



Strategic Objective:

Advance and Protect U.S. International Interests

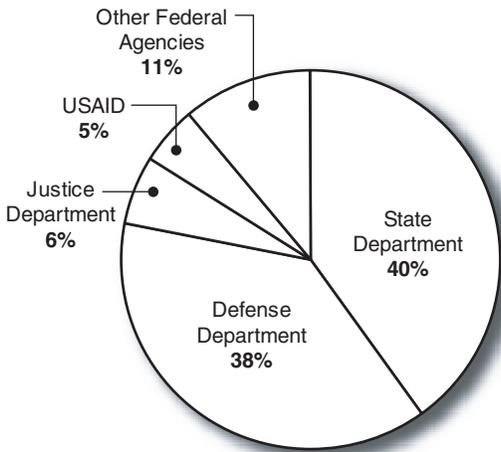
I*ssue:* Although U.S. leaders agree on the ultimate goal of promoting global peace, prosperity, and stability, intense debate is occurring over how to achieve that goal.

- *Military and humanitarian interventions* to make or keep the peace, stabilize and rebuild failed states, and deal with humanitarian emergencies have become major activities for the United States. These interventions are controversial, both domestically and internationally. They also are costly: the United States has spent more than \$23 billion in the Balkans since the early 1990s. Many billions more are likely to be spent fighting terrorism. Such interventions are likely to continue to play a prominent role in addressing the forces giving rise to terrorism.
- *Countries in transition* to democracies and private market structures are critical to U.S. economic and security interests. The countries and regions in transition are large, having combined populations in excess of two billion, and some are of strategic importance to the United States. The United States supports and encourages these transitions to democracies through several means. These include rule-of-law assistance, measures to combat corruption, military support and training, and development assistance and humanitarian aid. The extent to which countries can successfully make the transition to and maintain democratic governments and market economies will significantly influence U.S. economic and security objectives and, ultimately, the U.S. budget. Countries failing to make the transition are more likely to embrace destructive nationalistic policies. The application and effectiveness of the tools available to the United States may affect the outcomes.

- *Strategic alliances* established decades ago are undergoing changes to better reflect current and future needs and priorities. For example, the terrorist attacks in New York and Washington have prompted calls to develop new coalitions to pursue military, political, and economic efforts to erode terrorists' networks and their sources of support. As the North Atlantic Treaty Organization (NATO) expands its membership eastward, its focus is changing from defending the territory of Western Europe to promoting peace and stability outside member countries. NATO enlargement has important implications for U.S. relations with Russia, too. In addition, NATO's expansion in the Balkans has highlighted the significant gaps that exist between the military capabilities of the United States and those of other NATO members. These gaps are likely to grow, further complicating the ability of the alliance to conduct joint operations and exacerbating concerns over how roles and costs will be shared by NATO members.
- *Conducting foreign affairs* is becoming more complicated as the lines between domestic and international issues blur and the threat of terrorist attacks on U.S. facilities and personnel overseas changes how America does business. About 35 federal agencies have around 19,000 U.S. staff assigned to overseas embassies (see fig. 2.2), and most federal policies have international aspects. The State Department plays a key role in coordinating U.S. policy and programs for a region or country. To carry out its responsibilities, the State Department operates more than 250 embassies and consulates located in over 160 countries. It either owns or leases about 12,000 properties at these locations. The reasonableness of the size and composition of the State Department's overseas infrastructure is being questioned, particularly in light of security concerns. Also being questioned are the practices for granting entry into the United States

and the need to block the entry of terrorists and criminals while at the same time facilitating entry for legitimate travel key to the nation's prosperity. Moreover, recent attacks on the United States prompted a rethinking of U.S. public diplomacy and public affairs activities and ways to better understand, inform, and influence foreign publics and policymakers.

Figure 2.2: Federal Agencies' 19,000 U.S. Employees Assigned to Embassies



Note: USAID stands for the U.S. Agency for International Development.

Source: State Department.

Performance Goals: To support efforts by the Congress and the federal government to address these issues, GAO will

- analyze the plans, strategies, costs, and results of the U.S. role in conflict interventions;
- analyze the effectiveness and management of foreign aid programs and the tools used to carry them out;
- analyze the costs and implications of changing U.S. strategic interests;
- evaluate the efficiency and accountability of multilateral organizations and the extent to which they are serving U.S. interests; and
- assess the strategies and management practices for U.S. foreign affairs functions and activities.

Analyze the Plans, Strategies, Costs, and Results of the U.S. Role in Conflict Interventions

Key Efforts

- ❑ Assess U.S. efforts to stabilize areas of conflict and manage their transition to a sustainable desired outcome
- ❑ Assess the United Nation's (UN) efforts to address the impact of HIV/AIDS on peacekeeping operations

Significance

Military and humanitarian interventions to end terrorist regimes, stabilize and rebuild failed states, or deal with humanitarian emergencies are major activities for the United States. These interventions attempt to defend the United States and advance U.S. interests. They are also costly, particularly when the military role is extensive or prolonged. For example, the United States has spent more than \$23 billion in the Balkans since that regional conflict flared in the 1990s.

The United States has employed its armed forces and civilian agencies, often in conjunction with U.S. allies and the international community, to address territorial disputes, armed ethnic and nationalistic conflicts, and civil wars that pose threats to regional and international peace and stability. Some of these conflicts are accompanied by natural or man-made disasters that cause massive human suffering. Successful interventions often require multidimensional operations involving political and diplomatic efforts, humanitarian activities, sophisticated intelligence and communications capabilities, economic development programs, and security measures. In the 1990s, the United States participated in such operations in the Balkans, Cambodia, Haiti, and Somalia, and is playing a major role in Afghanistan. In other places, particularly the Korean peninsula, the United States and its allies continue to maintain a significant military presence to deter an outbreak of war. These potential hostilities have origins in long-standing conflicts that have not yet been resolved.

Potential Outcomes that Could Result when GAO's Work Is Used

Improved congressional oversight of U.S. and international involvement in current and future interventions

Improved planning, execution, and coordination of interventions and more efficient use of resources

Improved congressional understanding of the impact of HIV/AIDS on peacekeeping operations

Analyze the Effectiveness and Management of Foreign Aid Programs and the Tools Used to Carry Them Out

Key Efforts

- ❑ Determine the accountability for and effectiveness of U.S. humanitarian assistance, including the sequencing and coordination of its various components
- ❑ Evaluate U.S. and multilateral strategies for fighting transnational diseases, crime, and corruption
- ❑ Assess the effectiveness of U.S. and donor approaches for assisting transition countries
- ❑ Evaluate U.S. strategies for stemming the flow of illicit narcotics from the Andean region
- ❑ Assess the comparative advantages of various foreign assistance mechanisms and institutions in accomplishing differing U.S. objectives
- ❑ Evaluate U.S. efforts to assist countries in central and south Asia

Significance

To promote peace and prosperity, the United States is encouraging countries around the world to practice democratic principles such as rule of law, open and private market structures, respect for human rights, and good and just government. The developing countries and those transitioning from centrally planned economies to market-oriented ones have several billion people and are of strategic importance to the United States. In some countries, poverty, infectious diseases, instability, ethnic hatred, widespread corruption, and inequality of incomes could result in retreat from democratic and market-oriented principles. To encourage the practice of these principles and for other reasons, the United States funds humanitarian and development aid, global health initiatives, economic transition support, and democratic and institution building efforts. The United States also supports programs to counter terrorism, international narcotics trafficking, and transnational crime that could undermine democracy and directly affect U.S. interests. The extent to which countries can successfully transition to and maintain democratic governments and market economies will significantly influence future U.S. military and peacekeeping obligations, markets for U.S. products, and the need for additional U.S. humanitarian and other types of assistance.

Assistance programs around the world cost the United States about \$15 billion annually. Critics question the value of these programs and are concerned about whether U.S. funds are accounted for and whether programs are being managed well, achieving the intended purposes, and helping advance U.S. objectives. Furthermore, there are questions regarding the use of alternative approaches that could be applied to achieve U.S. objectives where traditional approaches have failed. These issues will likely continue to surface as the United States proposes historic levels of humanitarian aid and reconstruction assistance to Afghanistan and other countries in the region.

Potential Outcomes that Could Result when GAO's Work Is Used

Increased accountability for U.S. funds and increased focus on achieving results that advance U.S. interests

Increased congressional understanding of the options for delivering foreign assistance

Improved effectiveness and efficiency of foreign assistance programs

Improved congressional information on the options for U.S. and multilateral assistance and their advantages and disadvantages

Analyze the Costs and Implications of Changing U.S. Strategic Interests

Key Efforts

- ❑ Assess U.S. efforts to build regional and global coalitions aimed at eroding terrorist networks, including their sources of financial support
- ❑ Assess the implications for U.S. security interests of changes in the European security environment, including further NATO enlargement, emerging European security institutions, European integration, and instability in southeastern Europe
- ❑ Assess the costs and implications for U.S. strategic interests, military alliances, and commitments in Asia and the Pacific of changing security policies, military capabilities, and threats
- ❑ Assess U.S. support for the efforts of countries in the Western Hemisphere to enhance their security through controlling drug trafficking and fostering democratization
- ❑ Evaluate U.S. efforts to support its interests and promote security in the Middle East through economic and security assistance and through other means

Significance

The post-cold war decade has witnessed challenges that have affected the relationship between the United States and its long-standing friends and allies and other major actors in the international environment. These challenges have included attacks on the United States mounted by terrorists based in Afghanistan and elsewhere, increased assertiveness by Iraq and North Korea, tension with China, failed reforms in Russia, nuclear and missile tests in South Asia, mounting fear of weapons proliferation, war in the Balkans, continuing drug trafficking in Asia and the Western Hemisphere, and mounting tensions in the Middle East. Many observers believe that the foreseeable future will be marked by an American primacy, but that the advancement of U.S. interests will still require the support and tolerance of others. As the strategic environment evolves, U.S. relationships with its friends and allies will also need to adapt and change. For example, the terrorist attacks on New York and Washington have prompted calls to develop new coalitions of nations to pursue military, political, and economic efforts to erode terrorist networks and their sources of support. Also, as the North Atlantic Treaty Organization (NATO) expands its membership and as European allies develop a more independent defense posture, the U.S. role in NATO and the implications of that role may warrant examination. Mounting tensions between India and Pakistan may hold implications for the United States. Lack of U.S. commitments to the Anti-Ballistic Missile Treaty and the Kyoto Protocols are being questioned. Further, the Western Hemisphere's drug problem is a continuing challenge that has historically been addressed through bilateral mechanisms, although other approaches may be more effective. As the post-cold war era evolves, questions on the nature, cost, and utility of U.S. relationships in the world will need to be pursued to ensure that U.S. interests are best supported.

Potential Outcomes that Could Result when GAO's Work Is Used

Enhanced coordination among U.S. allies and greater support for U.S. national security interests

Improved congressional decision making concerning the costs and benefits of NATO enlargement, the effect of changes in European security institutions, and the effect of European integration on U.S. security interests

More effective and coordinated implementation of programs to enhance U.S. security interests and more equitably shared costs

Analyze the Costs and Implications of Changing U.S. Strategic Interests (cont.)

Improved effectiveness of U.S. programs and other efforts to combat drug trafficking, control the flow of economic migrants, and strengthen programs fostering democracy

Enhanced coordination among U.S. bilateral allies, reduced costs to the U.S. government, and greater certainty of support for U.S. national security interests

Evaluate the Efficiency and Accountability of Multilateral Organizations and the Extent to Which They Are Serving U.S. Interests

Key Efforts

- ❑ Examine the UN's efforts to impose international sanctions on rogue states
- ❑ Assess multilateral organizations' capabilities and effectiveness in carrying out their missions
- ❑ Assess U.S. participation in and oversight of multilateral organizations

Significance

A wide variety of multilateral organizations in which the United States participates, including the United Nations and related agencies, the World Trade Organization, the International Monetary Fund (IMF), the World Bank, and other multilateral development banks, address conflict resolution, economic development, and specialized transnational issues. These organizations provide a forum for influencing the world community to take collective action on issues of importance to U.S. security and economic interests. The United States works through international organizations, where deemed appropriate, to ensure U.S. interests are met on issues such as ending terrorism, resolving humanitarian and refugee crises, controlling infectious diseases, and maintaining international peace and security. For example, the United States is supporting the World Health Organization in its effort to eradicate polio worldwide. The United States also relies on the United Nations to undertake peacekeeping and special missions in selected locations, such as East Timor, Lebanon, and the Congo. The United States is seeking reforms in the UN, the World Bank, and other multilateral organizations so that they can (1) adjust to today's needs, constraints, threats, and opportunities; (2) develop the capacity to deal with world issues more effectively and efficiently; and (3) better safeguard the funds that member nations contribute to these organizations. For example, the United States has urged the United Nations to focus on results by assessing its activities for relevance and cost-effectiveness; to adopt better procurement, budgeting, and human capital practices; and to establish an effective internal oversight mechanism. The United States has also championed reforms at the World Bank and the IMF to promote stronger safeguards against misuse of funds among borrowing countries. The Congress has also focused on restructuring and reforming multilateral organizations and, in some cases, has linked U.S. payments to progress in implementing reforms.

Potential Outcomes that Could Result when GAO's Work Is Used

Increased congressional understanding of multilateral organizations' actions and the extent to which they serve U.S. interests

Increased congressional understanding of the benefits and limitations of multilateral organizations and of the options to strengthen these agencies' capabilities and effectiveness

Improved accountability, increased focus on results, and increased transparency at multilateral organizations

More effective use of resources to advance U.S. interests through multilateral organizations

Assess the Strategies and Management Practices for U.S. Foreign Affairs Functions and Activities

Key Efforts

- ❑ Analyze executive branch efforts to implement foreign policy reforms and to integrate policies and programs across agencies
- ❑ Assess efforts to control how immigrants and nonimmigrants enter and remain in the United States
- ❑ Examine U.S. resources and programs devoted to public diplomacy
- ❑ Evaluate and assess the management practices of the foreign affairs agencies, including accountability, infrastructure, technology, human capital, business operations, security, and administrative functions

Significance

Most federal policies have international aspects, and about 35 agencies have staff assigned overseas to implement a variety of programs and activities designed to support U.S. foreign policies and domestic interests. The United States spends about \$23 billion for traditional foreign affairs activities, including operating the State Department and providing foreign aid. In addition, other agencies such as the Departments of Defense, Commerce, Justice, and Agriculture have significant overseas operations and programs that are administered in coordination with the State Department and its overseas embassy network. Policy coordination takes place at headquarters through interagency processes and overseas through oversight by the U.S. ambassador and the embassy country team. Setting priorities and reconciling the many competing interests the United States has in its relationships with a foreign country is a challenge. Numerous independent commissions have called for major reforms in the organization and operation of the foreign policy apparatus, arguing that little has changed since the end of the cold war. These reforms are needed to coordinate foreign affairs programs and activities effectively across agency lines.

Long-standing questions exist regarding the level of resources needed to maintain the network of 260 U.S. embassies, consulates, and other posts staffed with about 19,000 U.S. employees and 36,000 foreign national employees, who conduct foreign affairs. This includes processing 9 million visas annually. The State Department, in conjunction with the Immigration and Naturalization Service, must prevent the entry of those who are a danger to the United States or are likely to remain in the United States illegally. In addition, as a consequence of the terrorist attack on the United States, there is increased interest in public diplomacy and the resources devoted to promoting national interests abroad. According to numerous studies, a good portion of the U.S. foreign policy apparatus simply falls short in mission organization and skills relative to what is needed to meet the challenges of the changing global environment and threats of terrorism. More resources will be needed to hire and train staff and to provide secure and properly equipped overseas facilities. The Congress needs assurances that the additional resources will be managed wisely and that less costly ways of doing business are devised, using new technology and management structures. Moreover, long-standing functions and activities that are no longer essential need to be identified.

Assess the Strategies and Management Practices for U.S. Foreign Affairs Functions and Activities (cont.)

Potential Outcomes that Could Result when GAO's Work Is Used

More effective and efficient use of resources to meet foreign policy objectives

Better protection of U.S. borders from illegal entry and potential terrorist threats

Improved operational efficiency and possible cost savings resulting from implementing best management practices