995, coinciding with a decline in total appropriated funding budgeted for the conduct of consular relations from \$241.3 million to just under \$60 million. These trends were induced by 1990s budgetary rules of the road; as increases in appropriated funding became harder to come by, fee increases became an interagency norm.¹²

Consular activities are now treated, from a budgetary point of view, almost solely as specialized services to a specific set of users who pay fees for services rendered. From an administrative point of view, this has seemed a risk-free option as fee revenues grew during good economic times. Now, with fee revenue trends uncertain, consular funding and staffing have become equally uncertain. The Academy notes the possible inconsistency of this shift with originally-stated legislative intent.

Looking ahead to the kinds of broader people-to-people diplomatic engagement foreseen by the Department and the Academy, Consular Officers will play key roles. A logical budgetary reflection of this would be reversion of a significant number of overseas Consular Officers to appropriated-fund status, restoring consistency with original legislative intent. The Academy also notes the congruence of this proposal with recommendations of the Secure Borders and Open Doors Advisory Committee, which specifically called for the Department to “seek a change in its visa operations funding mechanism to add a specific appropriation to the current fee-based financing ...”¹³

¹² Department of State, Congressional Budget Justifications FYs 1997-2009.

¹³ Department of Homeland Security, *Report of the Secure Borders and Open Doors Advisory Committee*, 1/16/2008, p. 27.



As a first step in this direction, the Academy recommends such a change affecting all overseas mid and senior level consular personnel, presently totaling 493 over the five-year period under examination. This would require a shift of funding of \$160.6 million by 2014.

Domestic Staffing

The Department has not proposed any significant net domestic staffing increases for core mission or administrative support for the last three budget years and none have been funded. Mid-senior-level officials have, in multiple separate discussions, explicitly confirmed this as representative of a deliberate effort to close domestic staffing gaps by “aggressively reforming existing structures, procedures, and systems – reducing organizational layers, expanding shared services, promoting strategic procurement, and eliminating or competitively sourcing lower priority, non-core functions.”¹⁴

Previous external reviews have endorsed efforts to consolidate administrative services as a component of this approach.¹⁵ This is seen, in part, as an acknowledgement of the success of the Powell-era acceleration in infrastructure spending (referred to earlier), as is the resulting ability to capitalize on this success to achieve efficiencies and economies of scale. Accordingly, the State Department should increase ongoing efforts to streamline its domestic establishment, particularly given the upcoming transition in administration in 2009, when such changes are optimally achievable.

Expanding the Core Diplomatic Toolkit

The growing volatility of the post-Cold War foreign policy environment requires not only increased core diplomatic staffing but, critical to effectiveness, expanded and more agile program tools. In the area of humanitarian response, USAID’s Disaster Assistance work has been widely praised in recent years. However, the International Disaster Assistance account is underfunded for the often-overlapping purposes of immediate crisis response and sustained relief operations. The Academy recommends partial separation of funding for these two kinds of activities and the establishment of a new Emergency Crisis Response account (to mirror the Emergency Refugee and Migration Account in structure and operational mechanics), for use in meeting immediate crisis response requirements in excess of \$1 million, with an initial capitalization of \$100 million and \$50 million annually thereafter.

In addition, we recommend:

1. Increasing the effect of Chief-of-Mission disaster declaration authority from a decades-old \$25,000 cap to one of \$250,000.
2. With an eye toward emerging, new-generation foreign policy challenges, re-characterizing State’s “Emergencies in the Diplomatic and Consular Service” (EDCS) account to a more accurate “Emergencies and Contingencies in the Diplomatic and Consular Service,” broadening its uses by Ambassadors to include more “in advance” policy pursuits, oriented more to crisis prevention, rather than crisis response, increasing its annual funding by \$25 million to a total of \$30 million, while capping

¹⁴ Department of State, *Congressional Budget Justification, Fiscal Year 2009*, p. 4.

¹⁵ Center for Strategic and International Studies, *op. cit.*, p. 58.



domestic representation expenses at \$5 million. The Academy recommends expansion of EDCS activities to include, for example:

- Organization and conduct of pre-conflict reconciliation conferences in specific situations, or what could be called a localized “Dayton-in-advance” approach;
- Embassy-managed execution of small (maximum \$100,000) NGO grants for civil-society and/or micro-development purposes. (The operational success of the Department’s limited experience with its Ambassador’s Fund for Cultural Preservation is instructive here.)
- Support for small multilateral or bilateral rapid-deployment mediation teams in localized pre-crisis situations.¹⁶
- Deployment of civilian police advising micro-teams into localized environments of developing, over-the-horizon civil or ethnic strife.

Physical Security Context

The 1979 seizures of U.S. embassies in Tehran and Islamabad and the 1983-84 bombings of U.S. embassy facilities in Beirut epitomized two decades of escalating violence directed at U.S. diplomatic and consular facilities. The elements of the State Department’s current security posture were established largely by these milestone events and were intensified further in America’s immediate reaction to the 1998 terrorist truck bombings of the U.S. embassies in Nairobi, Kenya and Dar es Salaam, Tanzania. The result has been the placement of physical security on at least equal footing with the embassy’s diplomatic agenda. From 2001 onwards, new overseas construction projects have been required to conform to worldwide statutory specifications, leading to the consolidation of U.S. government personnel into sometimes-distant suburban facilities in key countries. In January 2006, Secretary Rice affirmed the view that “transformational diplomacy requires us to move our diplomatic presence out of foreign capitals and to spread it more widely across countries [to] work on the front lines of domestic reform as well as in the back rooms of foreign ministries.”...¹⁷ The Academy endorses both the Department’s ongoing efforts to replace substandard facilities and the (previously referenced) “transition from risk avoidance to risk management,” enabling greater decentralization of the US government presence around the world.

¹⁶ The United Nations announced establishment of a mechanism for such deployments on March 5, 2008, ref.: <http://www.un.org/News/Press/docs//2008/pa1.doc.htm>.

¹⁷ “Transformational Diplomacy,” January 18, 2006, Georgetown University.



II. Training – Department of State

Recommendation:

Increase permanent American staffing positions by 1,287 from present levels by FY 2014 to support institutionalized workforce re-training, professional development, personnel transitions, and temporary needs. The goal is to continuously update the specialized competencies of State to meet new policy demands. This staffing increase will cost \$309.8 million annually by 2014.

Since the post-World War II period, the Department has faced two fundamental issues of strategic personnel management: (1) whether and to what degree to build and reinforce specialized diplomatic competencies within the Department, and (2) what the roles of other federal agencies should be in carrying out U.S. government activities abroad. The performance of specialized responsibilities by agencies other than State has produced an accelerated fragmentation of the federal foreign affairs community, complicating coordination. Resource constraints have prevented the State Department from achieving adequate staffing, both in terms of numbers and expertise, to coordinate government-wide foreign affairs activities.

Prior to World War II, the number of full-time federal employees from departments other than the State Department involved in international affairs work abroad was marginal. By 1975, non-State staffing abroad had grown to nearly 3,500, or almost one-half of the US government total.¹⁸ Today, the corresponding figure is approaching 10,000 - approximately two-thirds of the total federal U.S. direct-hire staffing at diplomatic and consular posts are not State Department employees.¹⁹ Presently, the Department lacks the expertise it needs to execute the new types of responsibilities outlined previously, as well as sufficient numbers of on-board staff to re-train its existing workforce to do so while also sustaining core diplomatic work. Therefore, the Academy recommends an additional year of formal training for each FSO between tenuring and entry into the Senior Foreign Service.

The State Department's FY 2009 budget request delineates requirements for: (1) 300 additional staff-years for training in "critical needs' languages, such as Arabic, Chinese, Hindi, and Urdu," competition for which, in the context of U.S. supply/demand dynamics, makes recruitment of mid-level personnel with expertise in these languages difficult, and (2) 75 additional staff-years for increased "professional development opportunities with DOD."

In addition, the Department has modeled requirements (but has not budgeted) for an additional 34 staff-years for Foreign Service language training (beyond the 300 requested), as well as an additional 290 Foreign Service staff-years for professional and functional training needs, including Public Diplomacy requirements. This figure includes 130 for professional education above the 75 requested for FY 2009 (for a total of 205), and 160 for other functional training.

¹⁸ James W. Clark, "Foreign Affairs Personnel Management," Appendix P to the *Report of the Commission for the Organization of Government for the Conduct of Foreign Policy* (Murphy Commission), Washington DC, GPO, 1976, p. 222, cited by William I. Bacchus, *Staffing for Foreign Affairs*, Princeton University Press, 1983, pp. 78-79.

¹⁹ Office of Management and Budget, *Budget of the U.S. Government, Fiscal Year 2009, Analytical Perspectives*, p. 364.



State's Foreign Service Institute (FSI) has performed well in the past and has responded in recent years to emerging needs by developing and implementing new curricula in a number of areas of tradecraft and skills training, particularly management, budgeting and leadership courses; but more is needed. Emerging policy priorities will also require expanded programs in professional education for Foreign Service personnel. The FSI's staffing and budget must be increased to ensure that the Foreign Service personnel of the future have the skills they will need. Those skills include foreign language fluency, advanced area knowledge, leadership and management ability, negotiating skills, public diplomacy, foreign assistance, post-conflict/stabilization, job specific functional expertise, strategic planning, program development, implementation and evaluation, and budgeting.

To accomplish this needed upgrading requires considerable development work. One possibility would be to charge FSI and the Department with designing necessary coursework in each of the topics, chosen for additional emphasis, and then to make the determination about how they should be assembled into workable packages that serve both broad system needs as well as specific needs of members of the service. Developmental detail assignments and retraining to update existing skills to meet new policy demands must also be included. All of these elements need to be incorporated into a comprehensive career development program for each officer.

Other Training, Transit and Temporary Staffing Needs

The Department has modeled (but again not requested in its budget) "typical" requirements for 254 Civil Service staff-years for training related to "Mission-Critical and High-Yield Occupations." State has further set out requirements of 199 Foreign Service staff-years for transit and 135 staff-years for temporary needs. The goals of these requirements are clear:

- To provide sufficient staffing to overseas posts so as to reduce staffing gaps and ensure overlap between departing and arriving personnel and;
- To provide sufficient personnel to address gaps at posts that lose personnel to temporary reassignment to crisis hot-spots around the world.

The model underlying these estimates, summarized in the following table, appears to be sound.²⁰

Training, Transit & Temporary Needs Staffing Increases, 2010-2014			
	Required	Actual	Deficit
Language Training	527	193	334
Professional Education	279	74	205
Other Training	199	39	160
Civil Service Training	351	97	254
In Transit	199	0	199
Temporary needs	135	0	135
Total	1,690	403	1,287

²⁰ Foreign Service data extracted from: Center for Strategic and International Studies, "The Embassy of the Future," Washington DC, 2007, p. 10.



The above table confirms conclusions on this subject in the *Embassy of the Future* report prepared by the Center for Strategic and International Studies, which based its analysis on many of the same source data that we used.²¹ However, its estimates did not include a Civil Service training requirement and it identified interagency details solely as training, rather than an integral element of core diplomacy. Despite this, the effect of both sets of recommendations would still result in Foreign Service staffing levels for these purposes corresponding to 15% of State's total Foreign Service workforce.

²¹ Center for Strategic and International Studies, *The Embassy of the Future*, Washington DC, 2007, p. 30.



III. Public Diplomacy

Recommendation:

The Academy recommends the following staff and program increases for Public Diplomacy in the State Department:

- Increase permanent American staffing by 487 between 2010 and 2014, as well as 369 Locally Employed Staff.
- Increase current academic exchanges by 100%, International Visitor grants by 50% and youth exchanges by 25% in this timeframe.
- Expand capacity of PD English and foreign language advocacy websites aimed at experts, young professionals and youth and hire 57 additional specialists in website design and program content.
- Establish 40 American Cultural Centers (or a mixture of ACCs and smaller Information Resource Centers) in order to broaden U.S. daily cultural presence worldwide.
- Re-engage the autonomous pro-U.S. Binational Center (BNC) network in Latin America whose membership is desirous of closer cultural and political ties with the U.S.
- Expand other programs, particularly overseas staff and operations, to increase the effectiveness of Public Diplomacy as described below.

These staff increases will cost \$155.2 million annually by 2014 and the program activities, \$455.2 million. Overall funding increases will total \$610.4 million in 2014.

Almost two decades ago, some observers believed that a strong U.S. public diplomacy effort was no longer needed after the fall of communism in Europe. According to international public opinion surveys there is extensive dissatisfaction with many U.S. global policies. Additionally, in a post 9/11 world where the U.S. must remain vigilant to possible international terrorist attacks and keep a watchful eye on a resurgent Russia and a China seeking to assert its influence beyond Asia, U.S. officials and international relations experts now concur that a strong, creative and timely global Public Diplomacy (PD) is needed. Thus, U.S. objectives and actions must be clearly explained to the world's citizens, whether they reside in democracies or in closed societies.

However, Public Diplomacy in the State Department is under-staffed and underfunded. The FY 2008 PD budget is \$859 million. Its current staff of 1,332 Americans is 24% less than the comparable 1986 total of 1,742. To have a reasonable chance of accomplishing its goals, PD needs to cover an employment shortfall, establish additional positions, obtain greater program funding and significantly expand training.

While there are many useful definitions of public diplomacy, in the interest of brevity, we prefer the following about the State Department's Public Diplomacy's mission: To understand, inform, engage and influence global audiences, reaching beyond foreign governments to promote greater appreciation and understanding of U.S. society, culture, institutions, values and policies. The responsibility of PD practitioners in the Department of State is to devise comprehensive strategies, develop content and select the best communication vehicles for reaching diverse world audiences.

The workday for PD officers, by definition, involves direct communication and interaction with host country citizens through personal contact or a USG exchange program, or wider communication using tools such as media placement, cultural or informational



programming. Therefore, PD personnel and the activities they design, implement and evaluate are inseparable. Today, however, Public Diplomacy field personnel face a major challenge in attempting to engage foreign audiences on discussions about U.S. local and global policies. While PD officers continue to use traditional program tools such as media placement, exchanges programs and cultural programs with readily identifiable individuals, to succeed in 2008 and beyond they must reach out to broader audiences, including members of the "Internet generation." These 20, 30 and 40 year-olds, through their work, their personal connections and their role as voters, can play an increasingly influential role in the public policy debates of their respective nations. But consistently attracting and holding their attention will require the development of credible, informative and, in many instances, entertaining Internet media.

PD's three major operational components are Mission (or field) operations; the Bureau of Educational and Cultural Exchanges (ECA), which organizes professional and academic exchanges and cultural programs; and the Bureau of International Information Programs (IIP), which prepares products, programs and services for field use. PD's workforce in FY 2008 of 3,034 includes 1,332 U.S. direct hires (USDH) and 1,702 Locally Engaged Staff (LES). Of the total, 2,360 are assigned to regional bureaus with 96% serving abroad. IIP has 263 positions and ECA has 362 positions. There are a combined 49 PD staff assigned to the Under Secretary for PD's staff and functional bureaus throughout the State Department.

There is widespread agreement that Public Diplomacy needs a major infusion of new resources. As an illustration, but not a limitation, the Academy recommends that new staffing positions and funding be approved for the following activities:

Meeting Employment Shortfalls and Workload Increases: According to an analysis by the Office of the Under Secretary of State for Public Diplomacy and Public Affairs, in early 2008, the difference between PD Foreign Service requirements and available personnel was 13%, or 90 staff-years. These shortfalls should be met. In addition, programs in FY 2007 and FY 2008, primarily financed from the FY 2007-2008 supplemental appropriation, require a staffing increase. Further, projected program and workload increases abroad in the 2010-2014 period will require substantial staff enhancements. In total, these factors create the need for 234 new U.S. direct-hire employees in addition to 200 Locally Employed Staff (LES) at an annual cost of \$120.8 million by FY 2014.

Expanding Academic and Professional Exchanges: Many exchange programs have been expanded over the past few years. However, there is still a strong need to expand academic and other exchanges, including most notably the Fulbright program along with other major university and private sector exchange programs, by 100% between 2010 and 2014 (a 20% annual increase for five years). In addition, increase the International Visitor program (which brings rising foreign leaders to the U.S. to become acquainted with professional counterparts and American society) by 50% (a 10% annual increase each year for five years). Lastly, increase youth and other exchanges by 25%. These programs have for decades had a substantial impact on the thinking of visitors who otherwise built their understanding of America from movies or propaganda. The cultural dimensions of today's struggle with religious extremism make them more essential than ever. Using exchanges helps to develop a new generation of U.S. experts on China and India and a new generation of Indian and Chinese experts on the U.S. A number of other worthy exchange and scholarship programs that support study abroad by U.S. university students are important complements to those examined in this study. The



Academy sees such programs - and others proposed, such as the Paul Simon Study Abroad Foundation - as needed parts of a broader public diplomacy framework and as consistent with its previous recommendations on this subject.²² By FY 2014 the annual cost of the expanded academic and professional exchange programs and required staff will total \$409.6 million. In addition, this expansion will require 145 USDH staff domestically.

Incorporating Internet and other Modern Technology PD Program Output: A number of the IIP operations have been updated with technological applications using funds from the 2007-2008 supplemental appropriation, but now they must be incorporated in IIP's base budget. Increases are needed in these programs, which include the America.gov website's Arabic, Chinese and Persian languages; enhancing capacity of a Digital Outreach Team (DOT) to engage particularly Arab audiences in web chat-room discussions on U.S. policy; the High Tech Hub which uses multimedia unified packages to attract a broad and technologically savvy audience on issues of democracy, free economics and human rights; the Global Strategic Engagement Center (GSEC), a joint State-DOD effort to circulate timely guidance countering terrorist groups' propaganda. In the competitive world of attracting viewers to websites, PD needs to promote its websites on major search engines such as Google and Yahoo. We also recommend that America.gov add two additional foreign language website services - Portuguese and Bahasa Indonesian. In addition, adding 10 new USDH and the proposed conversion of 47 contractor slots to permanent IIP staff will strengthen PD's core technology capability. By FY 2014, the total cost will be \$17.1 million and 57 new USDH staff will be required.

Establishment or Reestablishment of 40 American Cultural Centers: American Cultural Centers provide PD field personnel with excellent opportunities to engage college students and young professionals in discussions of American society and policies. The centers will have a library facility; computer access; English language instruction; student counseling and cultural programming. We believe that the time is right to revive the ACC concept in those countries where the local security situation permits and program environment warrants. For Missions that prefer a smaller program operation, an alternative is the Information Resource Center (IRC) model that features a research library facility. By FY 2014, this program will cost \$47.2 million and 40 USDH staff and 160 LES will be needed.

Reinvigorate Binational Center operations in Latin America: There are over 100 autonomous BNCs which are devoted to English language instruction, cultural and information programs on the United States, and developing ties with the United States. The Academy recommends that the position of BNC Coordinator be established in the Bureau of Western Hemisphere Affairs and that \$5 million be provided annually between 2010-2014 to assist qualified BNCs in acquiring teaching materials, books, videos, computers and other equipment. By FY 2014 the total cost would be \$5.9 million. Two new domestic USDH staff will be required beginning in FY 2010.

Increase the Strategic Speaker Series: This series involves the sponsorship of expert speakers on important U.S. foreign and domestic policy themes for talks to foreign audiences. We recommend that an additional 100 speakers annually be divided among the world's six regions. By FY 2014, this program expansion would cost \$1.6 million and 3 new USDH.

²² American Academy of Diplomacy, *American Diplomacy for a Changing World*, November 2004.



Enhance Program and Activity Evaluations: In the competition for limited government resources, it is imperative that the Department provides the Office of Management and Budget (OMB) and the Congress with timely, credible, and comprehensive program and activity evaluations. Funds are requested for three major annual evaluations costing \$1 million apiece. For 2010, the programs to be evaluated are the Mission Activity Tracker (MAT), the Performance Data Collection Projection (PMDCP) and either PD's various websites or Speakers program. Total cost by FY 2014 will be \$3.4 million. This is a contractual arrangement and no new staff is required.

Expand Media Hubs to Latin America and Asia: In an aggressive effort to increase U.S. government spokespersons on Middle Eastern and European television and radio, Media Hubs were established in London, Dubai and Brussels in 2006. The small Media Hub staff complements the local embassy Public Affairs Section efforts. We recommend that Media Hubs be extended to sites in Latin America and Asia. We propose Mexico City, Tokyo and New Delhi for consideration as future Hub sites. These three cities have a large international media presence, host major regional and global conferences of interest to the United States, and are regularly visited by high-level USG officials. Each Hub would have two language-qualified FSOs (at FSI 4-4 level) and three LES. Total cost by 2014 is \$4.8 million and 6 FS staff and 9 LES are required.



IV. U.S. Agency for International Development - Foreign Economic Assistance

Recommendation:

Increase U.S. direct-hire permanent staff by 1,250 above FY 2008 levels by 2014 in addition to increased locally employed staff (LES) overseas, to be partly offset by a reduction or conversion of some 700 personal services contractors and other short-term American staff. These staffing additions would require budget increases that total \$521 million above the current services baseline by 2014.

The permanent American workforce of the U.S. Agency for International Development (USAID) has declined steadily because of funding constraints over the past 30 years - from 4,300 in 1975 to 3,600 in 1985, to 3,000 in 1995 to 2,200 in 2007. This reduction has produced several results: first, a shift in function from direct implementation of programs to mostly a contract management mode; second, an insufficient number of people to manage effectively the programs that are being implemented by contractors and grantees; third, the use of more than 1,200 non-permanent American staff hired as personal services contractors, many of whom are in jobs that should be considered career positions; and fourth, a drastic shortage of people with the technical capabilities needed to oversee the types of programs being financed by USAID. Two examples of the last result are that: 1) USAID currently employs only five engineers worldwide despite a significant number of activities that require engineering skills; and, 2) USAID only employs 29 education officers who must oversee current education activities in 84 countries. Internal studies by the Agency have shown that projects and programs which receive constant and detailed oversight generally produce better development results than those whose oversight is less frequent and is exercised from afar.

While bilateral economic assistance has remained an important tool of U.S. foreign policy for the past 50 years, its goals, purposes, and modalities have changed over time. Until the early 1990s, the underlying rationale for development and other types of economic aid was to build a community of free, prosperous nations who would join with the United States in the struggle against communist expansion. After the end of the Cold War, support remained for development aid directed at poor countries, especially those of sub-Saharan Africa and South Asia, but new programs also arose to address economic transitions in Eastern Europe and the former Soviet Union, reconstruction and stabilization in pre- and post-conflict situations and short-term activities in a number of countries of high political importance.

In recent years, USAID has faced new challenges and opportunities in the promotion of economic development. In particular it has lacked the personnel and procedures to work effectively and quickly with the military beyond immediate disaster relief operations. For example, in Afghanistan only a single USAID officer is assigned to each Provincial Reconstruction Team (PRT). Staffing gaps have been frequent because of the lack of depth.

Other new challenges include:

- The opportunity for mobilizing the U.S. private sector to assist in promoting development, especially in middle-income countries;
- The importance of working with other donors to assure coordination and burden-sharing that will optimize use of limited development resources; and,



- The chance to work more closely with government officials and other decision-makers in recipient countries to assist in guiding them toward effective development progress.

Among the increased positions proposed, 850 would be assigned to field posts, effectively doubling the number of officers overseas. Seventy-five percent of the additional overseas staff would be technical managers in fields such as economic growth, health, education, engineering, democracy, and humanitarian assistance and the balance would provide operational and administrative management services. The increase of 400 at headquarters, a mix of Foreign Service and civil service staff, would provide stronger technical and logistical support for field operations.

The headquarters increase would also help to maintain training and transit complements totaling 15% for the Foreign Service and 2% for civil service, greatly reducing vacant positions overseas and in Washington and assuring that Agency staff undergo frequent updating of their skills (whether technical or operational) to address emerging requirements. Training programs for American staff would stress expanded language training and the new areas mentioned above, particularly working with the military and other agencies, and would permit technical staff to update their skills at universities and other non-governmental training facilities. USAID would also work with the Foreign Service Institute to assure maximum effective use of that organization's professional curricula. Expanded training for USAID's Foreign Service National employees would continue to use computer-based distance learning, but would include more time in the classroom as well.



V. Reconstruction and Stabilization

Recommendation:

Provide a substantial surge capacity for reconstruction and stabilization efforts under the authority of the Secretary of State, and increase direct hire American staffing by 562 by FY 2014. This would include: (1) 500 employees to serve as an active response corps to be deployed immediately in crisis situations; (2) 37 to staff an expanded Office of the Coordinator for Reconstruction and Stabilization; and, (3) 25 to support the new Standby Response Corps of federal employees and the Civilian Reserve Corps. These increases and related program costs would require increased funding that would total \$286 million annually by FY 2014.

A strengthened surge capacity can be an important part of the civilian toolkit used by the Secretary of State to address U.S. foreign policy priorities in the coming years. The prevention of conflict and the provision of assistance to countries emerging from internal or external conflict is an increasingly important foreign policy priority. The most visible cases in recent years are Iraq and Afghanistan, where the task has fallen largely to the military, given that those two countries remain combat zones. Even if an intervention on this scale is unlikely in the near future, there remains a broadly recognized need for a civilian surge capacity that can be deployed prior to conflicts and to assist with stabilization and reconstruction after conflicts abate. To address these priorities, the Office of the Coordinator for Reconstruction and Stabilization was created within the Department of State in 2004 to identify, integrate and apply relevant skills and personnel from across the U.S. government and the private sector to create an effective civilian surge capacity. In NSPD-44 of December 7, 2005, the President directed that the State Department be the lead agency in reconstruction and stabilization and required State to coordinate all governmental activities in this area.

The Coordinator has used Department of State employees and retirees for very small-scale, conflict related deployments during the past few years in such countries as Sudan, Haiti, Chad, and Liberia, as well in providing support to embassy and military teams in Iraq, and Afghanistan. The experience gained from these deployments indicates the need for a larger, more established and better trained surge capacity to address a higher number of pre- and post-conflict situations around the world, as well as the need for better coordination among U.S. government agencies in planning and responding to conflict-related crises. To that end, an interagency management system has been established under the leadership of the Coordinator's office. The system includes some 15 federal agencies and a process in which country-specific working groups would be established for each crisis situation, co-chaired by the Coordinator, the appropriate regional Assistant Secretary of State and a regional director from the National Security Council staff.

For FY 2009, the Administration proposed a Civilian Stabilization Initiative (CSI) and requested \$248.6 million to finance the first year of the initiative. In addition to strengthening the Coordinator's office and the inter-agency management process, the initiative would establish:

- An active response corps of 250 people, hired by State, to be available for immediate deployment to pre- or post-conflict situations;
- A standby response corps of up to 2,000 people, working in full-time jobs in federal agencies but trained and available to participate in surge activities on relatively short notice; and,



- A civilian reserve of up to 2,000 people employed outside the federal government but trained and available to participate in surge activities.

The types of professions to be included in each of the three corps would include engineers, police officers, judges, lawyers, corrections officials, rule of law experts, economists, public administrators, public health experts, agronomists and city planners, among others. State assumes that about 80% of the active response team would be deployed at most times and that approximately 10% of each of the other teams would be similarly deployed. The number of people included in the request would permit the United States to participate in several small post-conflict operations and one or two medium or large operations in any given year.

Legislation that would specifically authorize the programs in the Administration's CSI has been passed in the U.S. House of Representatives, is pending in the U.S. Senate and is expected to be enacted by the end of FY 2008 - a strong endorsement of this initiative. Given the likely late passage of the legislation and the high probability that most federal programs will be financed in FY 2009 under a Continuing Resolution at 2008 levels, the major portions of this program will probably be deferred until FY 2010. An initial build-up of staff and training capacity, as well as continued small-scale deployments to crisis situations, can take place in 2009 using up to \$50 million from FY 2008 supplemental funds and up to \$100 million made available by transfer authority (Section 1207) from the Department of Defense. The supplemental funds expected to be available would permit recruitment of staff for an active response team of about 50 persons and would allow the start of recruitment, training and deployment of up to 100 members of the standby corps of federal employees. This expanded capacity in 2009 will provide a firmer basis for determining whether a robust FY 2010 request is justified. Positive results from a review of 2008 and 2009 performance and further clarification of the purposes to be served by the surge teams could justify enactment of a 2010 program similar to that requested in 2009, including an interagency management system and the three response components mentioned above.

The magnitude of growth beyond FY 2010 will depend largely on the experience gained based on deployments in that year. For the purposes of projection, we propose that the active response team would grow to 500 by FY 2014, the standby response corps would remain at 2,000 and the civilian reserve would grow to 4,000. The responders and reservists will need to be supplemented by contractors having specialized skills, to be called in as needed. The budget for Reconstruction and Stabilization would need to contain program funds for this purpose. We do not project a continued growth in the standby corps because we believe that domestic agencies will be reluctant to free up large numbers of qualified staff for deployment to post-crisis countries. Although those who are deployed will be paid by the Department of State while on duty, it will be difficult to fill in behind them for short periods of time.

The costs of the reconstruction and stabilization corps are high because: (1) training will be required for each team of responders and there is also the potential need for new training facilities as the cadres grow; (2) equipment, including vehicles, will be needed to permit the surge teams to operate effectively; and, (3) security costs will be extensive, especially in places where such security cannot be provided by the U.S. military.



Security Assistance – Strengthening the Secretary of State’s Role

Recommendation:

Policy and budget responsibility for the following authorities and programs should be moved from the Department of Defense to the State Department, along with 50 new staff, while implementation would remain DOD’s responsibility:

- Section 1206
- Coalition Support Funds
- Defense Combating Terrorism Fellowship Program

In addition, we recommend that:

1. Non-combat-related Commander’s Emergency Response Program (CERP) activities should, over time, be transferred to the authority of the Secretary of State;
2. Section 1207 authority should be repealed; if funds are needed to support the civilian surge capacity (see section on Reconstruction and Stabilization), there should be a direct appropriation to the Department of State for this purpose;
3. The Combatant Commander’s Initiative Fund should not be expanded to cover humanitarian, civic and reconstruction assistance; and,
4. DOD should not be authorized to expand the use of its humanitarian assistance program (called OHDACA) to include stabilization activities.

These changes require a shift in authorities from Defense to State, accompanied by an increase of \$785 million to the function 150 budget (International Affairs).²³ This increase includes the following authorities and funding levels: Section 1206 (\$300 million); Non-combat CERP (\$450 million); Defense Combating Terrorism Fellowship Program (\$35 million). These recommendations may also require future 150 budget funds for Coalition Support Funds, and Section 1207.

One of the most striking trends during the past two decades has been the growing role of the Defense Department in providing foreign assistance under its own statutory authorities. Traditionally the State Department plans, budgets and oversees security assistance programs and is the lead agency in charge of all U.S. foreign policy and global engagement. The DOD has supported overall foreign and national security policy by implementing these programs. This relationship was designed to ensure that security assistance was aligned with general U.S. foreign policy goals. By the end of the 1990s, however, DOD was directly managing 15 security assistance programs accounting for well over \$1 billion annually.

Many of DOD’s security assistance programs are legitimate components of national defense. Since the attacks on September 11, 2001, however, a new and growing assistance portfolio has emerged that is directly planned, budgeted, overseen, and implemented solely by the Defense Department. These have been created because of uncertainties about the flexibility and agility of existing security assistance programs and

²³ DOD has also received authority and funding for sizeable Iraq and Afghanistan train and equip programs, and a small amount for training and equipping the Pakistan Frontier Corps. We are not recommending any changes in these programs.



because it proved easier, in conditions of crisis, to raise funds through the defense budget. The new programs include:

- **Section 1206** – a global train-and-equip program designed to build the capacity of foreign militaries;
- **Coalition Support Funds** – reimbursements to countries supporting U.S. efforts in Iraq and Afghanistan;
- **Defense Combating Terrorism Fellowship Program** – a counter-terrorism education and training program for foreign militaries and defense officials;
- **Commander's Emergency Response Program (CERP)** – funds used by military commanders in Iraq and Afghanistan for reconstruction and stabilization; and
- **Section 1207** – DOD authority to transfer up to \$100 million annually to the State Department for stabilization and reconstruction activities.

In addition, the DOD has received, or is seeking, expanded authority for its existing portfolio of assistance programs. The Combatant Commander's Initiative Fund (CCIF) - aimed at helping regional commanders implement local security projects - now includes humanitarian, civic, and reconstruction activities. In addition, DOD has requested that its humanitarian assistance authority (OHDACA) be expanded to include support for stabilization operations. Together, these new and expanded authorities give DOD a greater role in setting the direction of overall U.S. foreign policy. The DOD has argued that it needs these authorities because parallel State Department programs are inadequately funded, insufficiently flexible, and not agile enough to respond to the new and rapidly evolving security threats and deployments the nation is experiencing. It argues that the DOD and military must fill this vacuum until civilian agencies are properly equipped to carry out security assistance functions.

The DOD and military services have an important and ongoing role as the implementer of many U.S. security assistance programs. Our view is that the Secretary of State has and should have responsibility for assuring that all foreign and security assistance is carried out in accord with U.S. foreign policy, including setting overall policy, approving countries to receive assistance, and setting the budget for such assistance. Many of DOD's new and expanded authorities require long-term, sustainable commitments and overall policy direction for which the civilian agencies of the U.S. government are responsible. The transfer of these authorities to State and USAID should be done gradually, as conditions in Iraq and Afghanistan improve and as the State/USAID capacity for overseeing these programs is enhanced. To assume this responsibility, State Department staffing in this area will need to be strengthened. Specialized Foreign Service Political-Military staffing has declined over the past decade, though responsibilities and funding in this area have grown. The Academy recommends that the staffing decline be reversed and additional staff be hired to manage State's responsibilities for these programs. We recognize the need to reform the assistance architecture and processes at the State Department and USAID. The current mechanisms, some of which reflect statutory requirements, are antiquated and slow to respond to changing security threats, one of the explanations for DOD's expanded assistance portfolio in recent years. Details of such reforms are needed but are outside the scope of this study.

Despite this, the fundamental direction of U.S. foreign policy remains the responsibility of the Secretary of State. DOD's expanded policy responsibility for security assistance programs risks the additional atrophy of the civilian agencies' ability to plan and conduct foreign policy and foreign assistance and raises serious concerns that such programs



could conflict with broader U.S. strategic and foreign policy interests. Moreover, these expanded missions are not the core competence of the military and thus may detract from the readiness to perform more central military missions. Finally, it is important for the U.S. to ensure that its non-military international presence and engagement be carried out primarily by civilians, not by the military.

Other Considerations

Human Resources

Resources – human and financial - are not by themselves enough. State's personnel management practices must support the Department's expanded responsibilities and a global operating environment that itself has changed fundamentally from the Cold War period on which State's operating models are still based. Among the four categories considered in this paper, only core diplomacy has been considered a central function of the Department and even that area has changed in important ways, driven by the rise of regional, global and high-tech challenges. The mechanics of the personnel system must provide individuals with the skills and incentives to carry out the expanded functions and purposes of all of the categories examined, and the culture of the Department of State must accept the new or expanded functions of globalization as legitimate and important.

Interagency Coordination

The expanding international role of other federal agencies in recent years has meant that the Department of State faces a coordination challenge. The Department needs to work more closely in this area with the National Security Council and the Office of Management and Budget to better coordinate U.S. foreign policy and resources. Enhanced coordination is especially important for success in two focus areas of this report: foreign assistance, which is carried out by more than 20 federal agencies, only about half of which lie under the authority of the Secretary of State and the Director of Foreign Assistance; and the new civilian surge capacity for reconstruction and stabilization, which will draw on expertise in a number of domestic agencies (Agriculture, Justice, etc.) for its Standby Response Corps.

Organization

We note the existence of credible work already done, and more underway, in recommending or examining a number of options for reorganizing the U.S. government foreign affairs apparatus; however, agency organizational issues were outside of the scope of this study and thus were not reviewed for the purposes of this paper.²⁴ None of the most likely organizational alternatives to the present configuration could be expected to reduce staffing requirements below the target levels we have identified. Without additional staffing – in terms of both numbers and competencies – the more effective conduct of diplomatic activities that is our goal will not be achieved.

²⁴ See, e.g.: "American Diplomacy for a Changing World," AAD Task Force report, November 2004; "Changing Minds, Winning Peace," Report of the Advisory Group on Public Diplomacy, Washington DC, 2003; "Final Report of the State Department in 2025 Working Group," Advisory Committee on Transformational Diplomacy, U.S. Department of State, Washington DC, 2008, "The HELP Commission Report: Beyond Assistance," December 2007.



Overseas Administrative Staffing

Quality administrative support is clearly critical to successful conduct of diplomatic work abroad. The Department provides such support to most USG agencies within the statutory²⁵ framework of the International Cooperative Administrative Support Services (ICASS) mechanism, which “gives posts the authority to determine how services are delivered, at what cost ... by whom ... and incorporates a full-cost recovery system ...” The Academy assumes that there will be a need for additional administrative support services and/or staff abroad commensurate with its recommended increases in core, public, assistance and post-conflict diplomacy, but believes that ICASS has become effective during its decade-plus evolution, and accordingly finds it inappropriate to attempt to prescribe any specific service configuration. Accordingly, the Academy has built full ICASS funding into its recommendations, expects that any added administrative support personnel overseas will be funded through ICASS cost-recovery, and proposes that specific administrative support staffing and service modalities be decided on the “locally-empowered” basis referred to in applicable regulation.²⁶

²⁵ P.L. 104-208.

²⁶ 6 FAM 911.4



Staffing and Cost Tables

Staffing Level Summary									
	2008	2009	2010	2011	2012	2013	2014	Delta	% Increase
Core	6,407	6,480	6,740	7,034	7,312	7,506	7,506	1,099	
Training	306	351	891	1,325	1,593	1,593	1,593	1,287	
PD	1,332	1,352	1,558	1,670	1,727	1,784	1,819	487	
USAID	2,020	2,150	2,500	2,850	3,100	3,270	3,270	1,250	
Stabilization	19	69	331	406	481	531	581	562	
Sec. Asst.	38	38	41	56	76	88	88	50	
Total	10,122	10,440	12,061	13,341	14,289	14,772	14,857	4,735	

Staffing Increases - New Hires Per Year							
	2008/9	2010	2011	2012	2013	2014	Total
Core	73	260	294	278	194	-	1,099
Training	45	540	434	268	-	-	1,287
PD	20	206	112	57	57	35	487
USAID	130	350	350	250	170		1,250
Stabilization	50	262	75	75	50	50	562
Sec. Asst.	-	3	15	20	12	-	50
Total	318	1,621	1,268	928	471	85	4,735

Cost Increase over CBO Baseline Selected Functions (\$ in millions)									
	2008	2009	2010	2011	2012	2013	2014	% Increase	
Baseline	\$14,114	\$14,382	\$14,655	\$14,963	\$15,292	\$15,629	\$15,973		
Core Diplomacy									
Staff	-	\$15.4	\$88.6	\$183.8	\$323.9	\$447.9	\$510.5		
Consular Staff Program	-	-	\$21.1	\$65.5	\$112	\$147.7	\$160.6		
Training									
Staff	-	\$4.7	\$68.5	\$170.3	\$258	\$299.3	\$309.8		
Public Diplomacy									
Staff	-	\$3.1	\$34.9	\$82.5	\$112.6	\$136	\$155.2		
Program	-	-	\$101.7	\$192	\$274.8	\$362.5	\$455.2		
USAID									
Staff	-	\$38.2	\$112.3	\$245.1	\$370.6	\$479.8	\$521.1		
Stabilization									
Staff	-	\$38.2	\$190.1	\$210.5	\$237.2	\$261.7	\$286		
Sec. Asst.									
Staff	-	-	\$6	\$5.2	\$14.0	\$21.3	\$24.2		
Program	-	-	\$35	\$135	\$385	\$535	\$785		
Increases	-	\$100	\$778.1	\$1,365	\$2,164	\$2,766	\$3,283		
Total	\$14,114	\$14,482	\$15,437	\$16,358	\$17,476	\$18,418	\$19,256		21%



American Academy of Diplomacy

1726 M Street, NW, Suite 202 | Washington, DC 20036
Phone: 202 331 3721 | Fax: 202 833 4555
www.americanacademyofdiplomacy.org

The Henry L. Stimson Center

1111 19th Street, 12th Floor | Washington, DC 20036
Phone: 202 223 5956 | Fax: 202 238 9604
www.stimson.org