

**8th Annual Caroline and Ambassador Charles Adair Memorial Lecture Series on American Diplomacy:
The Nexus Between Diplomacy and Development -
A Practitioner's Perspective
August 27, 2014, American University
Ambassador (ret.) Thomas J. Miller**

Thank you for your kind invitation. I am honored to participate in the Adair Speaker Series and want to applaud my friend and former colleague, Marshall Adair, and his family for sponsoring such a valuable lecture series to discuss the key foreign policy issues and challenges confronting our nation. I am also honored to follow such esteemed friends and colleagues who have delivered this lecture in the past: Tom Pickering, Marc Grossman, Chas. Freeman, Wendy Chamberlin, Nick Burns, Stapleton Roy, and last year John Campbell, who is one of our country's most knowledgeable experts on US relationships in Africa.

I also want to commend the American Foreign Service Association (AFSA), represented here today by its current president, Bob Silverman, and Executive Director, Ian Houston, for its continued efforts to reach out to the American public through the AFSA Speakers' Bureau. In recent years, the Speakers' Bureau has sponsored over 400 American diplomats annually across the country to address audiences like this one, as well as think tanks, world affairs councils and business and civic groups. This outreach is so very important in a country as large as ours in today's complex world, where our foreign policy is often misunderstood and frequently crowded out by domestic issues.

I also want to applaud American University – its administration, faculty and students – for the interest and commitment it has shown in hosting this and many other presentations on American foreign policy.

I want to talk to you today about a subject that is important to me, and I hope to you. The Obama Administration has emphasized how crucial it is to have coordination between the “3 Ds” of our government: Defense, Diplomacy, and Development, and the fact that we no longer have either the resources or luxury of working each of these areas in stovepipes, where there is little coordination with the other two. In his May 28 speech at West Point, President Obama went out of his way to highlight the significance of diplomacy and development as well as defense when he said, “This should be one of the hard-learned lessons of Iraq and Afghanistan, where our military became the strongest advocate for diplomacy and development.” He was actually echoing the thoughts of his former Defense Secretary, Bob Gates, who argued as passionately as any Secretary of State for more resources for our diplomatic efforts.

I would add my personal observation that another lesson from the wars over the last 13 years is that we should let the soldiers fight the wars, diplomats do the diplomacy, and development professionals carry out development. This seems obvious, but we have many lessons from Iraq and Afghanistan where professionals in one sphere failed when they overreached by trying to work in areas outside their expertise. Indeed, the budget to rehabilitate these countries was often larger in DOD than in USAID. Expertise and experience – and not the size of one's budget – should be the drivers of who takes the lead.

What I would like to discuss today is the interrelationship between diplomacy and development. I am limiting myself to these two Ds, in part, because I want to speak as much as possible from personal experience. I was a career diplomat for nearly three decades, having worked extensively on the Middle East, and less so on Asia and Counterterrorism, and having served overseas in Thailand, Bosnia, and in Greece three times. For nearly the past decade since I retired from the Foreign Service, I have run three internationally focused non-profits: Plan International, a large development organization helping impoverished children around the world; the United Nations Association, the largest US grassroots NGO focusing on the work of the United Nations; and most recently, for the past four years, International Executive Service Corps, a mid-size nonprofit that brings business solutions to problems of development and poverty.

So, many of my comments are based upon personal experience; many of them are critiques of the way the US does business around the world. But these critiques should in no way be taken as criticism of the extremely

dedicated cadre of diplomats and development professionals with whom I've been privileged to work during the last four decades. Nor should they be taken as criticism of successive administrations, all of whom come into office trying to do the best job they can for the American people. However, I will say -- and I first started as a diplomat when Henry Kissinger was Secretary of State -- that one trait I've observed of incoming Republican and Democratic administrations is a tendency to discard many good practices ("throwing out the baby with the bath water") and make changes solely to establish the new imprint of the incoming administration.

It's important to establish a framework for how we look at diplomacy and development. Without an understanding of the differences through which diplomats and development professionals approach their jobs, it is far too easy to launch into a criticism of either area without genuinely appreciating that we start from fundamentally different perspectives.

- First, we have somewhat different goals. Diplomats work to get other countries to agree to do what is in America's foreign policy interest. Development professionals have an overarching goal of trying to make the world a better place by reducing poverty and suffering. Diplomats historically have tended to work well with their allies, even when those allies don't always treat their own citizens well. Development professionals focus on those who are most in need and only secondarily on the politics of the leaders of poor countries.
- Second, a major distinction between these two professions is that diplomats tend to see development assistance as one of a number of tools of foreign policy to be used to persuade other countries to agree with our policies. Development professionals view development more as an end in itself to help those in need rather than as a foreign policy tool. They would prefer to use our scarce development resources where their primary purpose is to have the greatest impact among those most in need rather than where they can primarily further US foreign policy imperatives.
- The two also have different timeframes, at least in theory. While there are exceptions, diplomats often have a shorter time fuse and a need to demonstrate results much more quickly. A year is often the timeframe for measuring success, and rarely does it go beyond the life of an administration. Development professionals know by nature that their task is long-term, in which results are measured over a decade or more (over several administrations), and shorter term efforts often end in failure.

What I've just talked about is more theory than practice and more vision than reality since, as we all know, the world is never the way we want it to be. However, what I'm going to talk about now is specifically for those of you in the audience who are undergrads and graduate students, those of you who are thinking about what you want to do career-wise. I'm going to hypothesize that a certain number of you are interested in international affairs but are still unsure whether you want to work internationally as a diplomat, as a development expert, in international business, with international organizations, or with the military. I'd like to share some of my experiences and perspectives, should you decide to consider either diplomacy or development.

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One of the real key questions with the hundreds of billions of dollars we spend abroad in helping other countries and their people is: Are we accomplishing our objectives? Perhaps even before that question, we have to ask very coldly: Do we always know our objectives?

There has been a huge debate in recent years among development experts about these and related questions. Former World Bank official, William Easterly, who in 2006 wrote the best-selling and highly provocative *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*, raised some fundamental issues and questioned some basic assumptions that warrant our serious consideration. Just earlier this year, he authored a sequel entitled *The Tyranny of Experts*, which attacked the decades-old assumption that with enough money and experts, we can eradicate poverty.

I fully agree with Easterly that poverty should not be seen as a technical problem amenable to technical solutions. Easterly also raised some very basic questions about how we dispense foreign assistance, questioning the wisdom

of working through a corrupt and/or inefficient leadership of the host country. What he didn't fully answer was: What is the alternative in situations like this? Set up parallel structures? Not practical or possible. Withhold aid to those most in need? Not something that our conscience would allow.

I don't intend to try to settle what has been an age-old debate between diplomats and development experts, where the former believe that development is a tool for political ends and the latter see development as an end in itself. Our own recent history, particularly during the Cold War, often had us in bed with such dictators as Marcos, Mobutu, Suharto, a number of Latin American leaders, and others. In these and many other cases, now only in hindsight have we realized not only that a lot of development assistance was siphoned off by corrupt leaders, but we also ended up propping up these dictators and making it harder to genuinely improve the lives of people in those countries.

Easterly calls many of these past practices "racism on behalf of the West." From what I've seen firsthand, I'm not sure that is a fair characterization. Instead, and particularly thinking back twenty or thirty years ago, I believe it was more naïveté on the part of well-intentioned people.

Another very interesting issue that Easterly raises is what some may call the "blank slate mentality" – the conviction that measuring the success of development needn't go beyond comparative statistics and growth rates. Indeed, I think he really has something here, in that real success in development is not just the numbers that can be measured – number of schools built, miles of roads paved, number of children inoculated – but also the outcomes and the process by which development takes place.

Let me explain. Outcomes are more important than the statistics I've just mentioned. We should ask:

- Are children learning (rather than how many schools were constructed)?
- Are people able to use roads to bring their produce to market (rather than how many miles were paved)?
- Are children healthy (rather than the number of inoculations administered)?

I also said that the process is often as important as the outcome. After all, in our haste to do good works, we sometimes forget that this is their country, not ours, and that we will eventually leave. Will what we leave be a mess or programs that will be sustainable? Also is what we're doing compatible with their cultural practices and norms?

In this respect, allow me to share one personal experience that addresses some of these questions. My nonprofit organization has been working on a project in Afghanistan for almost four years, first under the US Department of Agriculture and now under USAID, to build the capacity of the Afghan Ministry of Agriculture so that it can more effectively deliver services to Afghan farmers. While our project has received high marks, I'll leave it for others, and most importantly the Afghans, to judge its overall effectiveness. I would say at this stage that our biggest supporters and proponents are Afghans at all levels because we have done three things:

- 1) We designed the program taking into account Afghan practices, norms, and cultural sensitivities;
- 2) Over 99% of our staff are Afghan nationals. This goes a long way in answering the question of sustainability; and
- 3) We physically work within the Ministry of Agriculture, side by side with the Minister and Afghan civil service, unlike many development projects that work in separate stand-alone buildings and are isolated from the population they are seeking to serve.

Indeed, another basic dilemma of development boils down to divergent views held by two Nobel-winning giants in the development field. On one hand, Sweden's Gunnar Myrdal claimed that, "Poor people were neither interested in rights nor capable of much individual initiative, even if they had such rights." He basically argued that national governments had to emphasize development despite an illiterate and apathetic citizenry and should conquer malnutrition and disease before it could focus on individual freedoms. On the other hand, Viennese laureate Friedrich Hayek felt that the freedom of the individual, in which people could shape their own lives, was more

important than pushing basic development objectives. While there is no right or wrong with these two perspectives, I'd agree with Myrdal that people must be fed first.

I mentioned earlier that, in my experience, every administration that has come into office since I've been in government has tended to reinvent the wheel. Both the State Department and USAID have been reinvented more times than I care to count, always with the best of intentions but with a subtle agenda that the predecessor's work could definitely be improved upon. Indeed, this propensity to reinvent goes well beyond State and USAID, as we saw JFK and Robert McNamara seeking to quantify everything, Ronald Reagan striving to do less with less, and Bill Clinton actually launching a major "reinventing government" initiative under the leadership of Vice President Gore. This is not to say that many new ideas don't come out of these initiatives, but I do question whether the results are always worth the effort. I also have seen too many cases where good ideas and practices were discarded by the new administration simply because they came from their predecessors.

A few years ago, USAID went through the latest iteration of reinventing itself when it promulgated its "USAID Forward" strategy. Much of this new strategy is to be commended, as the world is a much more complex and rapidly evolving place, where yesterday's solutions often no longer work. Reforms focused on three main areas:

- Delivering results on a meaningful scale through a strengthened USAID: This called for pursuing a more strategic, focused, and results-oriented approach. Particular emphasis was placed on policy and budget management as well as enacting a world-class evaluation policy.
- Identifying and scaling up innovative breakthrough solutions to address intractable development challenges: I applaud this effort, as technology has increasingly become a major enabler to development. Just think back, with the Internet only a quarter century old, of all the technological developments we have witnessed over the past generation. It is this partnership between our government's developmental efforts and the academic/scientific/business community, which is really a force multiplier.
- Promoting sustainable development through high-impact partnerships and local solutions: The focus here, very rightly so, is to work more through local organizations in the host country being targeted rather than through Western institutions. Again, from 30,000 feet high – and that is often where the diplomat sits (particularly the higher one goes up the ladder) -- this sounds like a great idea, but as one gets closer to ground truth, the concept doesn't always hold together. There is also somewhat of a contradiction here because we are going into these countries often to build up local institutions in places where these institutions are nascent and haven't had a chance to develop. I believe in some instances, we are investing in local institutions that will not be able to pass intense scrutiny of the plethora of inspectors general, congressional oversight committees, and the investigative media, all of which put our international development projects under a microscope. In short, I wonder in some instances if we are putting the cart before the horse. Only in hindsight does this sometimes become apparent, as I can attest in my experience in Bosnia fifteen years ago, where we had a great desire to build up local institutions and particularly civil society by investing a lot of money in this endeavor, only to see failure in any number of cases. In other words, let's recognize the contradiction: We all share the goal of building in-country capacity, but sometimes in our effort to achieve this goal, we put money into such local institutions before they have a chance to succeed.

USAID Forward also talks about partnerships, including with the private sector. We have reached a point today where official assistance programs are no longer the panacea but at best are the catalyst for mobilizing other more significant resources or a safety net in those places where markets fail. Indeed, in many countries, including Pakistan and Colombia, official aid is not even the most important element for dealing with problems of poverty, as more favorable trade/tariff arrangements ultimately would have a much larger impact.

While it is not specifically a part of USAID Forward, I also want to call to your attention to a well-intentioned but sometimes troubling aspect to our development efforts in recent years – our increasing emphasis on "budget support." Budget support is when we give money directly to ministries in the host government so that they can

make the decisions and have the operational control on how the money is spent. Again, from 30,000 feet and the perspective of the senior diplomat, this looks like a good approach because it empowers national governments and gives them the wherewithal to stand on their own. Where it runs into trouble is when you get closer to ground level and realize that we are extending budget support to governments in which there may be a great deal of corruption, inefficiency and waste. Indeed, in 2012, the US Government pledged to provide 50% of its overall development assistance to Afghanistan through budget support. We had a similarly high percentage in Bosnia when I was ambassador there. While the theory is fine, the practice often is not, because those on the ground are held responsible for ensuring that these funds are properly spent, and they often have great difficulty doing so. With the massive cadre of oversight described earlier, it is therefore not surprising that in those countries where we are providing budget support, there are often numerous discoveries of waste, fraud, and mismanagement.

Finally, having detailed some contradictions between what is good in theory but doesn't always stand up to scrutiny in practice, I want to turn, in this last section of my talk, to a trend which has been developing over the last several decades and makes delivering development assistance more and more difficult for the United States. I could entitle this trend, "We have met the enemy and they are us." This trend is about the counter-bureaucracy that has grown over the last several decades and is responsible for oversight and compliance. This phenomenon of the counter-bureaucracy was brilliantly detailed by an article that former USAID administrator Andrew Natsios wrote in July 2010, entitled, "The Clash of the Counter-bureaucracy in Development."

One of the least understood but most powerful and disruptive tensions in the development field today lies in the clash between the compliance side of aid programs (what Natsios calls the "counter-bureaucracy") and the programmatic side. This tension often is also felt between development specialists and diplomats, with the former who focus on the details of the programmatic side, and diplomats, while also concerned about programs, who are often equally concerned about oversight.

On the compliance side are all those parts of the US government whose goal is to monitor, critique, and report on the performance of government agencies. The counter-bureaucracy consists of, among others:

- The offices of the Inspector General (OIG)
- The Office of Management and Budget (OMB)
- The US Government Accountability Office (GAO)
- The Special Inspector General for Iraq Reconstruction (SIGIR) and the Special Inspector for Afghanistan Reconstruction (SIGAR)
- A set of voluminous federal law such as the Federal Acquisition Regulations – the infamous 1977-page FAR – that governs all federal contracts for all federal departments, including USAID
- DOD's regulatory control for all overhead rates for all federal contracts and grantees, including USAID
- More Congressional oversight committees, statutory and ad hoc, that one can count, and
- The 450-page Foreign Assistance Act of 1961, amended many times.
- In addition to all of the above, there are additional agencies that set government-wide standards for USAID, including the General Services Administration (GSA) that controls office space, contracts, and travel policy, and the Office of Personnel Management (OPM), which controls federal personnel policy.

According to Natsios, no other agency in the world, with the exception of the World Bank, comes close to having so many often conflicting and competing layers of oversight.

It wasn't always this way. During the Vietnam War, there were 10,000 direct American hires in USAID. In the 1980s, that number had declined to 4,000, and as of five years ago, the number had further shrunk to around 2,000. While the number of people working on program has decreased, the number of those working on oversight, compliance, accountability and measurement has grown exponentially. Indeed, even the remaining development officers who are charged with working on programs spend an increasing amount of time answering questions and queries of the counter-bureaucracy. While not nearly as dramatic, one could say similar things about our

diplomatic efforts over the years. We also end up contracting an increasing amount of services to private organizations – sometimes with decent results and sometimes not.

The problem gets worse because the diet of the counter-bureaucracy is increasingly focused toward programs that can be measured and away from programs that perhaps are more transformative and significant over the longer term but are harder to measure. So for instance, the counter-bureaucracy loves humanitarian programs, where it is easy to quantify the delivery of goods and services, e.g. food aid, immunizations, schools constructed, etc. It is much harder to measure in a very concrete way the building of local self-sustaining institutions – governance, staff quality, construction of business systems, and institutional cultures. Ditto for measuring important reforms and policy changes. In addition, the counter-bureaucracy often puts very short time limits on evaluating the success of programs – something that again favors the delivery of specific materials and discourages programs like those cited above, which not only are much more difficult to measure, but also take longer to implement.

Let me be more specific. In my experience, one of the best “bangs for the buck” has been our scholarship programs. As former USAID administrator Natsios points out, in the 1980s, 17,000-18,000 scholarships were granted to foreign national government officials and in civil society to build the institutions of developing countries. Anyone who has worked in an embassy or USAID mission knows that this is one of the most successful programs we have. A few years ago, that number had declined to fewer than 1,000 scholarships annually because of heavy pressure over the years from the counter-bureaucracy for more oversight and greater measurement of scholarship programs – something that frankly is impossible over a shorter timeframe. Our most valuable resource in helping other countries is our people, not our money. Why? Americans, on the whole, are outgoing, friendly, and can-do people. They often give much more than simply doing the job. The Peace Corps is a great example. My organization, IESC, has sent over 25,000 senior executive volunteers to developing countries over the past 50 years. The cost has been minimal, but with great results. However, it’s often hard to measure specific results.

Yet another area in which the counter-bureaucracy’s demand for timeliness and measurable results has been counterproductive is in the way we often implement projects. A central tenet of development policy is that for any project or program to be successful over time, it must be locally owned. To be locally owned often involves long processes of negotiation and interaction with the people in the country who are the ultimate beneficiaries of this assistance. If you have this local involvement in both program design and management, there will inevitably be delays, changes in project design, and hurdles to overcome in a society in which politics are divisive and corruption is high. Unfortunately, the counter-bureaucracy will not allow this, with the result that foreign contractors end up doing the entire project, and local beneficiaries feel little responsibility for or ownership of the project. T.E. Lawrence (Lawrence of Arabia), writing in his book, *Seven Pillars of Wisdom*, put it well when he spoke of organizing local Arab tribes against the Ottoman Turks: “Better to let them [the Arabs] do it imperfectly than to do it perfectly yourself, for it is their country, their way, and your time is short.”

Don’t get me wrong – I’m not against oversight, and indeed, I would argue strongly that oversight is healthy for any system. My problem is that in recent years we have put so many resources into the counter-bureaucracy to the detriment of funding people and programs that actual deliver our overall objectives.

This isn’t just in the development world, but we’ve also seen it in the realm of diplomacy, where we’ve dramatically expanded our security posture in the State Department at the expense of many of our most basic core functions. In particular, in high-threat posts around the world, security considerations -- rather than policy objectives--often drive our activities. I firmly believe, like many of you in the audience who are just starting your careers, that people choose to enter the fields of diplomacy and development with the best of intentions: to do good and to make the world a better place. At some point, they run into the counter-bureaucracy, which is not an external enemy but something we’ve created ourselves. The counter-bureaucracy exerts a strong influence, which often over time refocuses those people who came on board wanting to do good into now making sure that they don’t get into trouble. Putting it another way and borrowing from a sports analogy, we’ve become so concerned about being scored upon that we now put all 11 men on our soccer team on the defensive side of the field. The result: the best we can get is a scoreless tie because we have no one playing offense or, in development terms, we have too few people left to accomplish the original objectives.

I'll close by noting that there are a number of very perverse effects of the counter-bureaucracy. First, a greater proportion of development funds are spent on known partner organizations that are very conversant with US laws and regulations, unfortunately restricting newer, smaller, and local organizations from competing for funding. Ironically, this goes against the current Administrator's focus on trying to build up local organizations. Second, this entire system creates a culture of risk aversion, where the focus is on easy and sure wins rather than taking greater risks in order to address fundamental institutional problems in a country. This trend goes against a very basic development tenet of the need for innovation and experimentation. Third, oversight and accountability cost money, resulting in more money spent in checking on programs and less on the programs themselves. Fourth, the more people working on compliance means there are fewer people designing and implementing programs. This is true as much at State as it is in USAID. Because of this, it is easy to confuse accountability with effectiveness. A program may be highly accountable with no fraud or abuse, yet be a failure in terms of accomplishing its objectives. Fifth, because the counter-bureaucracy has so demanded measurable results, we focused on outcomes that can be quantified rather than harder to measure programs that may be much more important to a country's development, such as institution-building or policy reform. Lastly, and this is true in both development and diplomacy, because of the demands of the oversight community, the time horizon for results continues to shrink. Natsios reminds us that before the 1990s, aid programs were typically ten years in length, with a review after the first five years. Now we see programs of much shorter timeframe. In the State Department, while we have the four-year quadrennial review, most programs and initiatives are of a much shorter duration, and virtually none go beyond the lifetime of the current administration. In the extreme, we end up creating new bureaucracies because the existing bureaucracy becomes so obsessed with oversight and measuring results that it can no longer deliver on its promises. The Bush Administration's HIV/AIDS program (PEPFAR) was essentially created when existing programs couldn't deliver quickly enough.

In sum, I've painted a realistic picture for you based on my nearly four decades of experience. For those of you who are contemplating a career working for the government in international affairs, my message is: Don't be discouraged. This is the reality I find today. It did not start in a vacuum but is a product of a larger systematic problem in our current political system. It can be reversed and definitely improved upon. To do so will take the efforts of your generation and preserving the focus of doing good that was the reason why so many of us came into this profession. For this and future administrations, I ask that you take my comments in the spirit in which they have been made: to improve an imperfect but admirable system. I haven't even mentioned the relative decline of resources spent on development over the years, which is sad and inexcusable for a rich nation. Instead, I've focused on how to do our job in delivering that assistance better. As the State Department embarks on its QDDR Review, I particularly suggest that these comments may be relevant in its deliberations. Thank you for your kind time and attention.