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U.S. DEPARTMENT OF STATE
SENATE FOREIGN RELATIONS COMMITTEE
FUTURE OF SECURITY SECTOR ASSISTANCE
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Good morning, Chairman Menendez, Ranking Member Risch, and distinguished members of the Committee. It's an honor to appear before you and it is great to see all the familiar faces I worked with for so many years. I am pleased to be here to discuss United States security sector assistance with Dr. Mara Karlin, Assistant Secretary of Defense.

The subject of this Hearing is the future of U.S. Security Assistance, and I come before the committee with six recommendations for your consideration for (1) a greater focus on Security Sector Governance; (2) the need for greater flexibility; (3) the urgency of process reforms to make U.S. defense articles more available to partners and expedite their delivery; (4) the value of strengthening State-DOD coordination through concurrence mechanisms and (5) the foundational requirement to support the State Department's security assistance workforce.

Before laying those proposals out in detail, I want to review how we got to the current authorities and programs we have; what those programs are; and, the strategic context in which we are currently exercising them.

The Development and Current State of State Department Security Assistance

Security cooperation, including security sector assistance, is an instrument of foreign policy. It is an integral component of our national security strategy that enables foreign partners to join us in advancing global security. Consequently, our national security interests can put us in a situation in which we need to evaluate hard choices between supporting the security needs of some partners or stepping back to allow those partners to buy from our adversaries. Security Assistance is also an opportunity to promote stronger and more effective security sector governance; it is a key to long-term relationship building. It is a mechanism for enhancing regional security, burden sharing, and interoperability with U.S. forces. It is a means of strengthening the professionalism of the armed forces agencies of allied and partner nations. It is also, and this is critical, just one element of our foreign policy toolkit. Security assistance is not a panacea, but rather, when applied alongside other tools of our diplomacy, an instrument by which we can support and advance security, stability, and peace.

Congress – and specifically this committee, Mr. Chairman – has been a key partner in this endeavor from its outset. We look to build on this decades' long partnership, to open a discussion by sharing some general recommendations on the way forward with you today. Of course, it is impossible to talk about the future without some discussion of how we created the security sector assistance we have today. It took many years of policymaking, legislating, planning, and partnership for the United States to develop the security assistance tools we now have at our disposal.

Security assistance took on its initial form in the early days of the Cold War, when the United States began providing surplus military equipment and military advisors to U.S. allies and partners.

Then, in the wake of the Korean War and Berlin Airlift, and facing rising security challenges in the context of the Cold War, on November 3, 1961, President John F. Kennedy signed the Foreign Assistance Act to reorganize the structure of existing U.S. foreign assistance programs, with Congress writing into statute the role of the Secretary of State as responsible for the “continuous supervision and general direction of economic assistance, military assistance, and military education and training programs, including but not limited to determining where there shall be a military assistance (including civic action) or a military education and training program for a country and the value thereof, to the end that such programs are effectively integrated both at home and abroad and the foreign policy of the United States is best served thereby.” Thus, with the passage of the Act by Congress, U.S. foreign assistance underwent a major transformation that placed security assistance squarely under State’s purview. The primary State Department security assistance tools we know today, including Foreign Military Financing, can be traced back to the Foreign Assistance Act.

The next pillar of our current system came in the Arms Export Control Act of 1976. The “AECA” reformed the landscape for U.S. security cooperation, including security assistance, by setting the terms on which arms transfers could occur – including for internal security, for legitimate self-defense, and for preventing or hindering the proliferation of weapons of mass destruction. Like the Foreign Assistance Act, the Arms Export Control Act reflected the strategic thinking of the times, requiring consideration to be given as to whether the exports “would contribute to an arms race, aid in the development of weapons of mass destruction, support international terrorism, increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control or nonproliferation agreements or other arrangements.”

The Foreign Assistance Act of 1961 and the Arms Export Control Act establish the foundational authorities for contemporary State Department U.S. security assistance programs. The United States relied mostly on these authorities through the remainder of the Cold War to shore up NATO partners, and to solidify diplomatic accomplishments such as the signing of the Camp David Accords.

As the Cold War waned, the foreign policy landscape shifted, as did the United States’ response to global threats.

Beginning in the 1980s, Congress began providing DoD with additional authorities through annual National Defense Authorization Acts. Early examples focused on counter narcotics and humanitarian assistance, focused initially on emergency challenges in Central and South America.

This trend accelerated considerably after 9/11 due to the perception that the United States needed to urgently build the capacity of local partners in the fight against violent extremists. Once of secondary importance, “security cooperation” with partner security forces was elevated to an integral part of DoD’s mission.

In FY 2006, Congress enacted the first major global DoD authority (Section 1206) to be used expressly for the purpose of training and equipping the national military forces of foreign countries worldwide. DoD's global train and equip authorities have since been consolidated and expanded under Title 10 Section 333 (as of FY 2017).

Numerous country- and function-specific authorities, such as the Ukraine Security Assistance Initiative (USAI), The Indo-Pacific Maritime Security Initiative (MSI), the Counterterrorism Partnership Fund (CTPF), the Counter-Islamic State of Iraq and Syria (ISIS) Train and Equip Fund (CTEF), and, of course, the Iraq and Afghanistan Security Forces Funds (ISFF and ASFF), have also accrued directly to DoD over the past 15 years as well.

Recognizing the potential for duplicative programming between State and DoD authorities, Congress has legislated Secretary of State concurrence, coordination, and joint planning requirements for many (but not all) DoD authorities.

My bureau, the Bureau of Political-Military Affairs, links diplomacy and defense to bolster U.S. national security. My team works closely with the Department of Defense, Congress, and the U.S. defense industry to deliver tools and training that strengthen our allies' and partners' abilities to provide for their defense and contribute meaningfully to the stability of the rules-based international order. Day to day, the Bureau of Political-Military Affairs oversees approximately \$7 billion in security sector assistance programs annually – which accounts for roughly 20 percent of the Department of State's and USAID's total annual assistance. This assistance supports grants under Foreign Military Financing to help our partners invest in U.S. training and equipment; International Military Education and Training that enables foreign military personnel to study beside their U.S. counterparts; and Peacekeeping Operations funds to help train and equip foreign forces to rise to the challenge of helping countries emerge and recover from war.

Notably, the \$7B of security assistance appropriations is dwarfed by the foreign military sales funded by our allies and partners, which amounted to \$28.67B in fiscal year 2021. Furthermore, For Fiscal Year 2021, Direct Commercial Sales to our allies and partners accounted for \$103.4B in fiscal year 2021. In other words, our global network of alliances and partnerships generated over \$130B of funds to our defense industry that in turn will go back to support our national security. In addition, the Bureau coordinates State Department review of and Secretary of State concurrence with DoD activities conducted under 25 different DoD authorities.

This proliferation of DoD authorities has been matched with growing appropriations for DoD security cooperation activities. Since 2001-2022, the total amount of security sector assistance has tripled to roughly \$18 billion, and the proportion managed by DoD has grown from approximately 20 percent to slightly more than half.

The State Department's resources, meanwhile, have also grown increasingly inflexible. Of the nearly \$7 billion in annual assistance resources I oversee in PM, 93 percent has been subject to Congressional funding directives in recent fiscal years. Once assistance to partners such as Egypt, Israel, Jordan, and Iraq are accounted for, only limited resources remain (less than \$1.8 billion) to strengthen other allies in need worldwide, creating countless lost opportunities to further America's foreign policy and national security.

But within these constraints, Mr. Chairman, we make a difference.

Security assistance still holds tremendous potential to advance our foreign policy by offering new avenues of access, influencing and assuring partners, strengthening their institutional capacity, and bolstering regional stability.

Strategic Context

I sit before you to discuss these matters at a time where that proposition is being tested, and displayed, as at few points in history. As the bombs rain down on the hospitals and schools of Kyiv, as the Russian tanks roll through the Ukrainian countryside, as we see before our very eyes the sights of war in the European Theater that we had imagined had been retired to history, I can say that I am proud – and that you can all be proud – of the support the United States has provided to Ukraine in, and in advance of, their time of need – and proud of the remarkable courage of the Ukrainian Armed Forces and the Ukrainian people as they wield our assistance to push back on Russia’s unforgiveable assault.

And our support to Ukraine demonstrates the wide array of tools that State and DOD can bring to a partner's security sector.

Since assuming office last January, this Administration has provided over \$1 billion to Ukraine’s defensive capabilities, including through Foreign Military Financing, the DoD Ukraine Security Assistance Initiative, and other program lines. Through the Multinational Joint Commission (MJC) we work with Ukraine and our Allies to identify military requirements and match funding streams to support needed defense capabilities, ranging from radars to Javelins. Through the Excess Defense Articles program, we have delivered to Ukraine armed Coast Guard Cutters to create an asymmetric maritime capability in the Black Sea. In addition, through programs such as our International Military Education and Training (IMET) authority, we have supported the development of a cadre of professional and Western-looking mid- and senior-level Ukrainian officers, and through a series of exercises, DOD has strengthened the interoperability of our forces and Ukraine's tactical and operational capabilities. We have repeatedly condemned President Putin’s efforts to intimidate and isolate Ukraine and have provided \$1 billion in assistance in the last year alone. On at least two occasions we have turned around requests within just 24 hours; an incredible speed for issues of this complexity.

As the Secretary said recently, last fall, as the present threat against Ukraine from Russia developed, under authority delegated by the President, he authorized the Department of Defense to provide \$60 million in immediate military assistance to Ukraine.

In December, as that threat materialized, he authorized a further drawdown worth \$200 million. Then, as Ukraine took up arms with courage to fend off Russia’s brutal and unprovoked assault, he authorized, an unprecedented third Presidential Drawdown of up to \$350 million for immediate support to Ukraine’s defense.

At the same time, we continue to expeditiously process and approve requests for deliveries of U.S.-origin materiel military equipment to Ukraine from allies and partners under our Third-Party Transfer Authority.

Congruent to our efforts to assist Ukraine in its fight against Russia, the challenge posed by the PRC is unlike anything we have faced in recent history. The PRC is the only country with the economic, diplomatic, military, and technological power to seriously challenge the stable and open international system – all the rules, values, and relationships that make the world work. As we turn to the pacing threat the PRC and its model of autocracy poses to the rules-based order, we can look to security cooperation and security assistance as a key element of our response. This challenge forces us to return to our national security interests. We can either maintain our unprecedented network of security assistance relationships or we must acknowledge the risk of allowing these relationships to stagnate and open opportunities for China and Russia to step into the vacuum. For decades, for example, we have worked to strengthen our security cooperation with key allies such as Japan and South Korea while creating new partnerships with countries like Vietnam, all while working hand-in-glove with Taiwan to strengthen that brave island's defense and deterrence – and this Administration intends to deepen and expand that cooperation in the months and years ahead.

As shown in our response to Ukraine, our global network of allies and partners are a unique American advantage and strategic asset in competition with the PRC and Russia. As a fundamentally political, relationship-building tool, security sector assistance can play a vital role in strengthening those partnerships. Both Beijing and Moscow have invested heavily in efforts meant to drive a wedge between us and our allies and partners.

For the foreseeable future, it will be a priority for the United States to continue leveraging security cooperation to help our partners deter and defeat Russian and PRC aggression. It is especially critical that our fellow democracies on the frontlines have the means to defend themselves against their larger, autocratic neighbors. I should be clear, however, that just because a strategic competitor is willing to transfer arms to a country, it does not mean we should, or will. We will approve arms transfers only when they are actually in our foreign policy interest.

Indeed, we must keep in mind that strategic competition is not simply a struggle of might between great powers. It is at base a contest of values and norms – of two fundamentally different models of global governance. As President Biden has said, “We're living at an inflection point in history, both at home and abroad. We're engaged anew in a struggle between democracy and autocracy.” And as Secretary Blinken said last year in a message to all our diplomatic posts worldwide, “in a more contested, competitive world, America's values and our commitment to supporting the rights and freedoms of people around the world are a competitive structural advantage that our undemocratic adversaries and competitors cannot match, and that we should not cede.”

Therefore, the President has stressed the need to defend free societies and promote democracy around the world, including by elevating our promotion of human rights. We must keep the importance of security sector governance and respect for universal human rights front and center as we consider where to provide security assistance, and as we engage partner nations' security institutions and empower them toward modernization, accountability, and reform.

The same principles apply for security assistance intended to manage the persistent threats from violent extremists, Iranian proxies, and other destabilizing actors. These threats show no sign of

decreasing even as we shift our policy focus to the long-term challenge posed by the PRC and, more immediately, by Russia. A significant share of security assistance is still allocated toward addressing these persistent threats globally.

Challenges and Opportunities

Considering the strategic environment and the existing architecture of security cooperation and assistance together, I see several opportunities for Congress to help address the security challenges we are currently facing and apply valuable lessons learned: (1) a greater focus on Security Sector Governance; (2) the need for greater flexibility; (3) the urgency of process reforms to make U.S. defense articles more available to partners and expedite their delivery; (4) the value of strengthening State-DOD coordination through concurrence mechanisms and (5) the foundational requirement to support the State Department's security assistance workforce.

First, I would encourage the Committee to elevate security sector governance as a central consideration in U.S. security cooperation and assistance planning and treat long-term institutional capacity building as our primary mission.

It is not enough to build defense institutions in tandem with “train and equip” missions; security sector governance must be the pacesetter. Security assistance delivered before baseline standards of governance and institutional capacity are in place will at best provide little return on investment, and more likely will harm U.S. interests in the long run.

A governance-centered approach to security cooperation and assistance would better integrate our political-military tools with our foreign policy and with the diplomatic and economic instruments of statecraft, in keeping with the spirit of the Foreign Assistance Act.

Operationalizing a governance-centered approach will also require the interagency to reduce duplication and to develop a common operating picture – especially with regards to the foreign policy risks posed by weak governance and the potential for elite capture of the security sector – and continuous, strategic-level monitoring and evaluation frameworks. The risk assessments and learning frameworks, moreover, should not merely inform program planning but meaningfully steer it.

Second, State's authorities require more flexibility if we are to effectively address emerging crises and opportunities in today's geopolitical environment. Greater flexibility is needed on several fronts.

The Department faces a perennial need to deliver basic military articles, training, and services to developing partners for the purposes of building institutional capacity, preventing conflict, and promoting stability. The Peacekeeping Operations account allows us to address such needs but is heavily directed by Congress. Greater flexibility for FMF and PKO funding would allow the Department to be more responsive and in certain circumstances result in cost-saving.

I would also encourage the appropriation of funds on a more regional or functional basis. Most FMF is directed on a bilateral basis, which risks creating a latent expectancy among allies and

partners and limits the Department's flexibility and responsiveness and the ability to utilize FMF in concert with diplomatic tools. After Russia invaded Ukraine in 2014, for example, the Department of State was only able to urgently reallocate a few million dollars in FMF assistance.

Expanded use of security sector assistance funding appropriated as regional funds provides not only greater flexibility to respond to emerging needs and align to strategic priorities, but also promotes fruitful competition among program proposals.

To be clear, I am not suggesting that State is interested in greater flexibility to avoid the tough questions on security sector governance, democracy, and human rights, which are issues that this Administration is committed to prioritizing and in which Congress rightly maintains a steadfast interest. Rather, I have noted several areas where improvements are needed to State's flexibility *after* a decision is made to provide security assistance.

Third, because there is no free-standing acquisition system for FMS, we also encourage Congress to work with our DoD colleagues to provide authorities and funding consistent with Administration requests that enable efficiencies and reforms to the Federal acquisition processes, which directly impact the speed of the FMS system. Concurrently, we are working diligently in the interagency to address challenges that have been identified through the Conventional Arms Transfer (CAT) Policy revision process, designed to ensure the United States remains competitive once the Administration has decided to provide security assistance. The four main areas we are working on are: expanding financing options for partners; improving the efficiency of the U.S. technology transfer approval process; building exportability into the development of new capabilities in order to get the capability to our partners more quickly; and encouraging innovative solutions by exploring options for partners that are not currently used by U.S. military, what we call non-program of record cases. These are requests from partners via the FMS system for capabilities that are not existing mainline DoD procurements, and which therefore require the addition of expertise and management processes within DOD to be able to facilitate the procurement of defense articles that are unfamiliar to the DOD system.

In the context of strategic competition, I also see an acute need to offer more attractive financing options to partners who are considering acquiring major U.S. defense articles – for example, through expanded FMF loan authorities. Currently foreign competitors offer far more flexible financing than the United States. FMF loans would provide a tool for the United States to compete for more FMS in countries where FMF grant assistance is unavailable or insufficient to support major procurements and/or where foreign partners lack the national funds to pay the purchase price upfront.

In addition, we look forward to working with Congress to identify opportunities and mechanisms to prioritize and expedite our assistance and our arms transfers to the partners who need them most urgently, in line with the requirements of those partners' defense. Taiwan is a useful case in point: we work constantly with our partners in Taiwan to develop a joint understanding of the asymmetric capabilities required for its defense; having identified those capabilities, we also need to ensure we can deliver them in a timely manner, and this is a challenge that stretches beyond government – though contracting process reform is certainly on the agenda – to industry, where production timelines have faced increased lag due to the COVID-19 pandemic.

Fourth, to ensure security cooperation and security assistance serve U.S. foreign policy goals and are properly synchronized and deconflicted to make maximal efficiency of taxpayer dollars, DoD security cooperation authorities – when requested by the Administration – should include Secretary of State concurrence.

Fifth, and in support of the reforms above, we encourage the Congress to provide requested State Department staffing resources to keep pace with the increased workload, and to develop a better trained security cooperation workforce at the Department. While DoD's Security Cooperation workforce is more than 20,000 strong, State maintains a roughly analogous political-military workforce that numbers in the low hundreds. This has remained the case despite the ever-increasing expansion of DoD authorities and funds that PM is required to jointly develop, in addition to our own funds. In short, we risk losing strong political-military talent when we must do more and more without additional personnel.

While State actively supports many DoD security sector assistance activities, the Department currently lacks sufficient staff and bandwidth to fully participate in DoD planning processes and to thoroughly review proposed programs, including when some authorities include "joint formulation" requirements.

It is also important to facilitate the development of a security cooperation expertise and capacity at the State Department. Today's security sector assistance programs are larger and more complex than those contemplated when the FAA was enacted, and they require personnel with both military and civilian areas of expertise.

Conclusion

What our history tells us is one thing for certain: the nature of global security is ever-changing. As it shifts and evolves so too should our security assistance toolkit. What security sector assistance looks like today is not what it looked like 10, 20, 30, or even 60-plus-years-ago when many of the key statutes, policies and process that guide the current system were developed. Our world and the political landscape we live in has changed greatly in the post-Cold-War environment.

Today, we are confronted on all sides by constantly emerging challenges and ever-present risks. Many of the security threats we face respect no borders or walls. Cyber and digital threats, international economic disruptions, climate insecurity, humanitarian crises, violent extremism and terrorism, and the proliferation of nuclear weapons and other weapons of mass destruction all pose profound and dangers. None of these dangers can be effectively addressed by one nation acting alone – not even one as powerful as the United States. That is why our alliances and partnerships are so vital. These alliances and partnerships, in turn, rely on security assistance and security cooperation to build capabilities, strengthen relationships, and provide interoperability. Security assistance is not just a concept to be debated in the abstract: it is a real demand of today's world, encompassing a complex and broad scope of activities. It is therefore critical that we apply the authorities we have as effectively as we can – and continue to think about how we can revise and renew those authorities and processes to face the next challenge.

Thank you, and I look forward to your questions.