

The Association for Diplomatic Studies and Training
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STEPHEN CALLAHAN

*Interviewed by: Mark Tauber
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Meeting a bull elephant in Kruger National Park located in the Mpumalanga and Limpopo Provinces of South Africa along the Mozambique border 2013.

“If there were one more thing I could do, it would be to go on safari once again.”
Karen Blixen

INTERVIEW

Q: Today is January 24, 2023. We're beginning our interview with Stephen Callahan. Stephen, let's start with where and when you were born.

CALLAHAN: Thank you. A good place to start. I was born in 1949, at Bethesda Naval Hospital in Bethesda, Maryland now known as Walter Reed National Military Medical Center.

Q: How did your parents meet?

CALLAHAN: Both my parent's families are from Brooklyn, New York. Like many immigrants arriving in New York, families congregated where they had the support of folks from their country of origin. This meant that many times folks met and married within their community. People tended to live in ethnic clusters. Both my parent's families are of Irish descent and that is basically their story.

A number of marriages occurred from these ethnic neighborhood communities, including my parents. I remember my grandmother always used to talk about the diverse neighborhoods of Brooklyn. The Jewish neighborhood was where they would get quality cuts of meat. The Swedish neighborhood was best for pastries and bread. In addition to restaurants, the Italians had a certain ability for shoe repairs and tailoring.

My parents were actually brought together by their two brothers. My uncle Dan, my father's brother, was friends with my uncle Bill McDermott, my mother's brother. It was a whirlwind marriage. My father had just returned from active duty in October of 1946, he met my mother, and they courted and were married the day after Christmas. They had to wait until after Advent because one couldn't have a church wedding in the Catholic Church during Advent. It was a six-week whirlwind courtship.

As a boy, I spent a lot of time visiting New York. My brother Tim and I spent summers in a bungalow in Rockaway Beach with cousins. My uncle was with the New York Fire Department and Rockaway was where many police and firemen families would spend their summers. It was a great education. I learned about potato knishes, that anchovies go

on pizzas, how to play and win at skee-ball, and that Sally, the boy next door, didn't have a girl's name.

My father was a career naval officer. He was skipper of an attack transport ship in the South Pacific during World War II. After the war he married my mother and had an assignment with the Department of the Army in Yokohama, 1947-1948. My older brother Tim was born in Japan and upon their return to the DC area I was born at the Bethesda Naval Hospital, in Maryland.

Q: Had your mother been working or in school?

CALLAHAN: Well, my mother had a brief childhood. She lost her mother when she was about eight but her father quickly remarried. He then promptly died. At twelve years old, my mother and her younger brother were orphans. Thankfully, their stepmother adopted both my mother and her brother.

My mother grew up with and took care of her. Mom attended the College of Notre Dame in Staten Island as an English major. She was married fairly soon after college. Dad never went to college. He began his naval aspirations as a merchant seaman with the Grace Lines in Brooklyn at age sixteen, during his high school summers. He traveled throughout the Caribbean, the Isthmus of Panama, down to Colombia, Chile, and Peru, which happened to be places that I later discovered in my foreign service life. He learned Spanish and seamanship while with Grace Lines.

He joined the Navy as an Ensign at the onset of World War II. He had a very interesting and frankly, an illustrious naval career. He was given command of a newly reconditioned attack transport war vessel, the USS Cleburne ([Attack Transport APA-73 Cleburne \(navsource.org\)](http://navsource.org)), when he had just turned thirty years old. He had the rank of Lt. Commander. Under his command there was a crew of three hundred officers and enlisted, and the ship would transport as many as eight hundred Marines throughout the Pacific Theater during the war.

Q: So, are you the family historian then?

CALLAHAN: As you might imagine I am our family historian and have done extensive genealogy. What I really enjoy is researching through the National Archives. In particular, I came across a telegram that was unclassified about a dozen years ago and written by my dad while at sea. It was dated August 1945 just after the H bombs were dropped on Japan. In the telegram, Dad indicated "Understood, not engaging with the enemy. At ready alert."

Very telling story of how we communicated those many years ago. Dad eventually reached the rank of Captain and had several interesting naval jobs. When we were stationed in Hawaii, Dad cataloged all of the ship's war diaries from the Korean Conflict. An interesting career for him and lifestyle for his wife and children.

Q: Since you mentioned ancestry research. Are there other stories of your immigrant ancestors that also stick in your mind?

CALLAHAN: Well, yes, I've done a fair amount of deep DNA (deoxyribonucleic acid) research taking me back to about the year one thousand, specifically in County Tipperary, Ireland. Munster Province, a region comprising several counties in southern Ireland, was ruled by a MacCarthy. The MacCarthy king bequeathed to his brother his own clan. The brother took the name Ceallachain, which was anglicized to O'Callaghan. From the Irish a literal translation is "bright-headed". I would like to think it has to do with intelligence but more likely refers to the color of hair.

In doing genealogy, they talk about "brick walls" or getting stuck finding vital records and information about one's family. When I first started my family tree, I couldn't find information of my grandfather's arrival in America. In thinking about it, I remembered a story from one of my dad's sisters in Brooklyn and a story she had told me. She said that granddad "was conceived in Ireland but born in America". I was probably about ten at the time so I kind of knew what "conceived" meant. But as I got older, I put that information together. I started digging around for information based on my grandad's birthday.

That led me to ship manifest records for 1887. Bingo, I found the manifest. I discovered my great grandparents emigrated in 1887 from Cobh, Ireland, and arrived in New York. They left Ireland, early July 1887, and arrived later that month. The manifest was from the SS Wyoming. The manifest listed my great grandparents, Patrick Callaghan, Kate McCarthy Callahan, and my grand uncle and my grand aunt, but not my grandfather. He was born two months after the ship's arrival in New York City. The ship's manifest gave me all sorts of information which helped in learning details about the ship itself, and the experiences this family must have had. That brick wall came tumbling down. I wrote about their voyage and shared it with my ten siblings.

Q: Okay. They now know. It is worthy to note it and remember it because there are a lot of people who do ancestry research, who describe it for the first time in their oral history. But you've already shared that with your family.

CALLAHAN: Yes, I have and since I have ten siblings with many nieces and nephews, I am regularly trying to impart our family history with them.

I also do stamp collecting, and I collect letters. Tucked away in my collection, I recently found a letter from my mother in 1955 to my Dad who was on a ship off the coast of Korea during the Korean Conflict. It was basically a love letter in which Mom talked about missing him; she had just given birth to their fifth child. It was dated Christmas Eve and was a story not only about the love between my parents, but how people communicated through letters and in a very different fashion than they do nowadays, through email, texting, and video chats. I shared that with my siblings, and actually some friends and family that we've known for decades. I know at least one brother cried. It was that kind of story.

Q: Yeah, all right. You're born and does your family stay in the Washington area?

CALLAHAN: We did. We eventually settled in Northern Virginia but soon after I was born, we transferred to Pearl Harbor, in Honolulu, Hawaii. We were there for a few years and then we again transferred to Long Beach, California. By then it was during the Korean Conflict and Dad was at sea a lot. Eventually he was reassigned to the Navy Department (Main Navy) and we returned to Virginia. We grew up in Annandale primarily because my mother and father were friends with an Irishman and fellow Brooklynite, our parish priest at St Michael's. Once, we literally moved residences to remain in St. Michael's parish when the parish boundaries changed and we were just over the line. We remained in the area for the next several decades.

Q: Interesting. Where are you in birth spacing?

CALLAHAN: I'm number two of eleven. The second child is sometimes referred to as a wild child, someone that would regularly have their hair on fire. Yup, that was me.

Q: Okay. Okay. All right. Most of your growing up memories begin in Annandale?

CALLAHAN: Correct. Okay. I still do remember nursery school and part of first grade in Hawaii and California. But yeah, my childhood memories are mostly from Annandale and the boarding school days of high school.

Q: Okay, let's then go back to Annandale, where did you attend school as a child, public school, Catholic school? How did that work?

CALLAHAN: Well, literally my entire educational history has been in Catholic schools. I started elementary school at a Catholic school in California and finished in Annadale at St. Michaels. After graduating from St. Michaels in Annandale I attended St. John Vianney Minor Seminary, a junior seminary, in Richmond, Virginia. I was there for four years.

Q: Those were your high school years?

CALLAHAN: Those were my high school years, yes.

Q: There's a general understanding of Catholic schools being generally smaller or more student attention and very strict rules about conduct and methods of teaching. What do you remember most vividly about that elementary, junior, and high school education?

CALLAHAN: Well, frankly, I struggled quite a bit. My older brother Tim was the perfect child, his hair was always in place. He always received straight As. I was regularly asked why I couldn't be more like Tim. It was a challenge. I remember in seventh grade I was accused of stealing our class report cards from one of my teacher's desks. I denied it but I wasn't believed and steadfast in my denials. The Mother Superior actually punched me and called me a liar. It gave me a very bitter feeling about the infrastructure of the Catholic Church in terms of its parochial education. And yet, I followed my brother to a Catholic seminary, perhaps thinking that I could change the system as a priest. There too, I had some serious misgivings about the church's ability to manage itself in a way that simply furthered my unwillingness to remain a practicing Catholic.

Q: Okay, now, educationally, there's one kind of performance but were you also involved in extracurricular activities that introduce you to other people or other things?

CALLAHAN: Absolutely. I really enjoyed sports and volunteering. In high school I was the vice president of our school's Mission Society. We helped local elementary school kids with reading and math. I was class president my junior year. I enjoyed leadership roles and was reasonably successful. That allowed me to demonstrate my worth in other than an academic fashion. I graduated with eighteen other young men, three went on to be Catholic priests. With frequent reunions, I have found most of us have continued to work in service to others.

In spite of being with these incredibly bright, high achievers, I did fine in my college boards and in college itself, and certainly from the interpersonal skills arena, which is what I think helped me the most in my career.

As frustrating as high school was, it allowed me, at least in the liberal arts area, to cruise through many of my college courses. I had already read many of the books required in the English courses and knew not only what it meant to explicate a poem; I enjoyed doing it. I could recite Latin passages and Shakespeare in iambic pentameter. Few others in my college classes had that kind of classical background. I flaunted that as much as I could.

Q: One more question before we follow you into college. Did you have any experiences that gave you any international focus, foreign languages or travel anything like that?

CALLAHAN: Well, yes. As noted, as a merchant seaman, my father learned Spanish. Later and after active duty in the Navy he worked for the first EEO program under a presidential directive. Actually, it was through John Kennedy and Sergeant Shriver, that's another interesting story. I had always envied his ability to speak Spanish.

Q: Interesting. Alright. So, as you're approaching the end of your high school career, were your parents talking to you about college? Was your school talking to you? How did you begin thinking about that?

CALLAHAN: Well, my plans were to continue in the seminary. My expectations were to attend St. Charles College Seminary in Baltimore. Those of my classmates that were continuing on in the seminary were all going there. A month after graduation, I learned I was assigned to a smaller college seminary in Alabama.

Why? I had graduated in June 1967 and in July I was told I had been enrolled elsewhere with classes to begin in September. I was upset and asked our rector of the seminary why. Apparently, I was a discipline problem. For deeper context, a fellow seminarian and I during summer break visited the Berigan brothers, two Catholic priests who were part of the antiwar group the *Catonsville 9*. My suspicions were that the rector heard about this event, as well as other summer liaisons with ultra progressive Dominican priests at Catholic University.

In any event, I was shocked about the unilateral decision to enroll me in a distant seminary away from friends and colleagues of the past four years. I said, no way would I go to Alabama! If that was their plan, I said I'll go to Virginia Commonwealth University. The rector told me I would attend a Catholic university, specifically The Catholic University, Seton Hall, or the University of Dayton. Understand, this is at the height of the Vietnam War. I had to be in college soon or face the draft. All of a sudden, it was mid-August and I found myself at the University of Dayton. I'm sure I was enrolled at Dayton with a simple phone call, one priest to another. That's how it was done back then. When I arrived in Dayton, my classes were already assigned, I had a dormitory room

assignment, and a major selected. I was in a daze. That's how I started my college education.

Q: And this is, what year did you start college?

CALLAHAN: 1967, a year of bell bottoms, the Beatles and an unpopular war in Southeast Asia.

Q: Okay. Wow! A seminal moment in American history. But alright, you arrive in Dayton, you'd never been to Ohio or traveled that distance from your family before?

CALLAHAN: Well, in essence, I had lived away from home since I was fourteen. When I was at the seminary I would come home at Christmas and summer months. In the summers I would work at Dad's Burger Chef fast-food restaurants, one in Alexandria and one in Martinsburg, West Virginia.

Q: Are there recollections from the kind of work you did during that time?

CALLAHAN: Well, my parents had eleven kids. If Dad had gone to college, he would have been great in an engineering program. He thought like an engineer and businessman. He went into the fast-food restaurant business in 1960 as he put it, to pay for his children's college education. He had a friend from church that suggested Burger Chef was a great opportunity as a franchisee. It was better than McDonald's because the franchise royalties paid to Burger Chef corporation were better than what McDonald's required. At the time, 1960, Burger Chef had more restaurants in the United States than McDonald's. Dad opened our first Burger Chef on Old Glebe Road in Alexandria, the first of two. As a young boy, I was making hamburgers, shoe stringing potatoes, cutting onions, and mopping the floor. Dad hired one of my best friends, so it was fun. As I got older, I prepared the weekly payroll. I was briefly night time manager when we had personnel issues.

Q: Wow. Interesting. Okay, so you go to Dayton, and how large of a college was that?

CALLAHAN: The University of Dayton had about 7500 undergrads, and a few thousand graduate students. It is a medium-sized Catholic University established by the Marianist brothers. It was a period of time in American history when the Vietnam War was raging, and you could smell pot in the dormitory hallways. The music scene was incredible. There was so much live music to hear in Dayton and I took full advantage of it. I was in business school, an area of study with which I was not happy. I really wanted to do something else but wasn't sure what. I dropped out of Dayton for a semester at the end of

my sophomore year trying to sort out my next steps. I bought a Honda CB 350 motorcycle and traveled out west, eventually making it to San Francisco and then returned to Virginia.

Q: Well, all right. So, you kind of rebelled against the curriculum you don't like and took a semester off. Not altogether surprising. Plenty of people do that. What happened next?

CALLAHAN: Well, that was the summer I went to Woodstock.



The remnants of my Woodstock ticket. The Friday portion was collected but soon afterwards there were too many people to manage the influx of festival goers.

Q: I almost asked you if you went there because once again such a historic moment in American history.

CALLAHAN: It really was an historic event. I went with three of my high school buddies. How we ended up going to Woodstock was serendipitous. I wanted to go to the New Jersey Pop Festival in July of 1969. Several friends agreed but backed out at the last minute. One friend however, told me about a concert in Bethel, New York and said we should go. We mailed away for our tickets. As soon as my friends and I were ready to go, my sister and her girlfriend said they wanted to go with us. I borrowed my family's large Dodge van and we headed to New York. I'm out of school thinking, what am I going to do? It was kind of an epiphany. So, after my brief motorcycle adventure I returned the following semester to the University of Dayton and enrolled in the School of Communication Arts. It was a great change. I focused on speech, TV and radio production, and philosophy courses. My grades reflected my new found interest.

Q: Yeah, yeah. All right. This is now sort of the second half of sophomore junior year, and you're getting into something solid. Do you also work then while you're in college?

CALLAHAN: Well, I did. I had five housemates my sophomore year. Four were Italian Americans and in the engineering program. Great friends. I loved it because their families were all in the food industry. One guy's parents owned a delicatessen, another one owned a candy shop, and the other one owned a bakery. When I returned my junior year, I moved in with three of them and we lived in an apartment where I worked for that apartment manager.

Q: This piqued my curiosity, working in the apartment building, did you also begin to learn how to maintain buildings because this would eventually be part of your job as a management officer?

CALLAHAN: I suppose so. I always had a job, even as a young kid. I would shovel snow, cut grass, I delivered the Washington Post, sold subscriptions to the Evening Star, worked for Bekins Movers, and many, many hours at Burger Chef. Working, I suppose, was just a natural expectation. I had a good work ethic and perhaps a fear that someone would see me as not having done the best job as I could have. That probably carried me through later in terms of my interests in the general management area. After college, I pursued opportunities that eventually led me down that path.

Q: Well to go back to communications then, while you were in college, did you have opportunities to do internships to enrich your studies?

CALLAHAN: My first interest was radio. I wanted to be an on-air talent, a disc jockey. I actually did a radio commercial while a Peace Corps volunteer in the Philippines. Back then FM radio was starting to blossom for younger listeners. Because I started a new major my junior year, I was behind other Communication Arts students. As a result, I was on the list to work in the campus radio program but an opening never materialized.

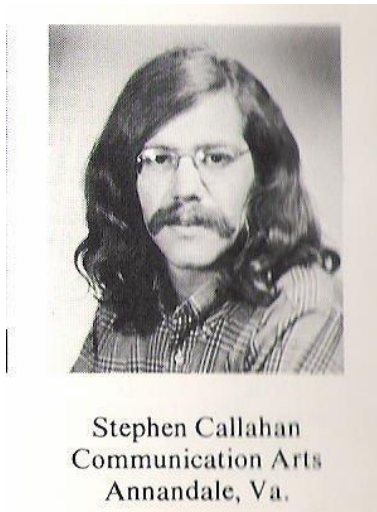
The University of Dayton had a TV production program that had been touted as one of the leading TV production educational institutions in the Midwest. Phil Donahue started his interview show in Dayton which gave our school some visibility. I learned how to operate a TV camera. I practiced directing TV shows. I wrote scripts and produced one program showcasing consumer goods with folks critiquing their purchased products. A consumer would be asked if they thought it a quality product, worth the price, etc. This exposure helped lead me to pursue communications, of which I was not successful, but it was interesting nonetheless.

Q: All right. Now the other thing I wanted to ask you about college was, during that time, did you have any other exposure to international affairs or relations or foreign students and so on?

CALLAHAN: I always gravitated towards someone with an accent! I would always put myself in the type of situation where I would engage someone from another culture or life experience. Just ask my wife! But I did kind of goofy things in college like the Shakespeare club. Although, it was a little bit highbrow, even for me, it was the sort of thing that I liked to do. I focused on my academics trying to catch up so I could graduate pretty close to on time, which I did.

Q: Okay, before we go on and follow you after graduation. Did I miss anything about your college experience that you want to relate?

CALLAHAN: Well, yes. When I dropped out of college for a semester, I lost my student deferment and was reclassified 1-A, or available for military service. I had applied for a 1-A-O deferment as a conscientious objector and had already submitted my application to the Fairfax County draft board. But in the interim, I was back at Dayton, in my junior year and was directed to present myself to the regional draft center in Cincinnati for a physical examination. This was upsetting. When I was enrolled at the University my freshman year, Reserve Officers' Training Corps (ROTC) was mandatory. Because of my whirlwind enrollment in my new university, I had no idea what was going on until I was being issued a uniform, a fake rifle, doing drills, being told to cut my hair, and getting lessons in field combat strategies. I was against our efforts in Vietnam so I dropped out of



Graduation picture University of Dayton 1972

class and failed my ROTC course. This of course put me in a very difficult situation in terms of graduating. What was I thinking? Thankfully, public pressure eventually forced Dayton to change the mandatory ROTC requirement and I was allowed to graduate.

But in the interim between sophomore and junior year, I was not in compliance with the draft laws since I had dropped out, even though it was only for a semester. There I was, in downtown Cincinnati standing in my underwear taking a physical exam for the Army. I was very, very bitter about what had transpired but it was simply due to my poor planning. My father had made a career of the Navy. In thinking about the military, I thought I would do very well. I didn't quite aspire to it, but I often thought I'd be a good soldier or a sailor. The war was robbing me of a choice.

They were telling me I would have to go into the military and fight an unjust war. I was thinking of what Mohammad Ali said about how no Vietnamese ever shot at him so why should he shoot at them. I felt the same way and was philosophically radicalized. Thankfully, I had enough sense to not sleep the night before going to the draft board physical. As a result, my blood pressure was off the charts. I was told I had a serious medical issue. To ensure that I wasn't faking it, they said I could go to my college health unit and have them record my blood pressure, morning and night for seven days straight. That was an interesting seven days. At the time, the draft lottery was coming about and thankfully my number was high enough that I was not drafted. I had friends that had joined ROTC and gone into the military. It was a kind of bittersweet time for me. My father, several uncles and two aunts were in the military in World War II and Dad again in the Korean Conflict. I felt I was shirking my duty and responsibility, but serving in Vietnam would just be out of the question. There was a lot of mental anguish in that thought process.

Q: Sure. Okay. Then, as you're approaching the end of college, and you're now out of the draft, more or less, what are you thinking about post college?

CALLAHAN: In 1972 the job market was tight. I had a number of friends that were living communally in Kentucky and I decided to hang around with them for a while but I chose not to be a part of that communal lifestyle. Frankly, it was just a little too far to the left for my personality. However, I enjoyed their company. But I really wanted to do something that would allow me to use my education. I had a friend who worked for ABC News and he helped me get a job as a contractor film courier.

Q: Interesting.

CALLAHAN: I was given a BMW R50 motorcycle with a 500-cc engine. My job was to meet up with ABC's national evening news journalists, after they had completed their reporting and filming of a newsworthy event. This could have taken place in front of the White House, the Capitol, the Supreme Court or an embassy event. In those days, 1972-1974, everything was done on film. The film crew would give me the canister with the raw film and I would jump on my bike and zip through DC traffic and take it to ABC

News headquarters. The ABC technicians would then upload it for the evening news. This was at the time of Nixon and the Watergate era. Exciting times!

Q: Yeah, I'm sure it was.

CALLAHAN: I had the evening shift, meaning I started at eleven in the morning and it would take me through much of the evening. I would have pickups after embassy parties or mid-to-late afternoon breaking news events. What was especially fun was the pooled press coverage at the White House. They pooled the filming for the then three major networks, ABC, CBS, and NBC. When it was the ABC's turn to record the press conference, I would arrive as early as possible so I could hang out in the back of the White House press room to watch and listen. Also to get close to the Sam Donaldson's and Dan Rather's of the evening news world. I had an ABC press pass (actually I still have it) which allowed me to cruise in through the back entrance of the White House and park my bike right up front. Things sure have changed.

Q: Interesting. Yeah, certainly an exciting time. And a pre-internet time, a pre-information explosion time. Okay. From here, how long did this last?

CALLAHAN: It lasted a bit over a year. It was a fun and interesting job. I hoped it would turn into an opportunity to do something along TV production lines such as a cameraman at a local TV affiliate of ABC. After all, that was my education. I would let everyone at ABC News know of my degree in TV production (technically it was Communication Arts). I knew how to operate a camera so I would cozy up to the cameramen, but to no avail. It was frustrating. As much as I liked ABC News, they weren't there for me.

Q: Wow, that's rough. Yeah.

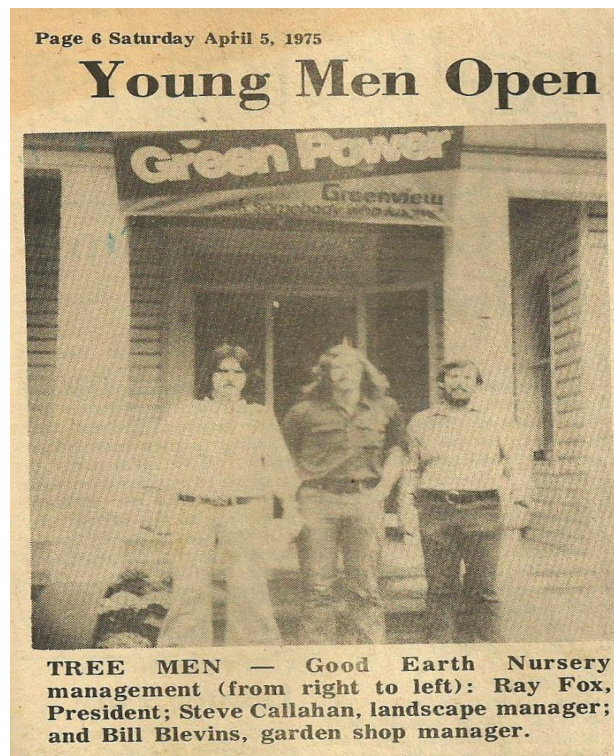
CALLAHAN: Well, not really. It set me on a new path, with which I was just fine.

Q: Well, all right. How did you find the next job?

CALLAHAN: At that point, I was still in the DC area but living with college friends from Dayton. My parents still lived in the area. I thought I would start my own business. I wanted to be an entrepreneur. Dad had started a business after the Navy and it just seemed like the best thing to do given the tight job market. I thought I would start a lawn cutting business. I started the necessary market survey by interviewing several owners of lawn cutting companies. In doing that, I met this one fellow who had started a small business and seemed to be doing well. He was leasing space at the Westcott nursery, a well-known and established azalea growing nursery in Falls Church. In the course of

interviewing the owner, he suggested there is no money in a lawn cutting business but there is money in landscaping and garden centers. He was starting a landscaping company and suggested I work for him and learn the business.

I'm thinking, well, it's an income, I can learn the business, and why not? I joined the Good Earth Landscaping Company. About a year later, it became the Good Earth Nursery. I got along well with my boss and actually bought a small percentage of the new company. We opened up a retail shop in downtown Falls Church, and later one in Burke, Virginia. And of course, at the beginning we focused on landscaping. I became the landscape manager and eventually general manager (GM). As GM, I handled day to day operations including inventory, hard good purchases, scheduling of landscape crews, and running the retail portion of the business. We hired a bookkeeper to do payroll and eventually two landscape architects. We had contracts to landscape the Marriott Hotel at Dulles Airport, the Marriott headquarters, and the interior lobby of the new Saddlebrook, New Jersey Marriott. I visited wholesale growing nurseries to buy stock and became an integral part of this business. We were written up in the Northern Virginia Sun. It was a success because it was kind of a "happening" business of the time, selling nursery stock and houseplants, back to nature. Remember we began celebrating Earth Day only a few years prior. The shop itself was a large, southern architecture civil war era house that we



The Good Earth Nursery and Garden Center, Falls Church, Virginia 1975

converted into our garden center. The business was a very successful time for me in terms of learning how to manage resources, personnel and how to just become a good manager. That management experience eventually made me competitive for entry into Peace Corps.

Q: Okay, so up until then, you really had no other international experience. So where did you get the idea to join the Peace Corps?

CALLAHAN: Well, while we had our garden shop in Falls Church, we thought it might be good to sell fresh produce. We met this gentleman who was growing food organically in West Virginia and he wanted to sell it wholesale. We thought we could sell produce on the weekends. He would bring produce from his West Virginia farm in time for our weekend sales. In the course of his visits, he would regale these stories about being a Peace Corps volunteer in Ethiopia. What I found most fascinating was not so much his experience as a volunteer, which was very interesting, but rather his travels through Africa, learning Amharic and a new fascinating culture. He had an understanding and appreciation of a world that was very different from what I had experienced. That sat in my mind. It was probably two years later when the nursery business dissolved that I saw an opportunity and joined the Peace Corps.

Q: So now what year does this business dissolve and you begin to consider Peace Corps?

CALLAHAN: Well, I left the business in '79. We were leasing the house and property in Falls Church. The owner was a prominent local building construction magnate. He's still in this area, L.F. Jennings. Since he owned the property, he said he would build us a building or we could buy the property outright. We were not in a position financially to do either. My boss decided to buy a piece of property in nearby Burke, Virginia across from a new mall, Rolling Valley Mall. My partner, the senior partner, was a very smart guy. He went to the Zoning Commission in Fairfax County and realized that the State was planning to widen Old Keene Mill Road, eventually having to take some of the property that he just purchased.

When purchased, the property was zoned as residential, a house on seven acres. About a year later the county decided to buy two of the seven acres but only after we had petitioned and successfully had it rezoned commercial real estate. We had a business and it was appropriately rezoned. The State of Virginia paid commercial price which basically paid for the initial purchase or investment. At this point, I had transferred my investment in The Good Earth Nursery to purchase the land. All of a sudden, the property, frankly, became more valuable than the business. With that in mind, my partner wanted to sell the business. I wasn't interested at that point, because frankly, he wanted to split it up selling

the retail portion from the landscape business. I said, not interested, I'll join Peace Corps. We sold the property and I applied to Peace Corps. In the interim I hung out in Orlando, Florida, for about six or seven months while waiting to be accepted.

Q: Okay, okay. Waiting in Orlando, was that on your dime? Or did the Peace Corps say, come on down, we're going to begin your training. How did that work?

CALLAHAN: This was at a time soon after my father had died. The business was dissolving and I'm thinking what can I do. I had a dear friend from college. He was an engineer for Buena Vista Construction, owned by the Disney Corporation. I stayed with him and his wonderful wife. My college friend had a Disney colleague who was the director of landscaping for Disney World. I did small side jobs for him while I was waiting for the Peace Corps process which took six or seven months.

It was a bit of a challenge, just waiting. The Peace Corps actually finally offered me an assignment in Honduras and it really sounded great. I'm going to get Spanish training and I'm going to be in Central America. I was so excited! Then a couple weeks before the departure, Peace Corps said the program was canceled. I don't remember why but I do remember calling my recruiter and telling her I need to go somewhere or I'm moving on to something else. Much to their credit, Peace Corps quickly offered me a volunteer position in the Philippines, working with the Philippine Central Bank and a World Bank loan scheme.

Q: Interesting.

CALLAHAN: It was just a gift from heaven. The timing was perfect. It turned out to be an incredibly fascinating and interesting Peace Corps job. Most Peace Corps volunteers live in rural communities. They work in a fashion usually very different from city volunteers. But I had a job at a bank. Not just any bank, the Central Bank. I had to wear proper clothes; I had a tailor make me dress slacks and a few dress shirts, barong Tagalog, similar to a Latin guayabera. I was a part of the bank personnel subject to the same rules of decorum and work expectations, in essence an employee serving as an auditor. Imagine a big guy, just over six feet tall, speaking Tagalog, showing up at a rural bank with Central Bank credentials and asking to see the records for this World Bank loan program. I surprised a lot of folks.

Q: Okay, now, did they give you any Tagalog training? Or did they just say well enough Filipinos speak English, you'll be fine.



Peace Corps Tagalog language class, Bulacan, Luzon, Philippines, 1980

CALLAHAN: Actually, I did receive language training. There were 101 other incoming Peace Corps volunteers, after meeting in Seattle, Washington for orientation and shots. We were in five different groups: small farmer income generation, fisheries, small business development, municipal development and physical therapy education. I was a Small Business Development, commonly referred to as a Central Bank volunteer. We had our training in Pandi, Bulacan, just north of Manila. It included seven weeks of Tagalog training. I had one other gentleman that was in that class with me. We're still very good friends after forty years. We learned Tagalog together. At the same time, we were trained in the basic elements of Central Bank's audit process, doing financial analyses, how to do internal rates of return (IRR), and feasibility studies. We focused on implementing the “Masagana 99” program. It was initiated under Ferdinand Marcos as a fully collateralized loan program for Filipino small business owners. Training was a wonderful experience. I really enjoyed not only learning the language, but it put me on a path of just loving everything about the Philippines, its people, its culture, its food, its history. I enjoyed my time there immensely.

[The Returned Peace Corps Volunteer Oral History Project](https://kentuckyoralhistory.org/ark:/16417/xt71qgbsr6sr2)
<https://kentuckyoralhistory.org/ark:/16417/xt71qgbsr6sr2>

Q: Now, given the experience you were having there in essentially the financial sector and as an auditor, you weren't a bit dispirited by the extent of corruption?

CALLAHAN: Well, there was and still is corruption, especially when you think about journalist Maria Ressa, and all the things that she's gone through under President Duterte. The Central Bank had a Rural Bank Division and I was assigned to the Manila loan team. I was visiting rural banks in the Southern Tagalog region, which are eight or nine provinces, south of Manila. I believe I was assigned to headquarters primarily because that's where this loan program was introduced where many of the loans were beginning to default. Loans were failing because of many issues but mostly poor planning and a lack

of training for the borrowers, and a general lack of financial and management support from the banks. Also, there was a belief by many Filipinos that since it was government money, they would never collect the collateral if they defaulted on loan payments. However, the Bank was foreclosing on faulty loans.

As a result, I did a lot of loan restructuring, rather than looking for new borrowers. I found that to be really my forte, because, to be honest, all the other volunteers had master's degrees in finance, or MBAs, or had worked for a bank. It was intimidating because my credentials were that I managed a small business, The Good Earth Nursery. Although I didn't have the degrees of my colleagues, I was a general manager for five years which gave me the necessary credentials for the volunteer position. In this case, it actually made sense. I helped borrowers with inventory control, cash management, personnel issues, marketing, etc. They very wisely put me in Manila.

Very early on, I learned that my Filipino Manila loan team leader had been in one of the provinces but was brought back to Manila because the Peace Corps volunteer on his team claimed he had been taking kickback money from borrowers. Instead of firing him, they brought him into headquarters to keep a close eye on him. With that backdrop, I quickly realized why my new boss didn't want to have anything to do with me or the other volunteer assigned to Manila.

No problem. We basically went out and found those loans that were faltering, of which there were many. We were left on our own, for the most part. A few of the more sympathetic loan officers would give us leads. The job required a fair amount of travel which suited me fine. Of course, as an employee of the bank, I had credentials and per diem, and I would travel by Jeepney, bus, ferry, or plane to wherever I needed to go and visit the rural banks and their borrowers. It also gave me an opportunity to discover parts of the Philippines that I wouldn't have otherwise had the opportunity to, and at the same time, create a feeling that I was there to support its people in the program. Many of the loans had been made for things like rice threshers, equipment for small businesses to produce T-shirts, and coffee drying equipment. I remember one young entrepreneur built a small fire extinguisher business. I felt I added value in a way that I don't think I would have if I had been assigned to another loan team.

Q: Interesting. Now, also, what year were you doing this? The auditing and the restructuring?



Central Bank of the Philippines, Banko Sentral ng Pilipinas, Manila, Philippines.

CALLAHAN: I was in the Philippines from 1980 to 1982. I was happy to be assigned to Manila and living about an hour south in the Province of Batangas. I was at bank headquarters four or five days a month and the rest of my time I was on the road. Peace Corps and Central Bank Headquarters were both close to the embassy. When I was in Manila, I would spend time at both offices and visit the embassy for lunch (great hamburger and fries). The embassy would let volunteers in with a show of their badge, no problem. This area of Manila was Ermita, a mix of bars and nightclubs.



Assisting a small business owner as a Peace Corps Volunteer in the Philippines. My job with the Central Bank of the Philippines meant visiting rural banks and their borrowers on the islands and in the provinces of the Southern Tagalog Region of Luzon.

Soon after I started my job, I needed to find a place to live. Peace Corps staff suggested hostels until I could rent an apartment. On a visit to a rural bank in the nearby province of Batangas, I asked the rural bank manager if he knew of any apartments to rent. He said he knew where I needed to be. He told me, “You must stay with the Mabilangan family”. I wanted to rent a room or an apartment for myself. My logic seemed to make sense: all of my fellow Central Bank volunteers (about twenty-five) lived on their own, and the fact that I would presumably be traveling a lot, as well as my own temerity of living with a family. In spite of my reluctance, I was introduced to this petite woman who said she knew everything about Americans and Peace Corps. She had hosted a volunteer ten years previously. I thought, “yeah, sure, this is not going to go well”. I was too embarrassed to say no. So, I actually said, I'll see you in a few days. I returned as promised and living with this wonderful family was truly the best thing that happened to me in my Peace Corps experience. My Tagalog skills increased and I began to more fully appreciate the Filipino culture. My new family consisted of the parents and three children, ranging in ages of eighteen to late twenties. I fit in just fine. I was expected to adopt Filipino customs such as greeting my host parents by placing their hand on my forehead and saying “mano, po”, mano, meaning hand and po, as a sign of respect. Basically, asking for their blessing. Both parents and their children are deceased but I keep in touch on Facebook with their grandchildren.

Q: Yeah. The reason I asked you what year is because obviously, we're getting into the decline of Marcos but also all kinds of movements; communists, the Moroz and so on. To what extent were you aware or did those affect you?

CALLAHAN: We were living under martial law at the time. The sentiment of my host family was that Marcos was corrupt and evil. Their eldest son, whom I never met, was killed by a policeman while attending college in Manila. He was somehow in the middle of crossfire; the wrong place at the wrong time. It was a tragic story. It, of course, left my family bitter.

It was easy to become jaded about Filipino politics. Imelda Marcos appeared to be more of a queen than a First Lady. Central Bank employees received good salaries and benefits and reaped other benefits of being under the auspices of the Marcos family. Peace Corps volunteers were invited to Malacañang, the Filipino White House, and there were always important dignitaries coming into Central Bank that were associated with the Marcos government.

I stayed clear of political issues only because as a Peace Corps volunteer, we were not there for any overt political purposes. But I was aware of these happenings and kept my

distance from the police and any issues having to do with the Filipino government. I knew that the loan officer for Manila, theoretically, my boss, was the sort of guy that could have created problems for me if he so chose. It was that kind of a system. In spite of that, I enjoyed what I was doing and felt there was benefit. It was hard enough dispelling accusations from people in our small town of Santo Tomas regarding any relationship with a U.S.G. intelligence agency.

I returned stateside in 1982 after hearing my mother suddenly died. It was at the end of my two-year commitment as a volunteer. I hadn't seen my mother in two years so it was obviously a bit traumatic for me. Luckily, I was quickly offered a job at Peace Corps headquarters.

It was at that time that the Peoples' Power Revolution movement of Cory Aquino came about. Peace Corps was celebrating its twenty-fifth anniversary. Of course, my feelings of the Philippines were still strong and I had a perspective that I was in a position to finally say something. I felt clearly the Aquino government was a much better answer to the needs of the people of the Philippines.

Q: Yeah, sure. Just as a quick aside, I was working in the operation center in the beginning of '88. We were on what we used to call the Marcos Deathwatch because by then I think he had just about left and gone to Hawaii. He was very sick. While I was there on the operation center, he died. And there was all the post Marcos stuff going on. But okay, you're back, you worked at Peace Corps headquarters. And you've had a wonderful experience. How do you find out about the Foreign Service and when do you get interested in it?



My Peace Corps host family, Santo Tomas, Batangas, Philippines, 1980.

CALLAHAN: Well, when I came back from the Philippines, I was attempting to find work with the International Catholic Migration Commission (ICMC), which was one of

the many organizations working with refugees coming from Vietnam. There were refugee camps in two locations in the Philippines, Palawan and near Subic Bay area. I had visited the camp in Palawan during one of my Central Bank inspections of a rural bank. Also, I had friends that were working for ICMC. I wanted to stay in the Philippines after my service but then my mother passed. Her death was sudden and of course I wanted to return stateside to be with family.

I had been interviewing with ICMC and the hiring chief of party indicated that he would be willing to hire me, but he couldn't hire me from abroad. I needed to be physically in the Philippines. I learned later on that was because he didn't want to pay the off-shore or stateside salary. He wanted to hire me with a smaller, local salary. And if something went haywire with his budget, ICMC could always say, sorry, buddy, it's on your nickel, you got here on your own and now you pay your way home.

Besides I had three younger brothers that were still living in my mother's home. My father died a few years previously. One brother was starting college, another brother was in his senior year of high school and a third brother was considering enlisting in the Navy. I felt I needed to stay. The Peace Corps Philippine desk officer told me she would recommend me, if interested, for a WATS line job.

WATS was the Wide Area Telephone Line Service that basically was a flat rate long distance call service. In common parlance, an 800 number. People interested in volunteer service would call and ask all sorts of questions about the Peace Corps lifestyle. I didn't last too long with that job. I remember one call from a dentist in Texas. He wanted to donate all of his dental equipment, i.e., drills, chairs, etc. He was remodeling. He said he wanted the tax write-off and of course, he wanted Peace Corps to pick up his "donation". I was losing patience with these types of calls.

I moved to the Placement Desk. We reviewed applications and invited volunteer candidates to positions that met our criteria and their interest. Eventually I became a Support Services Specialist, basically a general services officer. My responsibilities were administrative management and logistics including managing the HQ supply room, warehouse and contractor laborers (outside painters, movers, etc.). I liked the job and I was good at it.

After a couple of years as a Peace Corps staff member, I pursued getting a master's degree. Because of costs, I looked for openings as a paid Peace Corps recruiter at several universities. I had applied to the graduate studies program of Miami University, Oxford, Ohio in the International Relations program. I was accepted but sadly, there were no recruiter positions available. I didn't want student debt and deferred attendance.

Q: Interesting. So, you continued for a while at least at Peace Corps.

CALLAHAN: Yes. I enjoyed the camaraderie of other returned volunteers. It gave me valuable experience. In addition to my owner/operator business skills from the Good Earth Nursery and Peace Corps service I was competitive as an Executive Officer for USAID.

Q: Okay. Now, then, because you're in the U.S. government, international service circle or family. You mention now that you become aware of USAID. But how specifically did it happen?



Peace Corps Philippines headquarters, Manila with our local staff and Larry Foley (top, left), later a USAID EXO. Larry was tragically assassinated in Amman, Jordan in 2002 as he left his home for work at the Embassy.

CALLAHAN: My office in Central Bank was very close to Peace Corps, the Embassy and USAID offices. I spent time in all three locations. I wrote a few articles for our Peace Corps newsletter, including an interview with USAID Mission Director's Mary Kilgore. I spent time with Bruce Stader, a USAID commodities officer that worked with an excess property program. I explored the idea with him about using excess property for one of my rural bank borrowers. That never came to pass (actually it did later but as an EXO in El Salvador) but I was learning about government bureaucracy and making connections!

Later, as Peace Corps staff, I applied to be an overseas administrative officer. The five-year limit could be extended if you took an assignment overseas. Peace Corps' five-year rule allows one to work up to five years. That rule has changed somewhat but I knew my time in Peace Corps was limited.

I was in my third year when I applied for an overseas staff position. I didn't get the job. But I found out that the secretary of the Peace Corps Director, Loret Miller Ruppe, did get the job. I really loved Loret Miller Ruppe, and to the victor goes the spoils, I get that, but really, her secretary? She may have had the skills necessary for the job but I was a returned volunteer and didn't even get an interview.

I met a recently returned Peace Corps country director working in HR and asked if I should grieve the process. Bill Granger is a well-known mentor and hero in the annals of USAID executive officers. Bill said to me, "Steve, your resume is fine. You've got all the skills and experience necessary for jobs in the federal world. Don't let this stand in your way because once you identify yourself as a griever, it's going to follow you throughout your federal career". Basically, he said "suck it up, buddy, and just move on". Bill was absolutely right.

Lo and behold, about three months later, I got a phone call from Bill. It was a Friday afternoon. I'll never forget it. Bill told me was now working with USAID on a program recruiting interns to USAID. He asked if that interested me. Of course it did. I met him that afternoon for more details. He encouraged me to fill out an application.

I was one of about one hundred applicants. Ten of us were selected. In Manila I had seen how a USAID office functioned and had a basic understanding of just what an EXO does. USAID doesn't have an entrance exam, per se, rather a Technical Review Committee selects the candidates. During the interview, I described my conversations with USAID staff in Manila, the excess property program, my work as a GSO for Peace Corps, interviewing the USAID Philippines Mission Director and writing an article about development assistance.

At the time, USAID had GSO positions in addition to EXOs. They've since incorporated GSO duties into the EXO scope of oversight but experience such as mine was an entry point for EXOs. Nowadays, I may not be particularly competitive but back then, I was competitive. Thankfully I joined USAID just as my five-year limit working for Peace Corps was coming to an end.

Q: Okay, and which and now, which year is this?

CALLAHAN: September of 1986. This was an important time for me because I had just gotten married. I met Linda while we were working at Peace Corps. I've told Linda many times that when first seeing her, it was the same scene in the novel *The Godfather*, when Michael Corleone sees Apollina for the first time. It was like being hit with a thunderbolt, the Italian expression "colpo di fulmine". Linda and I have been married for almost forty years. Without a doubt, our life in the foreign service has been a team effort and Linda and I have relied on each other's counsel and support throughout.

Linda was of a similar background in many respects. She was a Navy brat, growing up in the DC area, her family is also from New York, same religion, etc. Linda graduated from the American University with a degree in International Relations. After Peace Corps she worked with the U.S. Feeds Grain Council. Everything was coming together and the USAID offer was just a wonderful opportunity for us.

Q: You were living on your own at this point and your brothers were also on their own. What else were you involved in?

CALLAHAN: After I returned, we sold the family home. My brother Tim was the family lawyer and he did the heavy lifting. Seven siblings had already married and were in relationships and on their own. Three of my brothers and I rented a place for about a year as we figured out next steps. Just before Linda and I were married, we bought a townhouse together on Capitol Hill.

But about a year after I returned from the Philippines, I got a phone call from Liz Abernathy. Liz was the Co-Peace Corps Director in the Philippines with her husband John. There were a number of political country directors back then. Liz and John were staunch Democrats. This is during the Carter administration. When Reagan was elected, they of course, moved on. They came back to the DC area and we stayed in touch. Liz called and said, "I'm having a little dinner party for some returned volunteers. I'd like you to come over and chat about an idea that we would like to explore".

The idea was to establish a 501c3 foundation for Filipino students to receive scholastic scholarships. Our group of about twelve RPCVs and the Abernethy's talked about a mission statement, how to legally establish the organization and how to solicit funds. We decided on the name The Peace Corps Alumni Foundation for Philippine Development (PCAFPD). We elected board members. Once we formally established the foundation, and given the political influence of the Abernethy's, we had a kickoff event at the Stewart Mott Foundation on Capitol Hill. We raised a fair amount of money. We were off and running. We had twenty or thirty applicants our first year, and provided scholarships to a handful of them. We had several concerns such as how would we sustain our foundation,

how we would do outreach for sponsorships, etc. PCAFPD is a vibrant organization forty years later. After I joined USAID and prepared for my first assignment, I was no longer on the board.

I'm surprised I was invited to the initial meeting for the foundation. Liz Abernathy, being the Democrat that she was, took me aside on that first night of her dinner party and said, "I was a little reluctant to call you, Steve, because I know you're such a dyed in the wool Republican". I had to laugh. I told her I didn't know where she got that idea. I was stuffing campaign letters for the Kennedy-Johnson campaign when I was eleven years old. My dad received a call from Sargent Shriver to work for Bobby Kennedy's new EEO program for the Navy Department. I gave her my history. It was a laughable moment. I was definitely in good company.



PCAFPD Board Members, July 1984. From left to right, first row: Elizabeth D. Abernathy, Jan T. Twarowski, Angelita Altea; second row: Stephen F. Callahan, Christopher T. Polydoroff, John T. Abernathy, Christopher E. Rich, F. Chad Walter and Vicente Borneo. Not Pictured: Melvin Beetle, Modesto de Jesus, Denise Conley Lionetti, Robert J. Wilson, P. David Searles, Thomas Dine, Timothy Casey.

**The founding board of directors for the Peace Corps Alumni Foundation for
Philippine Development, Washington, DC.**

Q: Now, do you get married once you enter USAID or before? When did that happen?

CALLAHAN: During the USAID Technical Review Committee interview, I explained that Linda and I were engaged and planned to be married soon. The offer came fairly soon thereafter, after medical and security clearances. We were married by the time I joined the Foreign Service. Once onboard, training was in Washington and lasted over a year. I had to obtain a contracting warrant, learn the Foreign Affairs Manual (FAM) and Federal Acquisition Regulations (FAR) and USAID-specific contracting regulations (AIDAR), as well as USAID policy manuals. I also had to meet a basic language proficiency. During that time, Linda continued at the U.S. Feeds Grain Council.

We left for our first assignment in Kenya but stopped in Rome for a week's vacation in late 1987. When Linda left her job at the U.S. Feed Grains Council, she was making a good salary and enjoying her job. Now, as a one income family, we learned how to

budget. Housing of course was taken care of but there are always other expenses. This was back in the day when most women were the trailing spouse, not the Foreign Service officer. Thankfully this has changed. Linda was offered and accepted a position with USAID Kenya Regional Housing and Development Office (RHUDO).

Q: Do you want to take a moment and describe how the training before you went overseas went? What you recall of it. Its value to you in your career?

CALLAHAN: It was an important and necessary acclimation to the Foreign Service and of tremendous value. As a matter of fact, in preparation for today, I went through my 1987 International Development Intern (IDI) training program, which was just fabulous training. So much so that in retirement as a USAID contractor, I used the same training plan as a model for the 2015 batch of incoming EXOs. With my friend and fellow retired senior foreign service officer colleague Ron Olsen, we prepared the training program for the incoming 2015 EXOs.

During my initial training I learned that as an independent agency, we still were required to follow many of the regulations in the FAM, and the Department of State Standardized Regs, U.S. code, etc. That said, USAID has some discretion. We spent a considerable amount of time reviewing the USAID handbooks which referenced the applicable FAM regs. This was before the internet. USAID-specific regulations were in a series of handbooks. We were given common problem scenarios to interpret and offer opinions on the proper actions. For example, if someone wanted to ship a horse as part of their household effects, would USAID pay? And yes, that was an actual request. We couldn't simply say no to a bad idea. We would review the request, its justification, research the regulations and provide what options or limitations were available to the employee.

In those days, USAID did its own residential and building leases so we learned extensively about U.S.G. leasing procedures and preparation in order to sign leases. As an EXO I would also need a contracting warrant and to learn the rules about simplified acquisition (small purchases). For that, I spent several months in the USAID contracting office taking courses and learning my craft. I spent six months at the Foreign Service Institute (FSI) in Rosslyn, Virginia, learning Spanish. The Foreign Service requires that one must demonstrate a minimum competency in a foreign language. It assures the agency that if or when the need arises, the officer can be fully trained in the appropriate language.

The training period as an International Development Intern (IDI) was well over a year but a dream for any new management officer. There was no pressure other than what we put on ourselves.

Q: Great. And, of course, they no longer do that kind of training for new USAID officers. That was one of the reasons why I wanted to ask you about how valuable it was for you.

CALLAHAN: Well, no. Actually, they still do that type of training for the many areas of EXO oversight. For example, travel and transportation, property management, information technology, contracting warrants, human resources, budget, property management. As an agency made up of specialists, we have certain fiduciary responsibilities that have to be abided by, in a way that requires we both protect and follow the money. I believe USAID is also, in its essence, a money manager. We receive funding from the US Congress and manage its distribution and implementation through our programs. The Inspector General and Congress closely follow those large sums of money. The Office of Foreign Assistance (F Bureau) at State Department was created to better understand not only how the money is being spent on behalf of the U.S.G. but how to direct and manage its distribution.

The USAID EXO is a part of that oversight. As an example, EXOs manage the USAID relationship with the International Cooperative of Support Services (ICASS). Whereas in my day, USAID managed for ourselves much of what is now offered by ICASS.

I became intimate with how ICASS unfolded while EXO in El Salvador. We were one of four pilot missions. And later, as Director of the Office of Overseas Management Support (M/OMS), we negotiated with State about combining and joining the housing pool, furniture pool, general services, motor pool, etc. For a few years, I had several nemeses at State as we battled how USAID would participate and buy services from ICASS. Virtually everybody in USAID's administrative world distrusted the Director of the Bureau of Administration, later the Undersecretary for Management, Patrick Kennedy, for his seemingly unwarranted attempt to take over USAID management. The two agencies have since kissed and made up but there was blood on the conference room tables (figuratively speaking) after many interagency discussions. A very challenging period for all involved in the discussions.

Q: Let me go back a second. Most people outside of the State Department USAID world won't know what ICASS is. Can you just describe that?

CALLAHAN: ICASS is the International Cooperative Administrative Support Services platform, which replaced the Foreign Affairs Administrative Support or FAAS program. Basically, ICASS was the attempt to continue to provide basic administrative services such as housing, health care, mail services, travel and transportation, cable traffic,

procurement, security, personnel, etc. but for State to be fairly reimbursed for these services.

In fairness, prior to ICASS these services of supporting other agencies overseas were crippling State's operations budget. The idea was to institute a fairer cost distribution system. The concept was it would be on a voluntary basis for agencies. Independent agencies could still manage those services they preferred other than the ones managed exclusively by State such as health unit, mail and cable traffic, etc. Quickly the conversation turned into a mandatory requirement to purchase more and more services. That is when we started to "negotiate" what administrative services would be combined under ICASS. The Office of Management and Budget (OMB) was involved and supported the idea of mandatory services. The common argument was that a single service provider offered an economy of scale. If USAID could provide a service that was more cost efficient at the same level of quality, they could theoretically be the ICASS provider.

I'll talk about this later when I was in Washington as director of M/OMS. USAID Administrator Andrew Natsios was at the helm and we followed his lead. We fought tooth and nail, because we didn't believe that State could provide services to us that we could do better for ourselves. But at the time, we were subscribing to a voluntary implementation of ICASS.

Q: Okay. The reason I mentioned earlier is that the initial internship was no longer done. You entered as an executive officer, I was thinking that the international development interns usually rotated through a lot of different offices, those coming in program offices and other specialties. Did you actually have the opportunity to go to different offices and observe the different ways that USAID carried out its congressional mandate?

CALLAHAN: Well, we did, but we were hired as specialists in the management field and that's where our training pretty much stayed focused. And therein lies the disdain that many State folks had, believing we weren't actually diplomats, but technicians. USAID officers did not take the foreign service exam. Instead, Technical Review Committees selected candidates based on their technical competencies. It was just prior to my coming on board that USAID received diplomatic passports. We were becoming fully integrated in terms of development priorities being a part of a national security strategy and hence part of our diplomatic structure. My focus was on the administrative side of the house.

I will say that, at my new entry training, in September, October of 1986, we had an opportunity for a Senate Foreign Relations Committee senior staffer, Charlie Flickner, to talk to us about congressional earmarking. It was revealing to me and some of my

colleagues. Charlie told us how the sausage is made, how an earmark is created. He didn't mention how members of the Senate were involved until directly asked. He told us that the congressional staffers do all the work. They could prepare a two-hundred-page document, but how and to what degree were the senators involved? Charlie joked that congressional staffers knew best. Well, in essence, they did. Staffers could interpret the political positions of their Democrat or Republican bosses and put it in the legislative proposals. The reality is the earmark process, the actual writing of a bill, is very complicated and involved. Any earmarks, timing, required notifications, are all critical.

As EXOs we learned these issues as we went along but the disadvantage for EXOs was we were not trained in program management in the same way as a Contracting Officer or Controller. Their need to know about the program cycle, pipelines, mission strategy, resources, etc., made them more competitive for Mission Director jobs. EXOs' roles as administrative managers diminished under ICASS and for a while, there was talk of abandoning our job category altogether. USAID's head of personnel Dave Eckerson told us at a worldwide conference, "EXOs are toast!" Many EXOs saw the handwriting on the wall and looked to move into deputy and eventually mission director positions.

Q: Now, I do want to ask you a question about earmarks since you did get an opportunity to listen to it at this point, mid to late 80s, what were the earmarks typically like? In other words, was one senator's office interested in food assistance, another one in developing the private sector and so on? What made the earmarks different?

CALLAHAN: Well, I think Charlie Flickner was suggesting that within a piece of legislation, there would always be special provisions, or earmarks, to both appease constituents' interests but also to allow for a bipartisan passing of a bill. So, there were always special projects to implement and specific conditions by which they could be managed. The issue I think you're referring to was in the 1980s and 1990s, when there were so many earmarks that it inhibited USAID from fully carrying out its mission. The reporting requirements to Congress were onerous, sometimes the earmarks would require certain organizations that should or should not be used in implementation, and the like. When I was deputy in South Africa, I know we had an earmark for PEPFAR that required a certain percentage of funds be used on treatment. The concerns about earmarks have always been that it didn't allow for much flexibility in programming.

With so many earmarks and directives, it inhibited missions in their ability to provide the type of assistance based on their analyses or mission strategy. When I was in Malawi, I know there were limiting earmarks for educational projects. In Romania, Congress imposed so many earmarks and directives that there was very little flexibility to meet the needs outside of the earmark.

Q: I have a very general question that always comes up. Why is the United States spending money in a foreign country to develop a foreign country when we need the money here at home? It always strikes me that this question assumes you don't know that most of the money that USAID gets is spent on contracting Americans.

CALLAHAN: That's exactly right. First of all, foreign assistance is less than 1% of the annual budget. But for that relatively small investment, foreign aid helps create strong trading partners and economic relationships, and it strengthens us from a national security perspective. For example, PEPFAR not only helped contain HIV/AIDS from entering our borders but it also helped to save lives.

Also, I think it worth noting that much of our foreign aid comes back to American companies, either through the organizations we hire to help implement or products we make or food aid we provide in times of need.

I had an opportunity to talk to Representative King of New York at a reception in Lima. He was there as part of a CODEL (congressional delegation). I didn't bring up the subject but he was asking the same sort of question, what does USAID do with all the tax dollars they are given. I had an opportunity to explain some of the values of foreign assistance. Implementing assistance programs helped ensure Peru would continue as a strategic partner in the region. Also, our relationship is based on their success as a democracy. It strengthens our diplomatic relations and the economic relationship for trade agreements, of which we were involved in Peru. Many forget that when we address a country's economic issues through foreign aid, it keeps people at home and working. Because if they're hungry here, they're going to come to the United States to get fed.

USAID used to do many capital construction projects. If we build a road in rural Tanzania, it helps farmers bring their products to the port city so they can be sold to Europe, to the United States. The result is we have a better trading partner, their democracy is better insured, people reaching a middle income, etc. That's the strategy. And that's really the rationale for using these implementers in the way that we have.

I'm not sure if that had any impact on the congressman but it felt good to have an opportunity to explain some basic USAID values. He was courteous and listened. As many State officers will tell you, official receptions are not just drinking and eating, they are work!

Q: Sure. I think we're at the point where you're going to get an assignment. After you were trained at headquarters and had the opportunity to do your development internship, how did the assignment process work?

CALLAHAN: Yeah, that was a whirlwind situation. There were twelve EXO vacancies in which they wanted to slot ten of us. I was literally given a list of the available assignments and was asked to express interests for an assignment. I had a long talk with Linda. We were excited about the prospects of all these different places but I was thinking I'd love to go back to the Philippines. Maybe we can try for there.

I listed my preferences, one to twelve. I put Yemen as twelfth on the list. I explained Yemen is a culture that I think would be a challenging experience for a woman. My strong preference would be not to be assigned there. It was as if the EXO making assignments didn't hear me. "That's great, Steve, we were thinking about Yemen as an assignment for you". I wasn't really happy about the idea but Linda was great about it and we started our research of the country.

For about two or three months, we lived with the idea of Yemen. I visited the Overseas Briefing Center, and read the Post Reports. I met somebody from Yemen, and they told me all about some of their culture from strong family values to chewing qat. Lo and behold, all of a sudden, the Yemen USAID Mission closes and I'm told you're going to Nairobi. Yemen was in the midst of a civil war.

In spite of initially saying we weren't interested in a Yemen assignment we were disappointed it had fallen through. Instead, we were assigned to Kenya, which turned out to be a wonderful assignment. Actually, my assignment was Malawi, but Malawi, at the time, was relatively small, and they were building up. The Malawi EXO didn't want to train a newbie EXO so I was first assigned to USAID Nairobi. The plan was after one year of training in the field, I would go to Malawi—and that's what happened.

Q: Excellent. All right. Let's then follow you back. So, you were getting ready to go to your first assignment, which finally resolved as Malawi after a stint in Nairobi.

CALLAHAN: Yes, the Nairobi assignment was an opportunity for me to understand the processes that an EXO needs. The EXO in Malawi just didn't have the interest or capacity to train me, which was fine by me. Kenya was a large operation with five distinct USAID Missions so I had lots of learning opportunities. We were in Kenya for about fifteen months before Malawi.

A little bit of context, Kenya was under the authority of their President, Daniel Arap Moi. There was graft and corruption throughout the country. The USAID program was very sizable. It had five separate USAID Missions supported by one executive office. There was the regional support platform, the bilateral program, an Inspector General (IG) investigative office, a regional IG audit, and the Regional Housing and Urban Development Office, RHUDO.

It was here where I learned how to provide services to five mission directors who all thought that they were in the most important missions in the mission. I remember well my first meeting with my boss and eventual mentor, Ann Dotherow. In a weekly meeting, Ann and I sat across from these five mission directors, and they all had their issues that needed to be taken care of. The EXO office was a part of the bilateral mission but also had to provide administrative support to the four other missions. We of course, we're working in the days when all administrative services, such as housing, procurement personnel, general services, procurement, motor pool, etc., were all managed in-house by the executive office. We worked in an autonomous fashion from the embassy; ICASS hadn't even been thought of yet. The FAAS program, which we talked about previously, took care of incidental costs, like cable traffic, and the mailroom, etc.



USAID Kenya and our illustrious FSN warehouse team. In 1988, I learned a great deal about teamwork from these folks.

The year that I was there was a wonderful opportunity to learn, not only general management, warehouse, inventory, residential maintenance, FAAS, but also human resources. Since I was an American, I was actually made acting chief of personnel, but the reality was, Helen Oguna, a Foreign Service National (FSN), was in charge. Thankfully she took me under her wing. She used to call me honey and would say, “Honey, you come sit next to me. I will explain this, so that you understand and can be in charge when you go to Malawi”. She knew I was moving on, and she wanted me to

understand this stuff. It was a wonderful, wonderful opportunity. Helen had to suffer under the aura of tribalism, not uncommon in many countries in Africa. It was not uncommon in Kenya, in particular, in our operation, whether the embassy or one of the affiliate agencies, and certainly within USAID. If you were from the Maasai tribe and a Luhya got a job offer, HR was thought to be showing favoritism. Those were all frankly, unfounded claims, but it was a part of the culture, which made things difficult. It was a good opportunity to understand the cultural dynamic that each country has, and how to deal with it.

Q: Now, looking back roughly, how many ethnic groups are there in Kenya? Just roughly because I realized they're even among ethnic groups, and there are subgroups?

CALLAHAN: Well, that's a difficult question. I would guess there's sixty or seventy. There are the major ones, as I mentioned, the Maasai and the Luhya and numerous others such as Luo, Kikuyu and Bantu, and all had an agenda. They would form alliances and work together. I remember my EXO boss, Ann Dotherow, taught me several valuable lessons about managing in this environment. USAID had a very large motor pool, over forty cars and trucks. We had two drivers that were vying for the position of motor pool dispatcher, a big responsibility with a sizable pay increase. Both of them were very good. The candidates were from different tribes, with one being a Muslim. How do you make that choice? If you choose the Muslim you are going to completely throw the non-Muslim drivers into a state of mistrust. In thinking about how to best deal with it, Ann came up with the idea of creating two dispatcher positions. There was no prohibition against two, co-dispatcher positions. She then created the two jobs at the higher grade and split their duties. Work hours and duties were shared equally. It was a simple but excellent solution.

Q: Yeah, yeah, sure. Often, what goes to the executive officer are all of the things you need to say no to. To the extent you can, really talented executive officers find ways to say yes.

CALLAHAN: Yeah, absolutely. We used to say that a smart EXO doesn't deal in the black or white of an issue, they deal in the gray. The idea is to provide the individual customer whatever service may be needed without compromising common sense or the regulations.

Early on in my Washington training, I met Jim Donnelly, a senior EXO. As an EXO, he reached the grade of Minister Counselor. In USAID, at the time, this was unique. It was difficult as an EXO to reach the senior level of counselor (FE-OC), let alone Minister Counselor (FE-MC). Frankly, this is what I aspired to do.

Jim told a story about being EXO in USAID Cairo, our largest mission. He always first sought out the spouse after the family arrived at post. Soon after a new young officer arrived at post, Jim let him come into the office and deal with personnel matters and shipping, etc. Jim called on the officer's wife in their new quarters. He said he wanted to come by chat with her about what benefits the spouse would have for setting up their new home. Of course, he brought a dozen cupcakes, they sat at the kitchen table, they talked, and Jim told her about their drapery allowance, the embassy commissary, the Community Liaison Office (CLO), the health unit, and most importantly, schools. We do this as a matter of routine now but my point is that at the time, spouses were often left in the dark. A new employee naturally wants to focus on his job and might forget the support needed by his spouse. Jim relied on the adage "happy wife, happy life". Thankfully, in more recent years, the trailing spouse could just as easily be a man. The approach should be the same and something that I learned and tried to aspire to.

Q: "Happy spouse, happy house".

CALLAHAN: Hahaha. Yes. There you go. Thank you.

Q: But okay, let's stay with you for a while in Nairobi, before you go out to Malawi. You mentioned that it gave you enough time to learn how to sort of fly solo when you got to Malawi. Are there other career foundations that you learned in Nairobi? You've mentioned the personnel aspects but were there other aspects regarding how the mission works and how you satisfy other mission goals that can't necessarily be funded or need creative funding, that kind of thing?

CALLAHAN: Well, certainly I was exposed to many things necessary to do my job. I spent about six months in human resources, I learned communications and records, and travel and transportation procedures. I spent another five months at our warehouse, learning about non-expendable property, motor pool, inventory, housing maintenance, procurement, procurement tracking, etc. It also helped me understand the budget process, the difference between operating expense and program money, of which there is an important distinction in USAID.

One of the things I learned from Ann Dotherow, not only the obligation to help by teaching others, was the personal satisfaction one gets from supporting a colleague.

As mentioned, this was our first assignment. Ann's elderly mother was living with her as a member of household (MOH). She was a gracious and lovely woman and she took Linda under her wing. Linda had a wonderful experience learning the culture of an

embassy community. Linda had a serious medical issue; this is in 1988. Of course, it's the beginning of HIV, and AIDS so spending time in a local hospital was a bit frightening. As we went through that, and Linda was recuperating from her illness, Ann suggested to the embassy that I fill in for the Principal Officer in Mombasa while he was on leave. It was unbeknownst to me that she was going to do this. She told me after the fact not only would it be a good learning experience, it would be a good opportunity for Linda to get out of Nairobi. At the time I was a lowly FP 04. I'm thinking how the hell is the embassy going to allow for someone at my grade level to go out as acting principal officer in the city of Mombasa? I remember talking to Ann about that and she simply said, "Well, no, they don't know your grade, they accept our recommendations". When Ann attended the weekly country team at the Embassy, she simply nominated me. It was USAID's opportunity to nominate someone, and she offered me up as the candidate.

Q: Now, just one thing quickly here. FP-04 is a grade. But it is a kind of entry level grade. It doesn't necessarily mean you're earning a very small salary. It depends on how many steps you're brought in. But it does indicate that you are not even tenured yet if I'm not mistaken. It would have been a big responsibility for a new person in USAID to assume a very big diplomatic responsibility in a major country.

CALLAHAN: Absolutely. FP-04 is an entry level grade and I was untenured and still a career conditional officer. And therein were my concerns. But yes, you're right. I started at Peace Corps with the grade of FP-09. I moved up through the ranks quickly and USAID hired me as at the FP-04. I went up the promotion ladder in USAID fairly quickly but at that time, in Nairobi I was an FP-04.

Having worked in both State and USAID, personal rank in the State Department makes a big difference in terms of filling a position. Not so in USAID. Thankfully, my personal grade was not discussed. I went off as a happy but nervous camper to Mombasa. We were there for a little over a week. I learned so much about dealing with problems that would have never come across my plate in Nairobi, not least of which were Consular Affairs issues. We had one incident with a couple of ladies claiming to be high school teachers from New Jersey. They were anything but teachers. They were having a wild party night with some locals in Malindi, one of the beach towns north of Mombasa. They had a little too much to drink and the sink in the hotel bathroom somehow came off the wall. That, and they left without paying for their hotel rooms. When they landed in Mombasa, they were arrested and put in jail. Who do they call? The local U.S. embassy office. Although this was a Consular Affairs issue, it fell to the Acting Principal Officer to initiate support for the two jailed American citizens. I visited them in the Mombasa jail, made some calls and had a couple telegrams back and forth with Consular Affairs in Nairobi. Things got sorted out. They paid the fine, paid for their hotel room and were allowed to depart

Kenya. What a whirlwind experience to learn about the duties and responsibilities that the U.S. government has for its citizens overseas.

Q: Actually, this response that you just gave me, does border on one last area of responsibility for an EXO possibly and that's what I want to ask you about, which is mission security and the individual officers security. Were you responsible? Did people report to you who were security guards or other aspects of Security.

CALLAHAN: The security guard program is managed through the regional security office (RSO). They would negotiate the contract. Implementation of how those contracts were met at residences and offices outside of the embassies would many times be managed by the respective agencies. At USAID, the RSO had the responsibility for oversight and management of the guard program and security in general.

The EXO is the unit security officer for the USAID mission. After the Foreign Affairs Reform and Restructuring Act of 1999, unless there is a waiver (which is rare), all U.S.G. agencies, except Peace Corps and several Center for Disease Control (CDC) offices, are collocated on newly constructed embassy compounds. USAID and other agencies have less of a security responsibility in that regard. EXOs always work with the RSOs. USAID has an Office of Security (SEC) that manages security issues including clearances, the radio program and armored vehicles, physical security, among other things, much of which is funded by USAID. Before 1999, USAID purchased or leased its own residential and commercial properties. Even then however, SEC worked closely with Diplomatic Security and the RSO. This is before USAID was required to join housing pools overseas. A Chief of Mission (COM) has both the authority and responsibility for American personnel in country and as such, the RSO represents the COM on security issues. SEC worked collaboratively with Diplomatic Security. RSOs have a tough job and I think they do it well.

Q: Yeah, sure. Now, you also mentioned your wife was working for at least some of the time in Kenya?

CALLAHAN: She was. I think I told you when we left for Kenya, she had been working at the U.S. Feed Grains Council. She was an American University graduate with a degree in economics and international affairs, and she always had an interest in foreign affairs. While in Washington, Linda made a nice salary and enjoyed her position. Thankfully, she got a job fairly quickly working in the Regional Housing and Urban Development Office (RHUDO). This was a very large program for USAID in the 1980s. By the time we reached Malawi, there were few professional positions for family members. In Romania, Linda managed the start-up of a new office for Partner of International Education and

Testing (PIET). As in many countries, the U.S.G. had reciprocity agreements that allowed our spouses to work in the mission, but not on the open market. For example, one might find a job with a U.S affiliated non-governmental organization (NGO) but not on the open market.

Q: You mentioned the Human Resources aspect within the embassy. Did you have contacts with the Kenyan government for any of the work you were doing?

CALLAHAN: No, not directly. The embassy personnel officer, Vic Moffett, was the lead on personnel issues with our host government. Vic and his wife Victoria (also a State officer) were very generous in helping me understand not only U.S.G. personnel regulations but how a local compensation plan (LCP) works. As anyone in the Foreign Affairs community knows, the LCP is the benefits package for our FSNs. It needs to be kept updated, and reviewed on a regular basis. All agencies need to participate, especially those that have unique positions that the Department of State might not have. USAID needed to be an advocate because we had many professional FSN positions that the embassy did not.

Q: Okay. One last thing before we go on to Malawi, were there any kind of humorous episodes where either you were trying to explain something, but somehow the cultural context got in the way or you thought you were starting a wonderful initiative, but you weren't quite aware that it would step on someone's toes?

CALLAHAN: We employed a young woman as our housekeeper while in Kenya. When we returned to the States, a dozen years later, I received a call from her. She was in nearby Maryland working for a family. She told me her brother is now working at the embassy in Kenya and I “must” find him a better position. I explained I'm not in a position to do that, number one, and number two, our system doesn't work that way. She was insistent that I call the Ambassador. She became quite upset when I said I would not. One of the Americans that were sponsoring her got on the phone. They explained that she was there trying to help her brother and that I should try and do everything I could. I learned from her sponsor that she had overstayed her tourist visa. I explained to them the reality of the situation and said I wasn't in a position to help. There is a naivete that many folks have about working at the embassy and the role of U.S. government.

Q: Sure. All right. After about fifteen months, the powers that be say, alright, you can go to Malawi now, what sort of preparation did you make?

CALLAHAN: Well, I actually had done a TDY to Lilongwe. I met my staff, and USAID colleagues. Malawi is a left-hand drive country. I bought a Peugeot 505 station while in

Kenya so we were set in terms of our car. I learned I would be assigned to the same house as my predecessor. It was a small, lovely house that USAID owned. USAID owned five houses; housing pools were not mandated yet.

Ann Dotherow visited Lilongwe soon after I arrived. She performed a management assessment of the EXO office and prepared a detailed list of prioritized needs. It was a godsend. The assessment was done in consultation with the mission director. We negotiated priorities so I could adjust them based on the front office requirements. I was lucky to have a wonderful mission director, Carol Peasley and a wonderful deputy, Richard Shortlidge. I was off and running.

Not to say that I didn't have some serious challenges. Malawi was still under the benign dictatorship of Hastings Banda, a ninety-year-old American and Scottish educated Presbyterian. The women of Malawi, or Mbumba, as he would refer to them, would wear long floral-patterned cloth that covered them from neck to ankle, and would dance for him in large groups. Women were not allowed to be in public wearing shorts or short skirts, including the expatriates. That meant no visible cleavage or see through clothes.

The country itself was desperately poor. One of the things that really shocked me was the tobacco industry. Tobacco was a cash crop of tobacco. Lilongwe had the largest tobacco auction house outside of Richmond, Virginia. Tobacco companies, American Tobacco Company and Philip Morris, and their buyers would fly in for the auction sales once or twice a year. It would be party city for the buyers. The house next to ours was a rental and the American buyers would have lots of parties. Malawi was a country of farmers that were being squeezed out because there was control of who could grow tobacco, how it can be grown, how it can be sold. The government was involved in all of that, and it didn't allow small family farmers to produce the tobacco at will. Instead, they had to rely on corn and other local crops. This of course perpetuated poverty. This was also the beginning of HIV and AIDS.

Q: Stop for a second; what years were you in Malawi?

CALLAHAN: We arrived in '89 and we left at the end of '91.

Q: Yeah, you're right. That was pandemic for HIV.

CALLAHAN: USAID Malawi was at the heart of the AIDS crisis in Africa. USAID Malawi worked with CDC and others on HIV/AIDS issues but also malaria. Malaria was a serious concern with respect to child mortality, as well as ongoing health of the population. I remember the statistics were incredible, something like twenty percent of

infant mortality directly attributable to malaria. Linda, both of our children, and I slept under a mosquito net for our two years there.

One of the things that we learned was malaria at the time we arrived in Malawi was killing more people than HIV. It was an endemic problem that affected everyone. Of course, we took a daily prophylaxis. I felt like I was back in Peace Corps. We had modest but good health care through the embassy health unit. We didn't have a doctor but our nurse practitioner was excellent. Medically this was a challenging time for us, especially with two infants.

We were introduced to mefloquine as a malaria prophylaxis. It complemented Airelen, chloroquine and doxycycline. But there were many side effects of Mefloquine. Many officers were reluctant to take it. There was one case with a DOD employee that, as they say, was urinating "black water". That meant blackwater fever, a complication of malaria. The poor guy was not taking his meds apparently. He was evacuated to Pretoria and died. In spite of that, there were stories related to the side effects of a new prophylactic, mefloquine, that the drug induced schizophrenic behavior. From a health perspective, it was a very ambiguous time.

Q: Yeah. That's an important thing, because it can have a major effect on productivity, efficiency, and just achieving mission goals. Let me go back a moment, there were a couple of mission goals that Carol Peasley worked out with you as being the most important. Do you recall what those were?

CALLAHAN: Well, yes. As a mission, we were building up staff. USAID was the largest federal agency in the country and our portfolio and funding had increased considerably. From a management perspective, we got along reasonably well with the embassy. There were two ambassadors during my time there. The first one was a State career officer, Mark Trail. The second Ambassador was the former Counselor for the U.S. Information Agency (USIA), Mike Pistor. I got along very well with Mike; he was just a wonderful person. But the buildup of program levels in my time was really dramatic. To build up FSN staff I relied on the Local Employee Personnel Classification Handbook, or LEPCH. That was our bible for creating a job description, statement of work and classifying it with the appropriate grade. I would classify the job as to a functional series, the grade level and criteria for hiring. I had classification authority, separate from Department of State. I not only had to write the jobs, I had to recruit and help fill them.

As an example, HIV was feared by everyone and to be hired within the embassy system, a medical exam and absence of HIV, was required. That was darn near impossible. Of course, we had a very large motor pool fleet and it required many drivers. I remember

doing a cattle-call, as it were, for drivers. And the country was desperately poor, we had people coming in, and saying. “Oh, yes, I can drive, I can drive”. Of course, they had no idea. Not only did many applicants not have a license, they had never been behind the wheel, let alone the experience of driving. It was a challenge to separate the dreamers from the drivers. It took me three years really to get the motor pool up to a functioning level. Our drivers used to refer to themselves as having “the best motor pool in Africa”. I remember I had a plaque made for them when I left the "almost best motor pool in Africa". They were certainly trying.

Q: Was the motor pool also responsible for maintenance?



Lovemore Piri, a local artist, would produce custom art on scrap metal for many USAID staff. Most were “Beware of Dog” type signs. I was presented this plaque by Carol Peasley representing events during our time in Malawi.

CALLAHAN: Yes, we did have a maintenance program and took care of our own vehicles. When we purchased a new vehicle from abroad, usually a Toyota, we would also purchase a parts package of all the major repair parts we would need, from brakes to fan belts. We had a couple of repair bays in our warehouse. As a matter of fact, that was probably where I first found the corruption issues that are endemic in countries where people are desperately poor.

The scam was simple. When a tire had gone beyond repair and was no longer usable, my predecessor EXO allowed the drivers to sell the tires for scrap. The rubber was highly marketable as a recycling item. The drivers were no dummies. Especially after a long up-country TDY, several drivers would claim that a tire went flat and be completely destroyed. They would replace the tire from warehouse stock and then be able to sell the “unusable” tire. The vast number of tires considered unusable was extremely suspicious. This was never challenged. I noticed that one vehicle had gone through seven or eight tires in as many months. The Malawi roads were terrible but this was simply unbelievable. I stopped the benefit and inspected all repair requests as a result. As I figured there were very few tires that could not be repaired.

Q: Sure, sure. Well, I mean, two years in Malawi, mission objectives probably changed over time. You said it was growing. By the time you left, how much larger did the mission get?

CALLAHAN: Well, we had about sixty Foreign Service nationals, fifteen direct hire employees, and four U.S. personal services contractors. Our program portfolio was under two hundred million, a sizable amount for the 1980s in Africa. We had a vibrant health office director, Gary Newton. Gary later became a mission director and an incredible advocate for health issues globally.

Everybody was very, very busy. One of the projects I was asked to take on by Carol was supporting the railroads of Malawi. They purchased or had donated Bombardier Canadian-German manufactured locomotives. The Bombardier trains were manufactured abroad. Malawi Railways, the government subsidized national railway company, was not doing a good job of managing its spare parts inventory. USAID had a robust inventory system for our warehouse, albeit labor intensive and all done on handwritten cards. Carol asked me to work with Malawi Railways to figure out an inventory system. To be honest, I don't know if I made much of an impact but my FSN warehouseman and I showed their staff how to make record cards, annotate their inventory so as to know when to reorder, etc. This was before Wang computers, let alone the internet. Their biggest problem was a locomotive would fall in disrepair, and they wouldn't have a part to replace. The ability to reorder needed parts was critical to operations. It was great fun for me, and not unlike my Peace Corps experience of helping small businessmen. It was also an opportunity to learn about the program and the impact that the program could have when it is managed effectively.

Q: Sure. Now, you say impact, was this railroad principally for moving farm to market? Or was it transportation within the country? Or both? How did you measure the impact?

CALLAHAN: Well, when I say impact, for me it was getting the trains so that they were simply functioning. There wasn't much of a passenger rail system, as I recall. It was more for moving products from Blantyre, within Malawi and to different countries in Southern Africa, such as Mozambique, Tanzania and Zambia.

Malawi's biggest trading partner at the time was South Africa. Of course, this was in the era of apartheid. Malawi was a part of the Southern African Development Community (SADC). Malawi's relationship with South Africa was strained but it was still a necessary and vibrant trading partner. Local grocery stores such as the Public Trading Company received many of their products from South Africa. It's where we got introduced not only to the richness of what South Africa produced in the way of food, but also to its wonderful wine. We were introduced to incredibly delicious and inexpensive varieties.



Visiting our gardener Edward Mtuya and his family's village with my two daughters. Malawi was a great assignment for family, bird watching and basketball with colleagues.

It helped in our atmosphere of socializing in a small, secluded country. USAID got along with the other agencies, both socially and professionally. We had lots of young families. It was also a bit of a Peyton Place. One might recognize the jeep of an officer whose wife was out of the country in the U.S., parked overnight at someone else's house. A lot of gossip was going on.

Q: Sure. Now, one other sort of major potential source of income and even tourism in Malawi was Lake Malawi. Did we have programs or aspects of what we were doing related to that?

CALLAHAN: Lake Malawi was a major producer of a variety of tilapia, the local word was *chambo*. The lake was filled with the waterborne disease, schistosomiasis, and so there was some concern about that. The Embassy had a nice cottage on Lake Malawi, and we would sign up for a weekend adventure. There was lots of fresh fish available at our local markets. We learned to look for the glassy eye of the fish to ensure freshness.

Lilongwe was also where Linda and I learned how to entertain with dinner parties. Well, more accurately, it's where I learned. Linda was always a few steps ahead of me. Lilongwe had a wonderful mix of nationalities. We would do things both socially and in representing USAID. Dinner parties were frequent and fun. We got to know a number of folks from the Embassy of Taiwan, South Africans, Zimbabweans and British contractors working in Malawi.

Q: Now, one thing an EXO also gets stuck with periodically is managing currency that is not particularly stable, and therefore local prices change. And therefore, you need to plan for potential inflation or potential devaluation and the added costs that can create for mission. Did that crop up while you were in Malawi?

CALLAHAN: It absolutely did. I remember having an “All Hands” meeting with the FSNs in which, as a group, they basically demanded that they receive their pay in dollars, not the local currency of kwacha. In countries with super inflation, the Department of State would allow for the dollar to be used but this was rare. Sadly, for FSNs, the inflation rate was high but hadn't quite reached the level for approval by the Department. The LCP is managed by State and all agencies participated. We were regularly monitoring the inflation rate. Honestly, people really suffered in those periods of high inflation. It was just very difficult.

Q: Oh, yeah. From your time in Nairobi, to your time in Malawi, did you have a visit from the inspector general? And how did that turn out?

CALLAHAN: If we did, it was not a management review, perhaps on the programmatic side. USAID's IG doesn't perform management assessments in the same way State's IG does. Our IG would follow the money through programmatic assessments. USAID is an agency of money and how it is contracted out through non-government organizations (NGOs), local governments or given as a grant or cooperative agreement. I don't ever

recall management assessment done by the USAID IG, rather they focused on programmatic inspections and issues related to fraud or misuse of funds. State however, would do a management assessment of an embassy. USAID generally would send out a team from the respective Bureau. Not the most impartial way to assess.

Given our project portfolio, there were many official U. S. visitors. Vice President Quayle visited. I participated in the control room operations, but also the week before he came, we had Arizona Senator DeConcini, the Secretary of Health and Human Services and USAID Administrator Ronald Roskins. The gravity of poverty in that country, really highlighted the need for our support in many different ways.

Q: Was USAID trying to do crop substitution? Since tobacco was such a huge cash crop, but not particularly valuable for many of the subsistence farmers, were we looking to introduce new crops that could be a little more valuable for some of them?

CALLAHAN: Well, I don't know about introducing new crops, the issue was the ability to grow crops of your choosing, and of high value, because that was limited by the dictates of the government. USAID was involved in helping that process allow for the ability for farmers of any level to participate, especially for tobacco. That was something that the front office and the Project Officer managed. These issues would have been discussed in our senior staff meetings but basically, I was not involved.

Q: Now, you've mentioned that both of your first two children were born in Malawi. Obviously, it's underdeveloped. Did your wife deliver in Malawi? Did she go to South Africa? How did that work?

CALLAHAN: I think I alluded to the fact that Linda had a serious medical issue in Kenya. This was at the beginning of HIV. We were very concerned about the prospect of giving birth in Africa. We had obstetrical medical evacuations to Pretoria, where sonogram and obstetrical wellness checks could be done. We did that for both children. When it was close to the delivery date, Linda was medically evacuated to the U.S. Both children were born while we were living in Malawi, but at Columbia Hospital for Women, Washington, DC.

Q: Okay. Were you able to go out for either the births?

CALLAHAN: I was. Back then it was on your own nickel. I was there for both births. For our second birth, the due date was during the Gulf War. Air traffic was limited through parts of Europe. Connecting flights were difficult so I was investigating routes from Johannesburg, through Brazil and then to the U.S. Thankfully, the war concluded

just before I needed to depart for the States and I could take the normally traveled route home, a KLM flight from Lilongwe with a connection through Amsterdam. Whew!

The norm for mother and child is to return to post about six weeks after giving birth. Most women are evacuated around six weeks before the baby's born. For us, there was a concern about the child being brought back with limited medical care available. However, my timing to get home for both births was perfect.

Q: At this point, I want to ask you to look back on the two years you were there, and consider what were the professional development elements that you acquired that were later valuable in your subsequent position, subsequent tours?

CALLAHAN: Good question. I arrived in Malawi as a Supervisory EXO. I believe I was the first of my IDI class to have a supervisory position. I didn't have a deputy. It really tested my mettle. I had to rely on my experience from Kenya, my manager role at the Good Earth Nursery, and as GSO at Peace Corps HQ. Human resources, fleet management, warehouse, records management, inventory control, travel and shipping, procurement, it was a lot. As you might imagine, I was a little bit overwhelmed in the beginning.

It would not be unfair to say I was a bit of a “Dr. No”. When people would ask for something or a service, I might have said, “No, I don't think that's permissible” or, “I'm not sure, let me look at the regs.” I learned by the time I left for Romania that I became better adept at responding to the needs of the customer. It kind of goes back to that story about EXO Jim Donnelly, and how one deals with making the people, the clients you serve, get what they need or are entitled to. It was not always easy.

It also taught me a lot about interagency relations. I had learned a bit about the interagency in Nairobi, because we were in close proximity and I had the benefit of the State human resource officer helping me along. In Lilongwe, we were also physically close. When, for example, Vice President Quayle came, who were they going to rely on for motor pool support with all the staff that came before and during his visit? You got it, the USAID motor pool.

Our Ambassador, Mike Pistor, came from another agency, USIA. I learned from him the value of ensuring a country team is a cohesive unit working under the Chief of Mission. So much so, that at the lowly grade of F-03, when departing Malawi, I got a phone from Ambassador Pistor. When he calls, I responded, “Yes, Mr. Ambassador”, and says “Call me Mike”. He tells me “Shirley and I would like to have you and Linda over to the residence as a farewell dinner. Our dining table seats twelve, so please tell me of the eight

people you would like to invite to fill out the table”. Of course, I invited my good friends, Phil and Amanda Carter, (later Ambassador Carter) a couple from Price Waterhouse and others from the embassy community. A generous and friendly gesture that also demonstrated the real benefit of ensuring that his team, as it were, was really working with him and not against him. Any issues between State and USAID we might have had of a logistical or administrative nature could be sorted out. But he wanted to ensure that was done in a fair fashion.

Q: Great. All right, then, as you're approaching the end of this tour in Malawi, what are you and your wife thinking about as an onward? What is AID thinking about as where they want to send you?

CALLAHAN: The assignment bidding system for USAID is similar, but different, than State. Our tours, for the most part, were two-year tours. Most posts were two tour posts or four-year assignments. Of course, there were exceptions, but by and large that was the system. In late 1989, the Berlin Wall came down and the U.S. government was rapidly ceasing the opportunity to move more demonstrably into Eastern Europe and Central Europe. USAID wanted to establish regional operations for Europe, based in Washington, with USAID Representative Offices set up in our embassies in the newly liberated countries. I'm referring to Czechoslovakia, Hungary, Romania, Bulgaria, Albania, Yugoslavia. I was, at that point in my career, getting a little bit anxious as I hadn't yet been promoted and I really wanted to stay in Malawi. I enjoyed Malawi and working for our Mission Director and with my staff. I just wanted something more. I put my name in. My friend and mentor Ann Dotherow had returned to Washington and was heading up the office with oversight of executive officers. I spoke with Ann about an assignment in the new Regional Mission to Europe, and Ann encouraged me to go for it.

There are limited resources in USAID to backfill positions when vacated, especially for EXOs. We didn't have a "surge capacity" then, and we don't now. When our accordion-like programs need to expand, we have to draw on existing staff and resources, robbing Peter to pay Paul, as it were. Either that, or hire contractors. I know I upset USAID Malawi's front office immensely because I was leaving them without an EXO. At that point, we had grown into a very busy medium-sized mission that really needed an EXO. Setting up a regional mission to Europe, with the headquarters in Washington and having USAID representatives, rather than a mission director, to implement different programs, was strategically not an effective way to bring development to Eastern Europe. USAID reps were of a relatively low grade compared to embassy counterparts, FO2 or GS14 equivalent. As such, USAID reps didn't have the same gravitas in an embassy community as agency or section heads. Most of these officers were at a grade of FS-01 or higher. That said, we had a very bright and progressive USAID rep in Romania.

Personally though, at the beginning it was not an easy transition going to Romania. I was happy for the new assignment and its opportunities, but I soon realized how very, very different things were than what I envisioned.

Q: Sure. Before you went to Romania, did you get any language training or was it simply assumed that you'd manage in English?

CALLAHAN: Well, that's one of the problems with USAID's organizational structure. USAID needed staff in Romania immediately so formal language training would have been difficult, I get that. But USAID does not offer language training to the degree that it's an integral part of the assignment philosophy. Again, much of it was due to a lack of capacity to backfill vacancies in a timely fashion. For example, if assigned to the Philippines, USAID would argue most Filipinos know English. State officers would generally get Tagalog training. As a Peace Corps volunteer working in the Central Bank, English was the language of choice since it was the unifying language in a culture of over seventy dialects. But I had training in Tagalog, not only to have a more robust cultural experience but to better function in my professional environment.

In Romania, most State foreign service officers had Romanian language training prior to arriving at post. None of us at USAID did. A personnel system that has a "complement" of available staff to support staffing shortages, would allow officers to bid on a post two years out in order to have the necessary language training. When we arrived in Romania, you had to either speak French or Romanian to communicate effectively.

Linda, thankfully, had French from high school and as a young child she lived in Villefranche as a Navy brat. She could function well with shopping and in the markets. Well, local markets being what they were. The embassy commissary would order bulk shipments from the Peter Justesen Company in Denmark for duty free goods. We could order all the basics, from food staples, to alcohol or televisions or diapers. It took the three years we were in Romania for English, which was frankly the language of money, to be a predominant language on the street. For that reason alone, life was challenging at first. So much so I hired a simultaneous translator for daily needs of the office and especially when I had to visit Romanian government offices, such as the one that assigned housing to the diplomatic community.

Q: All right. You arrived then in Bucharest in '91.

CALLAHAN: We arrived October, 1991.

Q: Okay, so it's very recent, after the Romanian revolution that got rid of Ceaușescu and instituted, let's just call it a post Ceausescu government because it was still kind of getting its sea legs and a lot of the people who had been around in Ceausescu's time was still there and lots of questions, but okay. You get there.

CALLAHAN: We arrived fairly soon after Romania's president and dictator Nicolae Ceaușescu had been shot. The country was in a state of "who's in charge, what do we do next"?

Q: All right. About how big was the USAID mission when you arrived?

CALLAHAN: We had four American staff, the USAID Representative, a General Development/Agriculture Officer, a Health Officer, and me as EXO. We were supported by about fifteen FSNs. My job was not unlike when I first arrived in Malawi. I wrote FSN job descriptions, classified them and then hired staff. I bought a vehicle through the State Department regional procurement office in Vienna. I flew there and drove it back through Hungary. We were starting an office from scratch.

This is before ICASS, and we were not a part of the housing pool. We were protective of that independence. In Romania, I had a change of heart and joined the interagency housing board (IAHB). I was desperate. Diplomatic housing was assigned by Locato, a Romania government office. A short term TDY EXO arrived before me and left after I arrived. In his short stay, he had leased an apartment for us from Locato. It was simply unsuitable for a family with two toddlers.

To give you an example, it was on the fourth floor. It had a small, two-person capacity elevator that only sometimes worked. With two kids in tow, one of them in a stroller, Linda couldn't fit. That made shopping a challenge. The worst of the problem was the apartment had forced diesel powered heat, that would blast so forcefully to the point that you had to open a window. However, there was no individual thermostat in the apartment to control the temperature. The large windows went from floor to ceiling and had a center bar that allowed it to either swing up or swing out when opening. Well, we had toddlers. We had to set up barricades when we opened a window and watch the children for fear they were going to fly out four floors. We were not close to any other families in the embassy or even other diplomats in a NATO-only friendly post. That precipitated me going to the very helpful management officer Fred Hassani. He suggested joining the housing pool, which of course, was anathema to a USAID EXO. I nonetheless did, and we were assigned a suitable house, certainly not what you would call luxurious living. It was close walking distance to the embassy and other families. It was also bugged by the Romanian secret police, the Securitate. We shared a bathroom wall with the Ambassador

from Yugoslavia and we could hear but not understand their conversations. It was a funky place to be living but much better than where we had been.

Q: Interesting, interesting. So, once housing was taken care of, embassy life was better?

CALLAHAN: There were many in the embassy that did not know about USAID or our mission. For context, when we arrived, Linda and I checked in with the Embassy. One of our first stops was the CLO. I introduced myself as the new USAID executive officer. The CLO, the wife of the political officer said, "I'm sorry, we don't support contractors". I explained I am with USAID. I'm a tenured, commissioned, Foreign Service Officer working under Chief of Mission, and a part of this community. She wasn't nasty but adamant that we were contractors. Before she would provide support, she wanted to check with Mr. Hassani. Fred Hassani was a superb manager and issues like this were quickly resolved. It made me aware that many State officers would spend most or all of their careers without being exposed to USAID or the developing world. Since that time, great interagency strides have been made to educate new officers of all agencies of the three pillars of defense, diplomacy and development were a part of protecting national security interests.

I learned some valuable lessons though. Not only was I viewed in a way that some embassy staff didn't quite understand who we were, they didn't understand the program or why we were there. That meant we had a lot of in-house marketing to do. We had a number of programmatic goals but we especially focused on Support for East European Democracy or the 1989 SEED Act. This helped East European countries move toward institutionalizing democracy and their economies. USAID had projects promoting free market transition, judicial reform and public health reforms. Our brilliant Health Officer Maryann Micka worked through a number of health issues, not least of which were the health concerns of children in orphanages, and the adoption processes. Romanian adoptions and poorly managed orphanages were seen by many as its biggest problem. Romanians were still thinking as they did under communism until they embraced the benefits of capitalism, and then things seemed to change quickly.

Q: Before we begin looking at more of the programmatic things. Let me go back one second with you, setting up your home and your family. As you noted, there were a lot of hardships in Romania, when you arrived. There was pollution from burning brown coal. There were heavy metals in the water. There were all kinds of health risks that existed. And what I'm curious about is how did that affect you? How did you deal initially with all of these problems?



Because Romania was a NATO-only fraternization country, we spent much of our free time with other embassy's staff. Above, Linda and I were at the British Consulate enjoying a traditional Scottish event of "Robbie Burns Night".

CALLAHAN: Well, you're right. Our drinking water needed to be distilled, not simply filtered. We had a large distiller in our tiny kitchen. There were many health concerns. As a matter of fact, after we had left, we had heard of several incidences of ovarian cancer that many women had suffered. One was the wife of the embassy GSO and another was one of the families from the British Consulate that we spent a lot of time with. We were living in an atmosphere of "what will go wrong next?". It wasn't just in the environment of health. Romania was in a cultural shock. They had just gotten rid of their dictator and were embracing capitalism and a new democracy. In that transition most day-to-day living didn't function without some level of bribery and petty crimes. Food supplies were scarce, there was civil unrest, protests in the street, and government and political institutions were transitioning from communism to a new economic model.

Q: It's kind of funny in a way, I always ask interviewees about when they arrive at a post, what does the RSO tell you about security? I'm thinking now of personal security, crime, confidential security, intelligence. The one thing I never think of this security in your home, not about break ins, but about stairs that could break or poorly constructed walls that can collapse, electricity that could cause an appliance to fail or getting an electric shock. And those are the kinds of security issues that you faced.

CALLAHAN: We were very lucky to have a smart and collegial RSO, Pat Moore. Pat went on to have a very good career in DS as a senior officer. We later served together in my last assignment in South Africa. While in Bucharest, Pat ensured that we had a safe and comfortable lifestyle. We were only allowed to socialize with NATO-friendly

countries (North Atlantic Treaty Organization). Romania was deemed a non-fraternization post.

I learned later in future assignments, of the tremendous value of State's Bureau of Overseas Building Operations (OBO). OBO ensured safety standards are a part of how we live overseas, everything from guard rails on stairs and pools, to buying fire resistant furniture. OBO also was responsible for safe furniture that filled our offices and residences, fire, safety, seismic safeguards. When leasing an apartment in any given city overseas, OBO deems it unsafe beginning at the thirteenth floor. Why? Not because of any superstition but hook and ladder fire trucks don't reach beyond the twelfth floor.

Q: It was a non-fraternization post when you arrived, which means you have to report any relationships with foreign nationals that go on that are more than just superficial.

CALLAHAN: Yes, we could only socialize with the NATO community. As regional EXO I provided administrative support to the USAID offices in Belgrade, Budapest, and Tirana. I would travel to each post four or five times per year. Every time I would return from TDY I would have a debrief with the RSO. Pat would go through the ritual of asking me questions he knew I would answer the same each time, but he still asked, and I answered. We took it very seriously.

Because we could only socialize with the NATO community, we became good friends with a British family. We attended events with them at the British Council such as Burns Night. We even traveled with them, packing up our kids and visiting in-laws and caravanned through Romania, Bulgaria and Greece.

I have to laugh. We had a Friday "happy hour" in our old dilapidated cafeteria. It was great fun taking turns being the bartender, drinking a beer, telling stories, listening to music. Our NATO friendly countries could participate. Among our guests, a secretary from the German Embassy would regularly attend. Every one of our marines from the Marine Security Detachment (MSG) would saddle up next to her. If she had one dating opportunity, she had a hundred. There were limited opportunities for socializing in a non-frat post.

Q: All right, so let's go back to the early days, you are to set up the USAID Office. As Executive Officer you did all the procurement, all the hiring, all of that, which is a lot in a place where USAID is going to work for the first time. I guess my question is, what were your top priorities? What were the things you wanted to accomplish right away?

CALLAHAN: Well, all the mission start-up activities that one might imagine. This included job classification, staff recruitment and hiring, managing endless housing issues with Locato, setting up new WANG computers, administrative procurement, and working with embassy management to obtain services. We had not joined the housing pool to the degree that we were a part of the pool and although Locato was responsible for housing maintenance, we still needed embassy support. As mentioned, embassy houses were pooled and leased through Locato. We found a residence for the USAID Representative, but I still had to upgrade all the bathrooms and kitchen, add ACs, security doors and bars for the windows, in essence a major renovation.

Locato was responsible for the assignment of ALL diplomatic properties. I would meet with the head of Locato, with my simultaneous translator, and after suffering through two or three cups of thick Turkish coffee, try to get them to not only find us a property that would be at a reasonable rate but also less costly to manage major repair issues, leaky roofs, faulty heating systems. The RSO would tell us what security upgrades were needed. I recall the costs to renovate and bring the USAID rep house up to a basic US standard was \$90K.

A good relationship with the Embassy management team really helped. OBO did a review of all properties including our leased office. The OBO technician checked the electrical systems, which were unreliable and unsafe in both the residences and the Chancery. When inspecting our office space, the OBO discovered major security hazards. Not only was the wiring faulty, potentially creating a fire hazard, our six-story office building was built on cinder blocks without support beams between floors. This is unsafe anywhere in the world but Bucharest is an earthquake zone. Bucharest experienced a severe earthquake only fifteen years earlier with over 1500 deaths. We shared the building with Reuters and an international Import/Export company.

This was discovered by OBO right at the end of my assignment. I have to wonder if Locato knew of the faulty construction and if they leased the building to the other international organizations knowing of its faults.

Q: Now, another thing, so you're getting your mission building, wiring it and so on. Your budget will grow from when you arrive, if only because programs are going to begin and the money, the people who are coming in and so on. Do you recall how much and how quickly because often a mission is evaluated by the size of its budget?

CALLAHAN: Well, yeah, the thing about congressional funding is so much of our Romanian program was a part of the SEED Act of 1989. As I mentioned earlier, the SEED Program was an incredibly large umbrella of projects targeting any number of

economic and democracy enhancement projects, agricultural, judicial, economics, exchange programs, environmental, etc. I think there was even money set aside for Peace Corps to build up staff and volunteers in these countries.

We were starting from scratch in most of our new USAID Eastern European offices. In Romania, we were inundated with Institutional Contractors (IC) who had won awards to design and implement many of these funded expectations. But the Eastern European countries had been working under communism and they had few effective bureaucratic processes in place. There was also resistance to change in a number of these countries due to years of communist ideologies.

We provided support to the ICs in a fashion that is not normally done by USAID. Generally, when an IC wins a contract, the scope of work is based on an expectation that the contractor takes care of its own logistical and administrative requirements to complete the work. Contracts are written to include many of these support costs and the IC simply charges USAID accordingly. When we provided support, whether office space, vehicle support or customer support, it wasn't subtracted from their billing. The bottom line is, a great deal of funds needed to be both committed through contract awards, and dispersed within specific timelines. We wanted the programs to succeed, so we supported contractors whenever we had to.

Q: Interesting. How did this impact your ability to get your own work done, especially as this was when computers were being introduced overseas.

CALLAHAN: It was challenging. Wang was introduced as the word processing system for USAID. Thankfully, it was a short-lived experience. Email was introduced. My responsibilities were not just with Romania, I supported Tirana, Budapest, and Belgrade. We did not have a Controller, a financial manager. I hired a financial specialist that would liaise with the regional USAID Controller in Budapest. We would use the facsimile machine and have hard copies of invoices mailed to Budapest. It wasn't the easiest process but we made it work.

I believe one of the legitimate criticisms of the Regional Mission for Europe was the decentralization of operations. Our Mission Director was Ambassador Frank Almaguer residing in Washington. Frank was a very seasoned Peace Corps country director, USAID Mission Director and ambassador. Some of our regional offices were understaffed, many times by officers that were eager but without the deep development experience from which Eastern Europe could have benefited.

Q: Since we're talking about expenses, and the division between you as the EXO in a regional office, but the financial comptroller in a separate office away, one of the things you have to do for everybody, under your authority, all the officers and so on, is the process of determining the local costs and whether people will be getting a cost-of-living adjustment, because of how difficult it is to buy things, how expensive they are and so on. Was that something that you had to do or how was that determined? Because Romania was a hardship country in a lot of ways.

CALLAHAN: USAID follows the State Department regarding post allowance (COLA) adjustments as well as determining additional benefits due to dangerous areas (danger pay) or quality of life (hardship) or food supplies (consumables). For cost-of-living data, the Department relies on market data gathered by a contractor. In the 1990s, cost-of-living adjustments were done through an “in basket” sampling of generally consumed grocery items or supplies purchased locally in each country. The sampling was done through the management office.

When we arrived in Romania there was little food in the markets. We had a consumable allowance, but we also relied on the Peter Justesen Company that would truck in purchased supplies. Fresh produce and meat were scarce items however. I remember things were so scarce in the first six or seven months, the embassy commissary sent a truck down to the embassy commissary in Athens and brought back produce. Even with what was brought back it had to be distributed through a lottery. “Mr. Callahan, your number is seven. Would you like two heads of lettuce, a bag of carrots or a sack of potatoes?” By the time we left, of course much of that had changed. McDonalds opened its first restaurant in Romania around 1994. Now there are more than one hundred. But in the beginning, this was really a concern, especially for families with children. You want to make sure that they're fed in a fashion that is more than canned yams and bread.

But generally, the costs of things weren't expensive. That said, there were very few consumer products to buy locally. I'm a stamp collector so I went to the local open-air markets and bought used stamps. I also bought a Russian fur hat and a Russian gas mask. All sorts of products from Russia and the Ukraine were flooding the markets. The Romanian economy was struggling. We employed a woman to help clean our apartment who was by education and profession a chemical engineer. She left her job with the Romanian government because we paid more money. Our modest salary for her was double what she had been making.

Q: There was one other local item that you could buy a kind of beverage called Țuica.

CALLAHAN: Oh, yes. I've been to a Romanian wedding and I have had Țuica. It's similar to raki or slivovitz from Albania. Țuica was made from plums and the two Albanian drinks were also made from plums and or other fruits. Very strong drinks.

Q: Right. It could double as a rust remover.

CALLAHAN: Haha, that's right.

Q: Okay, now, you mentioned that because your mission was also responsible for some regional things. I imagine you traveled a fair amount.

CALLAHAN: I did. I visited Belgrade first. Yugoslavia was in turmoil and ready to break apart, which it eventually did. I simply relied on supporting them as best I could by telephone and fax. Belgrade was a lovely city back then, and still is today. I did a management assessment for USAID Belgrade just a couple of years ago.

I would visit Tirana regularly. Given the limited air transportation from Bucharest, I would have to overnight in either Rome or Vienna, coming and going.

Budapest was closer and easier to get to. I would visit Budapest quarterly, primarily to discuss financial and other support issues. There was no EXO assigned to Budapest but they had an experienced financial management officer. I had hired a financial specialist in Bucharest, and she kept me abreast of what was going on, and she reported to the Budapest controller.

Tirana was not unlike Romania and needed to establish operations from scratch. The office space was small and at first there were no residences available for staff. The USAID Rep, Diane Blane lived in a hotel for the first year. Tirana had problems stemming from years of their Chinese-style communism, among them was crime. Tirana had become a transit location for stolen cars from western Europe. We would exchange our cash on the street. The embassy actually recommended it. Never use a bank.

As a TDY traveler, I stayed at the Tirana Hotel. Absolutely the worst hotel I have ever stayed at in all my travels. I ate at their hotel restaurant just once. Instead, I would bring peanut butter and crackers or other nonperishable food. There was a growing number of local entrepreneurs that would set up a few tables outside their home and offer a very, very limited menu from the family kitchen. The food was good and cheap and the beer warm. Of course, this was soon after the communist era under Enver Hoxha, dictator for life. Albania had a relationship with China and their Marxist philosophy. It was a real challenge for our embassy working in that kind of post-cold war environment.

Culturally, in some ways Tirana was still living in the Middle Ages. The Embassy was vacated by the U.S. government forty years previously, at the beginning of World War II. The Italians occupied the embassy compound for decades and only returned it the U.S.G. upon our reestablishment of diplomatic ties with Albania, around 1992. The Italians basically trashed the compound upon their departure. They broke the chinaware that had been left and stole the chandeliers. This was described to me by the Embassy Management Officer.

The people of Albania were generally hospitable and friendly. Remember, Mother Teresa was born in Albania. A quick aside. One morning, the Embassy Management officer thoughtfully offered to pick me up at Hotel Tirana and drive me to the embassy. As we approached the embassy gate, and while we were talking, he abruptly said, "Excuse me. I need to talk to the security guard. I don't recognize him." It turns out the so-called guard is wearing a security guard hat but not an issued uniform. After his conversation with the guard, the Management Officer returns to the car, and the guard holds the gate open and we enter the compound. "What the heck was that?" He tells me how this was an example of how sincere and serious the Albanian people are. The guard that was hired, and had been working there for the last three or four months was sick that morning and couldn't come in. So, he asked his neighbor if he would watch the gate for him. I'm sure he wanted to keep his job and having his neighbor cover for him just seemed like the practical thing to do. Of course, at the time we laughed but the reality was it was not a laughable matter. Remember, these were the days when you didn't worry about terrorists in the same way that you might today. It was a serious violation of protocol, obviously, and required an intervention. It was still very funny.

Q: Did any of your travel within Albania create new issues for you as you helped build up their office?

CALLAHAN: I accompanied the USAID Representative on a couple site visits. Diane (Dee Dee) Blaine was the rep and a great host. I believe she wanted me to see a bit of the country for greater context of the region. The countryside was beautiful but filled with thousands of small concrete huts. Albania has over 175000 concrete bunkers that were originally created to fend off foreign aggressors and to be used as shelters in the event of an invasion. These weird looking grey concrete structures were first built in the 1960s.

In my visits over the three years, I found Albania to be a fabulously interesting country. Sadly, Albanians get a bad rap if you watch a Liam Neeson movie filled with Albanian hitmen and terrorists. That said, there certainly were security issues of real concern.

Pickpockets and car thievery is one thing but concerns about terrorists transiting through eastern Europe at that time were real.

The country itself has a long and interesting history as part of the Ottoman Empire and its relationship with Islam and Christianity. We visited a few old monasteries that reminded me of the many Christian monasteries that were set up in Ireland during the Middle Ages. It was a wonderful opportunity to gain a deeper perspective of this new ally and how we could best serve them and understand their culture.

Q: Similarly, did you travel within Romania as the EXO to I don't know, adjust what you were doing?

CALLAHAN: We traveled as a family to see many historical sites. For example, we visited Targovishte to see Vlad's castle and Ploiesti to see the beautiful scenery. And of course, we stayed at the embassy cottage in Brasov. It had purportedly been a haven for Nazi officers during World War II. It had many rooms, we were told, for their girlfriend guests. For us, it was a great place to take family.

Q: Right, even though you're establishing a new office, and even the embassy is getting established, were there a lot of VIP visits that you had to support?

CALLAHAN: USAID Administrator Ronald Roskens visited us. His visit was simply an embarrassment. Roskens was at the end of his tenure. He was disengaged and aloof. Two young men, I believe students, accompanied him but without any other senior USAID officers. Roskens asked if one of our FSNs could show the two young men the city of Bucharest. We obliged. One of our senior FSNs showed the two students the Casa Poporului or House of the People and other local sites. Roskens stayed in his hotel. All the incidentals of the day-long sightseeing visit including lunch and taxis, were paid for by the FSN. The students didn't offer to pay which left the FSN in an awkward position. This "tour" of the city was clearly a personal request. The two men simply assumed our office would pick up the tab. Of course, we reimbursed the FSN. Rosken's visit was without an agenda and uneventful.

Our embassy had a robust U.S. military relationship with Romania. The U.S. Navy Blue Angels came for a show. The U.S. Air Force had an installation in nearby Aviano, Italy. The embassy wanted to demonstrate we had military might in the region, so yes, the U.S. military presence was visible. Given the nature of USAID's program management, there were many visits from institutional contractors and senior USAID officers. The ambassador's residence was a large opulent place and Ambassador John Davis held a number of functions there.

Q: Yeah. Did your wife Linda work at all? Or was she still caring for the kids?

CALLAHAN: Yes, she did. Linda was the Romanian representative for Partners in Education and Testing (PIET). Romanians wanted to study at academic institutions or participate in training opportunities offered in the U.S. As the PIET rep, Linda located office space, prepared the lease, hired an assistant and set up a functioning office. Linda conducted the interviews and testing of prospective academic visitors to America. She enjoyed the work and responsibility. Thankfully, we were blessed to have a young Romanian woman help us with the kids while we were working.

Q: For your own professional development, did the fact that you were essentially running a regional office give you new networks within USAID or State or so on that were helpful for you later?

CALLAHAN: Absolutely. Richard Hough was the USAID Representative and a very good officer. I developed a friendship with our project officer, Bill Carter, and the RSO, Pat Moore, with whom I served with in South Africa. Fred Hassani was the Embassy Management Officer and later Director of the Regional Finance Center in Mexico. Many relationships were built not only on a professional basis, but as friends. I must say that is really what makes the foreign service life much richer. Professionally, I've always been conscious of the need to network. Of course, I had my mentor and friend Ann Dotherow, helping me with my next assignment.

Q: One last thing before we conclude, because we are getting to the end of the two hours. Were there other professional skills that you developed that were valuable later? Given that this was regional, and it was a startup mission. Do you recall anything that served you later?

CALLAHAN: Well, this was before internet had taken off. We did everything through cable traffic, phone calls, or faxes. I was supporting USAID offices in Belgrade, Hungary, and to a greater extent Tirana, and I needed to communicate with them regularly. I would invariably return from these posts with many tasks, such as writing positions and classifying them, purchasing goods, writing performance standards, creating mission orders and SOPs. I learned that once you commit to a task, the quickest way to lose the respect of a colleague is to not deliver as promised. I learned that communicating with the missions I supported ensured that I remained of value to them.

Q: I think people underestimate that skill. It is using judgment, on time management, on what you really need to focus on and what maybe you can hand off to a subordinate or

simply not answer at all because it was sent in error or the person needed to do their own research in advance before laying a problem in your lap.

CALLAHAN: Absolutely, Mark. One thing I'll mention about Romania, and something that you would probably can relate to, is the Roma community. We were lucky that our DCM, Jonathan Rickert, was an expert on both Romania and the history of the Roma people. The Roma, or gypsies, were always a topic of conversation within the embassy community. They were not held in high regard by many Romanians and as a result were generally treated with disdain. Like many ethnic minorities, when in desperate situations, they fall into traps of corruption and thievery. There were pickpockets and rampant shoplifting in the shops and on the streets of Bucharest.

I actually had a serious and scary incident with Roma. It was near the end of my tour. Two Roma men approached me and my colleague Bill Carter, while we were casually strolling back to the office after lunch. One of the men put his hand on my shoulder as if he knew me. I had already been the target of a several unsuccessful attempts of pickpocketing. I told the guy to "back off" figuring I was about to be pickpocketed. I assumed my Kenpo karate stance (I practiced Kenpo karate for four years after Peace Corps and never had a chance to show off in public!) My karate form might have been correct but the fact that I assumed a karate position is laughable when I think of it. This guy and his buddy were ready to rumble. They were cursing and threatening us. One of them picked up a nearby wooden chair and taunted me "Ha! I will karate you with this chair!". It was a nasty scene but thankfully, Bill and I quickly walked away. I reported it to the RSO and with the help of the police, we returned to the store where they were hanging out. The police arrested the two men and locked them up. A week or so later, I was on the street in front of the USAID office and a man approached me. He told me it was his brother that was arrested. He told me he knew who I was and where my family and I lived. It drove home the need for continued awareness of one's surroundings. It also taught me it is best to deescalate a dicey situation. Thankfully, we left post soon after this encounter.

Q: Yeah. And by the time I served there in the early 2000s, in terms of census, they made up 10 percent of the population. It was not a small group, but often marginalized.

CALLAHAN: Yes. In addition to street crime, there was also a lot of corruption within the government. And it wasn't just the Romanian government. There was also an incident at the U.S. Embassy after I left. The station chief, Harold Nichols, was later caught as a spy and is now serving time in Leavenworth. He was such a nice, accommodating guy. He was the first one from the Housing Board to say, "Yes, give him a good house!" This

is a guy that was selling secrets, and ended up not only in jail but compromising his son, who also became a traitor to his country.

Q: It sounds like you had an interesting time in Romania and supporting the regional offices. Tell me about your next assignment.

CALLAHAN: Sure. I had served three years in Romania, and was ready to move on to something bigger. Ann Dotherow was back in DC and coordinating EXO issues, among them assignments. I had tenured in Spanish and figured a Latin American assignment would be great. Ann said there was a need for me in El Salvador. Back then we had worldwide staffing patterns, a binder about four inches thick that listed all the overseas positions, including the names of who filled them, their personal grade and the grade of the position to be filled. The staffing pattern for El Salvador showed two EXO positions. One was a Senior Foreign Service position, and the second, a Deputy EXO was graded at an FS-01 level. It was a big mission.

My position in Romania was at an FS-02 level and I was an FS-03. When I looked at the staffing pattern, I assumed Ann was suggesting that I fill the Deputy EXO slot. Even that would have been a two-grade stretch. Later, when we talked on the phone, I told her I didn't want to go out as a deputy, even at a large mission. I had been a Supervisory EXO in both Malawi and Romania and I wanted to continue at that level. Ann said I misunderstood. She was recommending me for the Supervisory EXO job at the senior level—a very big stretch.

Q: In El Salvador, at an FE-OC level while you were an FS03.?

CALLAHAN: Yes. I immediately agreed but the bad news was I had to go without a language refresher. I tenured at a 2-2 level, the requirement at that time. It had been about eight years since I had taken Spanish training at FSI. However, I still had to test in Spanish before going to post since it was a 3/3 level language designated position. I tested at the 1+/1+ and was given a waiver. I wasn't happy about that. I wanted to take Spanish classes, but I was excited about the job. USAID El Salvador said they couldn't wait for my Spanish to level up; they needed an EXO immediately.

At the time, USAID was in the process of creating a reduction in force (RIF) register. USAID had its budget reduced and was preparing for the worstcody122. I lost points on the register because I didn't have language competency. Thankfully no EXOs were rified, only Program Officers and a few Education Officers. Nonetheless, the system seemed unfair. This again speaks to the issue of how USAID's recruitment and staffing process

systems are inadequate. There is no surge capacity to cover a position while an officer takes language or other training.

Q: Stephen, as we discussed, just previously, you had finished your tour in Romania and were assigned to El Salvador as the Supervisory EXO? Now, when you arrived because it's 1992, the Civil War is not quite over. What were you told about security?

CALLAHAN: We actually arrived in the summer of 1994. Security was still a serious issue. Five years previous there were the notorious death squads. Upon arrival, we all heard the story about the Catholic nuns that were raped and murdered by the El Salvador National Guard in 1992. The Farabundo Marti National Liberation Front (FMLN), an insurgent group that eventually became a legal political party in El Salvador, had signed the Peace Accords in Mexico City. Politically things seemed to be coming together, but still, there were lots of guns in the country from the war years. Street crimes were abundant. Local shops such as supermarkets, would always have at least one security guard with an automatic rifle. A bit scary.

As you might imagine, there were a number of serious security incidents during our time. Kidnapping with ransom demands was not uncommon. The daughter of an officer within the embassy was kidnapped while at her nursery school. It occurred close to our home. Thankfully the child was returned unharmed. There were also several carjackings of embassy personnel. Our daughters were five and six so we were always very careful and aware of our surroundings.

Q: What kind of personal security did you have? Did you have to go to the embassy in an armored vehicle? Was there a guard on your house, that sort of thing?

CALLAHAN: We had a gatekeeper at our small compound but no armed guard. Armored vehicles were provided for the Ambassador, DCM, maybe a few agency heads and the USAID Mission Director. The rest of the community used their private vehicles. Generally, travel in the region was of great concern. Of course, this is pre 9/11. The issue of security, although taken very seriously by Diplomatic Security, had not reached today's level of terrorism. It was more an issue of street and gang-related crime, rather than terrorism.

We were very cautious of how we moved in and around not only San Salvador, but outside the city. There were many incidents of tourist buses traveling from San Salvador to Guatemala City that would be stopped and robbed. Bandits would take everybody's valuables, beat somebody up and move on. There was one incident, I think it was the German Ambassador, who was attacked about an hour outside of San Salvador. A gang

stopped him, took the car, and shot his driver. We were very aware of our security posture.

Those of us living in the area of Colonia Escalon would drive to the embassy and pass by local police on the main road. The police would regularly pull people over, usually demanding a little money or just as intimidation. We had diplomatic plates and the instructions from the RSO were to just keep driving. In America, driving past a policeman waving you over is highly risky. Nonetheless, that's what we did, we just smiled, waved and drove by.

Q: Yeah. Yeah, sure. All right. So then, now did Linda work or what was her status while you were there?

CALLAHAN: We came to the realization that USAID, the Department of State, and frankly the Foreign Affairs community were not making a serious effort in supporting eligible family members with viable work opportunities.

Linda had a college degree, she had a successful professional life, and she had worked professionally both in Kenya and Romania. Sadly, though, there were few professional opportunities for an EFM in El Salvador. An EFM could apply to be a security escort of contractors, but at minimum wage. The very competitive job of CLO only became available every few years. Instead, Linda decided to focus on family. She enrolled online with a university for classes on personal financial management. We decided we would rather invest in our children by giving them the benefit of Linda's time. It also gave us the time to concentrate on how to maximize my meager salary earnings.

Q: And schooling for the kids? How was that?

CALLAHAN: Our youngest was in nursery school, which she enjoyed. Between the house helpers on our compound and school, she developed her Spanish fluency skills. She is now bilingual. Our eldest was a first grader at the American School. Although her Spanish level was good, socialization with Salvadoran children was difficult. Salvadoran kids made up 90% of the school population. At that age kids formed cliques. I don't think the kids were mean, just standoffish. We discussed this with both the headmaster of the American School and State's Office of Overseas Schools and decided the smaller Christian School of San Salvador with other American children was best. She did well in her new environment. The next year we decided to send our second child to the International School, which was fabulous for her. After a year, both of our girls were socially on track and learning. Of course, we would supplement their education, especially American history and other bits of interest from American culture.

Q: Okay, great. All right. Then let's follow you into the mission. When you arrive there, how large is your staff? Your office?

CALLAHAN: At the time USAID El Salvador was the largest USAID mission in Latin America. For context, in 1994 the mission had a portfolio of about two hundred million dollars. There were fifty direct-hire officers and one hundred and fifty FSNs. We reached the level of sixty institutional contractors, all working on post-war activities. In the executive office, we were two direct hires, one personal services contractor, a third-country national (TCN), and fifty-three FSNs.

Additionally, we used a manpower contract of fifty contractors for general logistics, such as warehousing and residential maintenance. I must say the benefit of having a deputy executive officer is one thing, but I had the benefit of an incredible deputy, Mike Delarosa. Mike had spent seven or eight years as a naval officer, and decided he wanted to be a USAID foreign service officer. To do that, and be competitive, he attended the London School of Economics, after having gotten an engineering degree from Georgia Tech. He came to USAID with this incredible sense of management and analytical skills. From my perspective, having the support of such an individual made my job and my performance shine. We've remained good friends over the years. As a team, we worked very well in a very fast-moving environment.

Q: Sure, sure. With all these people, what did you have to develop or what did you need to ramp up in order to be able to for the mission to do all of the jobs it was doing?

CALLAHAN: Before 9/11 and two subsequent legislative acts, USAID managed its own portfolio of buildings and residences, both leased and owned. However, given the war in El Salvador, the USAID building was co-located on the same compound with the embassy. Legislation had not yet been written that required the collocation of agencies on a single compound, but at the time, it made sense in San Salvador from a security perspective. The USAID building was four stories, comparable in size to the Chancery building. USAID was the largest agency. At one point, because the war years were behind us, we found the need to “rightsize” staff, a not yet common buzzword. Technically, the word rightsize does not simply mean eliminate staff but rather find the appropriate staff level. Unfortunately, it has the connotation of a staff reduction. In this case, that was exactly our task, to reduce both FSN and direct hire staff to the appropriate level reflective of the diminishing project portfolio.

At the time, USAID had a difficult time in its relationship with Congress. Senator Jesse Helms was very vocal in his desire to completely eliminate USAID. And, as a result, the

USAID administrator, Brian Atwood, and I might be simplifying this, negotiated to reduce our budget and move closer in a relationship with State. USIA lost its independence as an agency and was absorbed by the Department of State.

There was subsequent legislation, the Foreign Affairs Reform and Restructuring Act in 1998. It basically required the Secretary of State, under the direction of the President, to coordinate all assistance programs, including USAID. This also had an impact on Commerce and Treasury Department budgets. It also began consolidating administrative services overseas and paying for them from the State Department. The idea was to eliminate the current program, the Foreign Affairs Administrative Support (FAAS) program, that State managed and charge other agencies at post, and create a new model called the International Cooperative Administrative Support Service, specifically ICASS.

Q: Okay, and so just to go back one second, FAAS, is the precursor that was the management of funds to, was it also other agencies other than USAID, was it as USAID only?

CALLAHAN: No. The FAAS program required all agencies under Chief of Mission to pay in part for specific shared services. Examples include communications such as cables and mail, the health unit, community services, security oversight, etc. The program was managed through a cost allotment system based on usage and the number of people served. However, FAAS didn't fully reimburse State for all the costs associated with many of the activities. The Department of State with OMB and others wanted to create a fairer distribution of costs based on usage. State developed a new reimbursement scheme and wanted to test it; hence four pilot missions were selected.

El Salvador, being a large mission, was tagged. State Management Counselor Mike McLaughlin, spearheaded the program from Washington. He was brilliant. He really understood the program, to a degree that he could explain the rationale and the basis for it. But of course, in those days, it was originally described as a voluntary program. That suited USAID. We had always believed we provided services to ourselves better than State could. To be fair about it, I think we did, especially with regard to how we use a motor pool or how we reacted to general services requests such as housing maintenance, at least in the El Salvador mission. These became lightning rod issues as we negotiated what services to actually test in our pilot.

USAID motor pool was something we were very protective of and took it off the negotiating table. Therein began a serious negotiation process. I think it's fair to say that USAID was thought by most everyone in the mission to have the better residential maintenance program. That was because we had a manpower contract. It was a

performance-based contract. If they weren't doing the job at the performance level agreed to, they got fired. So, they were motivated to perform. For example, we had a turnaround time for fixing a leaky plumbing issue; the contractor had to be on site in four hours and the job completed in eight. State Department GSO didn't have these standards established. We thought this service would be a home run for the pilot. The Management Counselor was no dummy. He basically said he didn't want to put the Embassy GSO on the line because he knew they would lose.

We talked about other services. We agreed not to test the motor pool. USAID believed our vehicle support needs were very different from State's. For example, USAID drivers would wait for a passenger to complete an appointment, while State required the traveler to request a pickup when the appointment was completed. USAID performed many upcountry visits of projects which required vehicles and drivers to be absent for days at a time. State did not have sufficient drivers to be absent for long periods or with the knowledge of upcountry sites, etc.

We agreed on the Travel Management Center. USAID actually had an excellent relationship with Carlson Travel, a local travel agent. The State Department used American Express. Carlson was local and service oriented, American Express was working from Mexico and were not as responsive. We agreed to pilot travel services.

To be honest, the pilot was a bit disingenuous, because we didn't test comparable services. This is in the day, when virtually everyone in USAID was against joining ICASS. It was voluntary and we wanted to continue to manage our own services.

Participation in ICASS changed from voluntary to mandatory a few years later and by the time I returned to Washington as Director of M/OMS. But for our purposes in El Salvador, we went through the exercise, and retained management of the Travel Management Center with USAID overseeing the contract.

Q: Interesting. And of course, Carlson Travel would become the travel agency for the better part of the department over time.

CALLAHAN: Yes, indeed, it was. The real key, though, was Carlson had local folks that were very in tune with our needs, and they were very service driven. As a pilot, we were complimented for setting some performance standards. It allowed the ICASS governing group in Washington to begin to outline those different administrative services that could be targeted for consolidation. It was eventually determined there were thirteen services.

Q: Okay. And that would remain true of ICASS for agencies that were collocated in the embassy, under the Chief of Mission. They could take part in ICASS services if they chose and ICASS was able to provide their support. And if they wanted, they could decline any ICASS support from the State Department.

CALLAHAN: That's absolutely right. For example, USAID El Salvador had over fifty residences in our housing pool. We would select the residence, prepare a lease agreement, make it ready for occupancy and assign it to an officer. The RSO would do a security inspection, but USAID would install any upgrades required and maintain the property. We were very protective of that function because we believed we could find and maintain the residences better than the Interagency Housing Board. That all changed by 2004.

We actually had a brief meeting with Richard Armitage when he was Deputy Secretary of State about this in which we were eventually forced to join the interagency housing pools.

Q: Now, of course, you had mentioned that you were downsizing the mission. This was also at the beginning of the reduction in force in USAID?

CALLAHAN: Yes, we had a combined staff of over three hundred. We lost as many as seventy-five staff, mostly FSNs but a few direct hires. This was directly related to our program portfolio diminishing. We were still doing considerable work in the area of judicial reform and the justice sector but other project portfolios were diminishing.

Q: Okay, then. You had police training. That, as I recall, was part of the peace agreement that there will be an integration of the FMLN forces into the various security forces of El Salvador, and along with that would come retraining for the appropriate way you handle security and so on, rather than the Civil War era.

CALLAHAN: Yes, that's correct. USAID does not partner with local police but we did support the DOJ in their work in community policing.

Q: So, USAID is involved with post conflict reconstruction?

CALLAHAN: Well, USAID was doing a number of humanitarian support projects, and to a smaller extent so was the military. The military had their Humanitarian Assistance Program (HAP). Much to my delight, I accompanied the Ambassador in one of two Apache helicopters to see a school building project funded by the military. There were armed soldiers on the sides of the helicopters. The concern was for potential potshots from the ground.

I was involved with the small grants program, which is not unlike what Peace Corps does. It was a wonderful opportunity to get out in the field, and interview proponents and talk to them and be a part of a team that would assess the impact and value of this small grant program.

Q: It's interesting, given you have a two hundred million dollar budget, that USAID actually did go all the way down to small, centrally small dollar amounts, like \$25,000.

CALLAHAN: Well, not exactly. I'm referring to my involvement in one small program. The USAID program activities were managed through our project offices. Most EXOs look for ways to be involved in programmatic activities. Many EXOs look for ways to lend their management expertise to further a mission's development projects. For me, the small grants committee was simply an opportunity for me to get involved.

I became involved with the Denton Humanitarian Assistance Program. Welford Walker, a colleague I knew from Peace Corps who later joined USAID, introduced me to the program. When there is available space on U.S. military cargo planes, the Denton Program allows free access to transport humanitarian goods overseas. Many times, surplus supplies and items from the General Services Administration's federal excess property program would be available. This allowed usable property that was excess to the needs of the U.S.G., to be donated and flown overseas.

The challenge was finding excess goods that we were requested or needed and then coordinating with the military for space available on a cargo plane heading in the direction of the recipient. Not always easy.

On a TDY to HQ, Welford introduced me to Senator Denton, then retired, who was enthusiastic that USAID was taking advantage of his ideas. Some of the excess items USAID would look for were agricultural equipment and vehicles.

I had gotten to know a Catholic priest who asked for help in finding surplus equipment, specifically a potable water truck, for the people in his community. His parish, Our Lady of Lourdes, was just outside of San Salvador.

Q: And you offered to help him?

CALLAHAN: Yes, I did. I asked Welford for his help. He worked closely with counterparts at the Pentagon and the GSA. He would find surplus property at GSA depots throughout the U.S. and then identify an NGO willing to pay for the cost to get it to a military base for transport overseas. It was a wonderful program and the priest, David

Blanchard, was a thankful recipient. Sadly, Father Blanchard died just last year. In addition to being a Carmelite priest, he had a PhD in cultural anthropology. He made a wonderful contribution to humanitarianism in El Salvador.

Q: Did the USAID programs also engage in private sector development because, as I recall, at least, in approaching the peace agreement, there were a lot landless campesinos. We had to find a way to make them understand and become stakeholders in at least, in small business.

CALLAHAN: Well, yes, and I was involved but only anecdotally. Depending on what source you might read, there was a small cadre of ultra-wealthy families in El Salvador that owned large tracts of land and owned and operated many commercial businesses. I was invited by a friend to dinner with one of these families. The family was very cordial, at least at first. We had appetizers and a glass of wine, but by the time we got to the dinner table, I was grilled about the land distribution initiative underway and the redistribution of land to campesinos and others. One family member whined about how unfair it was. I was their guest so I did not take the bait and avoided an argument. It was quite clear how this and the other wealthy elites of El Salvador reacted to any distribution of their land, power or wealth.

Q: Okay. All right. Now, as you are downsizing, what were the areas that you began, the funding areas that you began to reduce?

CALLAHAN: Well, in addition to staff, we had to reduce our physical presence in the building. We were a four story, standalone building next to the chancery. We reduced occupied space by one fourth and looked for ways to make use of that space by offering it to other foreign affair agencies at post. It was uncomfortable in terms of giving up something, especially prime office space. Most of our management section ended up in the basement. That's usually how it works, the management team goes to the basement.

Q: You mentioned ICTAP, the police training is one of the things that USAID continued with. Did USAID also contribute funds for the post war, Truth and Reconciliation Commission.

CALLAHAN: Yes. USAID provided a sizable grant through the United Nations to help carry out the reconciliation program.

Q: One other thing that USAID does, in at least some countries, is vocational training in the U.S. or in other countries. In other words, people who have surrendered their

weapons come into regular society, but now have spent their youth in the Bush fighting. Did USAID have programs like that?

CALLAHAN: Participant training programs have been a mainstay of USAID efforts well into the early 2000s. We had participant training programs in El Salvador, but not as robust as we did in, for example, Malawi. USAID's focus in El Salvador was very broad. We had projects in democracy and governance, as you might imagine, but we also concentrated on judicial and institutional strengthening. El Salvador had experienced several major earthquakes so USAID was active in disaster relief efforts. That involved rebuilding the country's infrastructure such as water systems and residences. We provided support in the agricultural arena including land reform projects. Infant mortality was a major issue so we did a lot with NGOs to support health care reforms.

Q: Were there other aspects of the job that I've missed that you would like to recount?

CALLAHAN: As a family, we fell in love with Latin American culture. There were always concerns of our safety and criminality but we learned to be aware of our surroundings. When we arrived, it was a two-year posting. After a year, I was asked if I would extend for a third year to which I agreed. The people, the climate, the food, the culture, are all such fond memories.

Q: Now, you talked about volunteering to use the ICASS system for charging other agencies for the use of State Department expertise, or processes and so on. But how did the introduction of new IT services affect your work, new information technology, internet, and so on?

CALLAHAN: In the beginning days of ICASS, it was dismissed as an impractical idea. As an agency USAID had not yet transitioned into moving on to embassy compounds, number one, but also because unlike State, we were completely an unclassified operation. It was thought that combining our agencies would compromise the IT security posture of State.

We discussed IT issues in terms of State taking on the administrative burden associated with communications, telephone lines in particular, but not for the IT server platform. That discussion was revisited and came to a culmination a few years later, when we had more serious negotiations. It was actually, I think, State that reached the conclusion that it just wasn't viable in terms of cost efficiencies and administrative oversight to attempt such a consolidation. The Department had the benefit of USAID's CIO John Streufert, who moved to State in the mid-2000s. Under John's management, USAID's IT program received an A+ security rating so he knew his craft was held in high regard by all that

knew him. While at State, John dispelled any notion that combining USAID's platform made sense, either economically or from a security perspective.

We did have conversations about how USAID might use data collection applications created by State for travel or security compliance. The problem was USAID cannot access the applications unless logged onto a state.gov email address. Remote access was slow and cumbersome. It was suggested by State that if USAID is on an embassy compound, they would provide an individual computer that we might be able to access these applications. Of course, USAID would be charged through ICASS for access and maintenance. There were many nuanced details, making for a lively debate. Having worked on both sides of the shared services discussions, I understand, certainly from a security perspective, but when you start talking dollars and cents, and losing control, it becomes very sensitive.

Q: Did you have an Office of Inspector General visit? Were there recommendations made as a result of anything like that?

CALLAHAN: For ICASS or other issues?

Q: For other issues at the mission, for example how was the mission was running?

CALLAHAN: Yes, we actually had a USAID Regional Inspector General's office in our building. We got along very well. Basically, because the IG investigated primarily within the region, not necessarily focused on El Salvador. That, and logistically, the IG was not a burden on time and resources. That said, anywhere there was something that the IG needed to audit or review, they did.

Q: Yeah. All right, then, now you were an FS-03 in a job several ranks above you, while you were there, were you promoted?

CALLAHAN: I was promoted soon after arriving. Each one of my promotions has been in about five years increments.

Q: Did you engage in other activities while in San Salvador?

In San Salvador, Lilongwe and Bucharest, I enjoyed speaking at Peace Corps volunteer conferences. I would talk about federal service, in particular, the foreign service, i.e., State Department, USAID, Foreign AG, Foreign Commercial, the application process, the SF-171, how to ensure competitiveness, etc.

I supported the Peace Corps office in other ways. Jim O'Brien was the El Salvador Peace Corps country director. I remember Jim was dealing with a sensitive issue and asked if USAID could assist by lending them our guest house. We leased a six-bedroom guest house that we would use for official visitors and occasionally contractors. Peace Corps asked if they could occupy it exclusively for a week in order to safely house four volunteers that were returning to El Salvador for a court case. The case involved volunteers from Guatemala that had been visiting volunteers in El Salvador. All of them had spent a weekend in a remote area on a secluded beach. While there, the volunteers were brutally abducted and sexually assaulted. It was a traumatic and terrible experience. These brave volunteers were medically evacuated but returned to El Salvador to testify against the ringleader of the gang that kidnapped them. The culprit was easily identifiable because he had one arm...kind of like the "Fugitive", and was easily recognizable.

The culprit bribed his way out of jail while in custody just a couple days before the trial was to begin. It was a nerve racking few days until he was recaptured. Peace Corps was just so thankful.

Q: Now, on this tour of three years in El Salvador, and at a much higher level of management requirements, and so on. Thinking back, what skills and talents did you acquire there that were useful for you as you went along later in your career?

CALLAHAN: I had several opportunities to work with other agencies. We were collocated so attending meetings and receiving services from State made the relationships important. In Romania, I had to work with the management counselor, and RSO, and DCM, but never to the extent that I did in El Salvador. It was good experience for when I headed up Overseas Management Support and had to negotiate real estate and ICASS service issues.

Not all of my interagency discussions in El Salvador were easy though. One such issue had to do with the duty officer list. The duty officer of course is the off-duty hours representative from the embassy that receives incoming calls, some important and some from U.S. citizens in distress. Some calls could be resolved by the duty officer but other calls might need to be passed along to the appropriate officer for resolution. All embassies have duty officers and their relevance has not changed but with today's communications, lots of official issues are dealt directly with the intended party.

Many times, calls are consular affairs related. For example, an American citizen calling on a Sunday morning to say they have lost their passport. But also, important overnight messages that involved medical or security issues. Since this involved personal time, weekends, late night receiving calls, etc., the duty officer job could be demanding. The

duty roster is made up of all direct hire officers within the mission. The health unit doctor, the RSO, and others that are basically always on call, are generally excluded. Peace Corps staff have their own duty officers for volunteer issues so they are also excluded.

No one really likes having the duty especially on a holiday or weekend, or over Christmas. The issue for USAID was that the embassy excluded their section heads. USAID had office directors who were also senior in rank and had duties as complex and important as the political or economics section heads. Yet, all USAID officers had to serve as duty officers while State officers of similar rank did not.

USAID officers complained to me and I agreed. I raised the issue with our mission director and we took it to the DCM. I proposed that in fairness, State officers should have to do the duty or USAID office heads should be excluded. It was a large mission so there were sufficient officers that only required the duty to be performed once or twice a year. The DCM was reluctant but he saw the basic unfairness and agreed; all senior USAID staff would not have to serve as duty officers.

A long story but an important example of what a management officer of any agency has to do in terms of supporting staff.

Q: So, then, your next assignment was back to HQ?

CALLAHAN: No, actually we returned to the Africa Bureau and Botswana. While the kids were still young, we wanted another opportunity to take advantage of Africa's culture, climate, food, game reserves, etc. Botswana was reopening a regional mission and asked if I would be interested.

My first year was focused on staff build up, and putting procedures and practices in place. I followed EXO Anthony Vodraska, who was excellent at creating policies, mission orders, and processes needed to manage a mission of that size. My forte was implementation.

Our first year was enjoyable on several levels although we did have a rocky start with school. There was a land grant school funded with U.S. dollars and the British school, which received some funding from the Office of Overseas Schools.

Unfortunately, the British school, used by most everyone in the embassy community, only had room for one of our children. We didn't want to separate them so we decided to enroll them in the land grant school, Westwood. Westwood was a disappointment. The

principal wanted to hold our eldest daughter back a year because of her age difference with classmates. She was an August baby. He argued it was different in the southern hemisphere, and that's how it had to be. We argued she had just completed the grade she was being relegated to and was ready for the next grade.

Linda and I said, no thanks, if that's the school's decision, we'll homeschool. The principal was shocked to hear that ultimatum and quickly acquiesced. The last thing he wanted was a spat with the embassy community. Even with that, the school curriculum was just disappointing.

The upside was the kids enjoyed their time outside of school. Horseback riding lessons, swim team, embassy events and making friends. We joined the hash house harriers. The USAID front office was exceptional. Valerie Dixon Horton was our Mission Director, an experienced visionary, who brought her senior officers together regularly. As EXO, I was expected to be engaged not only with my regular responsibilities but also programming and projects. By requiring my presence at these meetings, it gave me an appreciation for my fellow staff members and the regional work we were doing. Valerie moved on after a year, and things went south. The new Mission Director and his deputy lacked leadership, vision and integrity. Rather disheartening.

Q: But now, what years were you there?

CALLAHAN: From '97 to the end of '98, two years, I actually curtailed.

Q: You mentioned it's a regional mission. Was travel and assistance to other missions' part of your work?

CALLAHAN: It was not. We had provided some support to Angola and other missions, but they were anecdotal to what Pretoria was providing as a regional center. The programmatic side of the house, however, did travel and provide programmatic expertise. The Southern African Development Community (SADC) is located in Gaborone so there was a political reason for USAID to have a presence there. We had no bilateral program.

Q: That's interesting.

CALLAHAN: There are only a few missions without bilateral programs. Valerie focused on the relationship with SADC. We would also host high-level visitors, not least of which were the Clintons and USAID Administrator Brian Atwood. Ambassador Bob Krueger, a retired Texas congressman from President Johnson's district, was well known and his presence highlighted the importance of a U.S.-Botswana relationship.

I enjoyed Ambassador Krueger immensely. He reminded me of Ambassador Pistor from Malawi. When we first arrived, we told him about wanting to enroll both our children in the British school. Most of the embassy kids attended there. It was more as a point of conversation rather than asking for his help. The next day, he called the headmaster of the British school on our behalf. The British school just didn't have room and we were not successful. But Ambassador Krueger was involved and saw his role to be much more than the political figure.

Q: Yeah. Okay, so there wasn't much in the way of programs in Botswana. But how about HIV prevention and treatment?

CALLAHAN: In 1999, Botswana had an HIV prevalence of twenty-five percent of the population between the ages of 18 and 49. HIV/AIDS was a serious problem throughout the region, not just Botswana. USAID Malawi lost six or seven FSNs from the EXO staff alone.

Botswana had the highest incidence of HIV patients in Africa, and the town of Francistown leading the pack. HIV was very much a part of our lives and consciousness.

Q: Wow. Okay. Once again were you promoted in Botswana?

CALLAHAN: I was not, but timing is everything and it wasn't my time. That wasn't the issue that led me to depart post early.

Q: Well, then, let's go ahead with those if I haven't missed anything else in Botswana because I think at this point, you're looking to go back to Washington?

CALLAHAN: Well, I was. I enjoyed the job, just not the leadership. My experience with the new mission director and his deputy was not good. I thought them to be irresponsible and not managing their jobs in a fashion that was in keeping with a representative of the U.S government. The new mission director and deputy seemed most focused on upgrading their residences.

The Westwood school was not academically rigorous, or at least at the level of a Fairfax County school. We had access to the Armed Forces Radio Television Network being broadcast from the embassy. We used it to supplement American history that our kids couldn't get in either school. Westwood School was simply lacking in quality teachers and curriculum.

What really had my attention though was that my older brother was diagnosed with cancer. His oncologist happened to be a Foreign Service brat and my brother suggested I talk to him to get a sense as to the degree of severity of his cancer. I called the oncologist and he made it clear. He said Tim had limited time ahead of him and if I could come back to be with him, he suggested I do just that.

That was really the impetus for me to curtail. At the time, the Deputy Director of Administrative Services, Neil Merriweather, heard about my brother and asked if I was coming back to HQ and would I be interested in his job.

The reassignment to Washington was approved and I came into a busy job with a long list of priorities and a great boss with which to work.

Q: Just going back one second, your predecessor there who asked you if you want to take the job, was he ticking out? Just to clarify, a TIC is time in class. And like the military one has to be promoted within so many years or they are ticked out. So, he was at the point where he could either be promoted or would have to retire. He reached the number of years in his grade and did not get promoted, right?

CALLAHAN: That's right. TIC is short for "time in class" and is something that the Foreign Service and the military both have in common. The civil service is different. In the military and foreign service, one has to be promoted to the next level in a certain amount of time, or they are discharged. It's called an "up or out system". That is how I could fill a senior level job with a personal grade lower than what the position was classified. As opposed to the civil service system in which a job is classified at a certain grade and you work strictly within the duties and responsibilities of that graded position. In the case of my colleague, he reached the grade of FS-01 and was not promoted to the next level, senior foreign service, in the time allotted, and was TIC'ed out.

Q: Okay, that's great. Now, shall we go on and follow you to Washington?

CALLAHAN: Well, we can talk about Washington for sure. I was there a long time.

Q: You left Botswana in 2000?

CALLAHAN: I left Botswana arriving in Washington in January 1999. It was a challenging time. I wanted to spend time with my brother but of course I had to work, find an affordable place to live with good schools, set up our home, etc.

Q: Right. Right. Of course, because you're in the Foreign Service, you're going to go back and forth between the Washington area and overseas. Often, because of that, you don't have much choice in when you can buy a house or find a rental property. You're at the subject of the real estate market at that moment. Sometimes the wheel lands on a good number for you and sometimes it doesn't.

CALLAHAN: That was exactly our circumstance. When we arrived, the inventory of available houses for sale in Virginia was limited. I wanted to live in Arlington, Falls Church or Vienna. We were unsuccessful in finding something affordable in those markets. Linda met with our real estate agent, and as luck would have it, found a house that certainly met our physical requirements and within our budget. It was about a mile from where I grew up. Although it wasn't my first choice of areas, it turned out to be just fine.

Q: Good. All right. So, tell me about what your new job entailed.

CALLAHAN: The Office of Administrative Services, now called Management Services, was basically an umbrella of the operational management activities of the agency outside of contracting and financial management. Within that umbrella of administrative services, there was the Overseas Management Support division, the homebase for EXOs. The three other divisions were Consolidated Property, like a general services office for HQ, the Records Management Division, and the Travel and Transportation Division.

Q: Interesting. And what were some of your responsibilities?

CALLAHAN: Peggy Thome was the Director of Admin Services and she relied on me to support the operational oversight of these offices but with a view to keeping a close eye on Overseas Management Support.

I became involved in projects that I had been exposed to previously, but not to the degree that this new job required. For example, we were doing massive re-blocking of office space and a general refurbishment of much of our space in the Ronald Reagan Building (RRB). USAID had moved into the RRB about ten years previously, and things were beginning to fray. Carpets needed replacing, bathrooms needed remodeling, offices needed reconfiguring due to reorganizations. I was involved in all these areas but, as you might imagine, I was mostly involved in overseas issues. My involvement became even more focused as we started to examine our relationship with State vis-à-vis ICASS and the consolidation of services, specifically shared residential housing, real estate owned by USAID and its management, usage of the agency Trust Fund accounts, and vehicle and non-expendable property management.

There was a major legislative act authorized around this time, the Secure Embassy Construction and Counterterrorism Act of 1999 (SECCA). The act basically forced the Department of State, through OBO, to begin to design and construct new embassy buildings in which all federal agencies under Chief of Mission would be housed. There were a few exceptions, CDC, for example, and Peace Corps. All other agencies had to plan on moving into newly constructed embassies. Once 9/11 occurred, OBO's responsibilities under this act were magnified many times over.

Congress legislated that the Office of Rightsizing be created within State. This would help manage how to design and construct new embassy compounds effectively. The first Director of Rightsizing was ready to consolidate as many overseas administrative services as possible to reduce the U.S.G. footprint. USAID had not yet reached agreement on the consolidation of services under ICASS. He basically tried to force fit USAID and other agencies staff into a consolidated blend of management services through ICASS. This approach was beyond what parameters for consolidation had been agreed to.

My life was deeply involved in the Joint Management Council (JMC), the Joint Management Board (JMB), and the ICASS Service Center (ISC). I represented USAID on our real estate holding overseas, consolidation of services, USAID's use of trust funds, etc.

Gary Nagle was the property specialist and managed our very large real estate portfolio. Gary oversaw residential and commercial leases and new embassy designs under the newly legislated SECCA. OBO had a staff of about nine hundred with oversight of all the aspects designing, constructing and maintaining our overseas buildings. Gary and I would meet regularly with their architects, space planners, modular office planners, interior designers, finance managers, fire and safety planners, etc.

As I grew into my new position, I began to separate USAID domestic administrative services from overseas operational management support. Operationally, these are two distinct functions. This allowed us to create M/OMS as an office, rather than remain as a division, and become responsible for overseas activities leaving the domestic issues under Administrative Services. The opportunity to do that was brought about because Peggy retired, and I was Acting Director of Administrative Services. I had that job for about eight or nine months. With Peggy's departure, we recruited her replacement at the senior executive service level. We eventually hired a gentleman that basically did not understand or develop an interest in the overseas aspects of the job, only domestic. He was a tremendous disappointment to the agency, not just me.

USAID's Director of Security (SEC), Mike Flannery became involved. Mike was an incredible figure of a man. He came from a military background, Vietnam, Airborne division, smart and articulate. He knew of my concerns and offered to support my idea of seeking to separate the overseas responsibilities within Administrative Services. He liked EXOs and agreed with me that they should have their own office within the Management Bureau similar to Contracting Officers and Controllers, especially given the poor leadership of the new director of Administrative Services.



There is a strong camaraderie among USAID Executive Officers. Here we are meeting at one of our regular worldwide conferences held in Virginia. As one EXO put it, “everyone believes they can do an EXO’s job—until the EXO is not there!”

I accompanied Mike on several visits with staff from the Senate Foreign Relations Committee to update them on our overseas security posture and relationship with OBO. Mike knew the value EXOs brought to the security of our missions. Sadly, Mike died of complications from Agent Orange, the herbicide used while he was in Viet Nam.

Q: Take a moment to list or describe how the post 9/11 counterterrorism law impacted EXO responsibilities.

CALLAHAN: After 9/11, Mike Flannery had the ear of the Administrator. He knew what EXOs had to do with respect to ensuring both USAID missions and officers were secure. Mike worked closely with EXO Mike Trott after the Nairobi Embassy was truck-bombed. The U.S. Embassy in Dar es Salaam was also attacked but by far the greatest damage was

in Nairobi. The bomb resulted in over 200 foreign national deaths and a dozen Americans. In the midst of this tragedy, EXO Trott basically was thrust into the role of security and logistics coordinator for both USAID and State. Mike Flannery became a tremendous ally of EXOs in the process.

Extracting M/OMS from Administrative Services, however, became contentious. The new Director of Administrative Services clearly didn't want a separation. But it made sense. It would give us greater gravitas as an entity within the organizational structure of USAID as we represented ourselves to State. The Administrator agreed and we separated. I became the Director of M/OMS.

While in M/OMS we worked with the senior leadership of OBO. Under the leadership of Secretary Colin Powell, the OBO was transformed by General Charles Williams ([Williams, Charles E. \(state.gov\)](#)). He was a retired two-star general. I certainly was not a two-star general, or a minister counselor at the time. In fact, I was very junior to General Williams. That said, he would call me, invite me to meetings, and I traveled extensively with him.

On one trip through Eastern Africa, I asked his team to add an extra stop on one of his TDY visitations of new construction sites, to include Addis Ababa. I was invited to accompany him and his team. The plan was to visit Dar es Salaam, Nairobi, and Uganda. After Kampala the plan was for the General to head Accra, Ghana and then home. This is after 9/11.

Our standalone offices in Addis were located in a very vulnerable location, with serious building security shortcomings. The building was an easy truck bomb target.

USAID had deep concerns and asked if the TDY could include a stop in Addis Ababa in order for the General to see first-hand just how vulnerable the building and its occupants were. Of course, few things were negotiated directly with the General. His team from the Africa Bureau headed by Joe Higgins argued that timing was not good and more importantly the list for new embassy compound construction was agreed upon and could not be altered. Addis would simply have to wait.

Although reluctant at first, and perhaps it was with some political coaxing from Washington, the General agreed to visit Addis. His management team said, "well, the General can do a layover in the airport. The Ambassador can come out and talk to him there." Thankfully the General said that if he was going to stop in Ethiopia, he would not limit his visit to the airport and he would see the USAID building site. Planning for this

extra layover took place quickly. Meetings were set up and a walkthrough of the USAID building was scheduled.

The General was a man that could make up his mind quickly. Without exaggeration, he walked into the USAID building and exited in fifteen minutes. He said, “I don't need to see anymore”. He told OBO to reprioritize the construction list to include Addis. Just like that.

In addition to the walk through, the General and our team were invited to a dinner meeting at the request of Sheik Mohamed Hussein al Almoudi, a well-known Ethiopian construction magnate ([Mohammed Hussein Al Amoudi - Wikipedia](#)). The Sheik knew that if a new embassy was to be constructed in Addis, OBO would benefit by using a local construction company. I'm sure the Sheik's interests were to make himself known to the General in the hopes of winning any construction bids. The Shek lived in Riyadh and flew in on his private jet for the meeting.

We spent three days in Addis. The General had made his decision and, in the process, met a potential business partner. The easy part of our trip was over. The hard part was for the OBO teams to bring about the changes in budget formulation, designers, security, etc. to begin construction for a new USAID building on the embassy compound. All very challenging but doable.

General Williams was a tremendous advocate not only for USAID, but more importantly for all staff under Chief of Mission. I have tremendous respect for the man.

Q: I just want to add a little context about OBO, Overseas Building Office. It has so many challenges to anyone who has to deal with them from outside that office. You've mentioned several, in other words, the division of offices among security among architects' construction, space design furniture, on and on and on. The political determination of which facilities will be built in which order?

CALLAHAN: There was a safe-guarded list of sites and timing for the construction of new embassies. The list's priorities were not made public. Embassies selected for new construction, as opposed to renovations', were based on a number of issues, including security concerns but also our national strategic interests in the region. I can't say identifying a new embassy construction site wasn't political. But certainly, from an OBO perspective, I believe their focus was to fast track the construction of New Embassy Compounds in order to provide safe and functioning facilities for Americans working abroad.

Q: Interesting. Were there other projects in which you were personally involved with OBO or General Williams?

CALLAHAN: Yes, many. I was very involved with the Embassy Baghdad program and its OBO team. I also worked on the new embassy planning for Kabul.

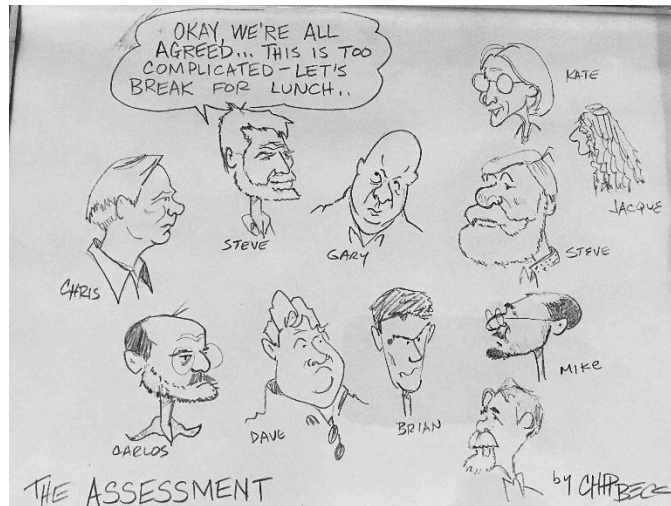
I remember I got in some hot water with USAID on the Kabul construction efforts. In a car, returning from an interagency meeting with State, I'm riding with the Deputy Administrator Fred Schieck and USAID's Counselor. The Counselor tells me that she had received a call from the Kabul Mission Director and that M/OMS was dragging its feet with OBO by delaying important construction milestones. Rather than asking me in private or checking her facts, she chose to accept an inaccurate version of the situation. The result was I convened a meeting with OBO Director Williams and his senior planners and construction gurus. The U.S. Ambassador to Kabul happened to be in town so he also attended the meeting at State Annex 6 (SA-6). USAID's Counselor and I attended.

Suffice it to say, OBO and the Ambassador described the timelines for construction, challenges for completion and assurances that this was a fast-track effort for the all U.S.G. agencies working in Kabul. I am sure OBO had no idea that USAID believed that either OBO or I were dragging our feet. That wasn't the reason given when we asked for the status of construction. OBO explained the status in detail, a timeline, we thanked them, smiled, shook hands and left. Of course, I felt vindicated that I was doing my job properly. I never heard an acknowledgement of that from the Counselor. It was simply an unprofessional and accusatory manner for our agency's Counselor to raise her concerns.

I also traveled to Juba, in southern Sudan with OBO and State's Africa Bureau Executive Director, Steve Nolan, later Ambassador to Botswana. The Department's Africa Bureau asked if I would join OBO and Diplomatic Security for TDY of the Embassy in Khartoum, the refugee camp in Al-Fashir, Rumbek, and finally Juba, where USAID had been granted property by the host government twenty years previously in the event USAID ever wanted to construct a building there. We surveyed the property for purposes of building an NEC. Sudan was rapidly moving toward a civil war that would eventually separate southern Sudan into the Republic of South Sudan.



Ambassador Steve Nolan, leading the OBO team, Diplomatic Security and USAID EXOs Callahan and Mike Sampson. Above we are in Al-Fashir, outside the refugee camp. We also inspected the condition of Embassy Khartoum, the UN camp in Rumbek and the USAID property in Juba, Sudan.



Dr. Chip Beck, Director of African Contingency Operations Training and Assistance, accompanied the Sudan Assessment Team. In addition to his vast knowledge of the region, Chip was also an accomplished combat artist and editorial cartoonist. In a meeting at Embassy Khartoum, he casually sketched our team.

Q: All right. I mean, that's very good. I had very limited personal experience with OBO. But I found it to be a black box. And often, I was often unable to even understand how decisions were made. I'm wondering if OBO worked as well with others as they did with you?

CALLAHAN: OBO was many times at the mercy of State's Regional Bureaus and the Office of Rightsizing. I remember getting a summons from Natsios' office while in a meeting in the RRB. His office received a call from the Bureau of Western Hemisphere's Executive Director Pat Hayes, asking for Callahan to come to Main State immediately to talk with the Rightsizing Office. Hayes claimed the USAID EXO to Haiti was not doing his job. Seriously? I was more amazed at the arrogance of such a call than its unprofessionalism. Our incredibly talented EXO, John Winfield, was representing the interests of his agency with these folks who were trying to force-fit a size ten foot into a size six shoe.

Of course, I left my meeting and immediately went to State, primarily to do as the Administrator's Office wanted, not Pat Hayes, and fix a problem. John Winfield and I talked with the Director of Rightsizing. I fully supported John and his common sense. There were many seemingly small issues that translated into big concerns for USAID. For example, we flatly rebuked the idea that in the newly designed collocated building, the EXO should give up both the physical space and his secretary. Instead, Rightsizing wanted the EXO to receive all its administrative support from the Management Counselor's secretary. That was ludicrous.



USAID was forced to leave Hussein's Republican Presidential Palace as the Coalition Provisional Authority (CPA) needed office space for the increasing numbers of U.S. staff. The Palace was CPA HQ before a NEC was built. I'm sitting in one of Hussein's many golden thrones.

We eventually negotiated for most of what we needed, not most of what we wanted. We could at least function at an acceptable level within their space allocation limitations. Rightsizing, at the time, was focused on a maximum absorption of USAID services under ICASS without regard to its impact on USAID operations. With less space needed for USAID, there would be cost and resource savings for the government.

For the Baghdad rightsizing negotiations, I was expecting more of a “slash and burn” approach of both staff and space, similar to what happened with the Haiti NEC negotiations. I was a member of the interagency Baghdad Task Force. OBO had a few of its senior folks on the team. We would discuss the many needs of a NEC of this magnitude and work with the design and space allocation team.

USAID had been booted out of the temporary space in Hussein’s Palace after we had invested millions in an alternative compound. The only option for USAID to stay in the Green Zone ([Green Zone - Wikipedia](#)) was the one we created on our own. Our mini compound was modest but also functional and secure. This was in part due to our fabulous EXO, Fernando Cossich. But as the new embassy compound concept gained funding, we had to perform a right sizing exercise to conform with the law, requiring our colocation on a NEC. Eventually, USAID had to give up the compound with its housing and support facilities and move into the NEC.

When we began to discuss actual staff levels for the NEC, I was expecting a directed conversation in the same fashion that I had when discussing Haiti, i.e., the basic construction design had been approved and agreed upon and we were there to define specific staff numbers. I met with an experienced management counselor, Janine Jackson. She was later assigned to Baghdad in that role and later our Ambassador to Malawi.

But here’s the rub, and I have to laugh about it now. I had talked to the interested parties within USAID about staff levels and prepared a list of required desk and non-desk positions. All unclassified versus classified positions, which makes a big difference in terms of per unit construction costs. Classified space requires more security protections. As I’m going through the USAID requirements, I was asked how many program officers are needed. Well, in negotiations, if I thought we needed eight positions, I might say, “We can’t function properly with less than twelve”. With that strategy, hopefully we could reach a number closer to eight, than a much lower counter-offer.

In my discussion with Janine, I’m shooting for the top numbers for all these positions. I remember mentioning a staff number for the program office. I have forgotten what actual

numbers I put out there. Whatever that number was, Janine says “Really? That's all you need? Would USAID benefit with additional slots?”

I said, yes, we would. We discussed the next staff category. The same offer of more positions than requested was offered. All of a sudden, our requested staff numbers are being honored and we're being offered more, if needed. I realized the cost of the building itself was specifically financed through Congress. The USAID staff levels would be affected by the associated support costs through ICASS. That said, a little, not a lot, more space would be beneficial for staff flexibility.

I left our meeting with a very different footprint than I had imagined. We had all the space we requested. There was pressure on OBO because the building design had been actually established. One thing I learned from OBO is that in the sequence of construction, there are certain periods within that construction timeline in which change orders cannot be modified without considerable cost.

We were at that point. Reductions in space design would have meant sizable change-order costs. USAID received the space it needed for our Baghdad mission and everybody was happy, at least for a while. That was of course, until I became Director of Rightsizing, and Embassy Baghdad was downsizing.

Q: Right. Right. Iraq was a very unique episode in U.S foreign policy for many, many reasons. You got vacuumed into it, as well, seeing the buildup, and then the kind of slow reduction.

CALLAHAN: For sure. Baghdad and Kabul were our largest USAID Missions. Both had their own issues and concerns. Baghdad was especially challenging for our EXOs. Most of them did extraordinary work, in particular, Fernando Cossich. We also had good mission management, Andrew Lucke, Earl Gast were both Mission Directors. Chris Milligan was a Deputy Mission Director and later USAID Counselor. I actually met up with Lucke and Milligan when I was on TDY to Haiti in 2010. They were on the task force providing support in the wake of the earthquake.

Security in Baghdad was an eye opener for me. Then I went to Kabul and saw an even more heightened security posture. This was during the time of USAID Administrator Andrew Natsios, an excellent administrator.

Q: OK. You performed TDYs to Iraq, dealing with buildings and oversight. Do you want to mention anything about your time in Kabul, and any political dimension of USAID's efforts?

CALLAHAN: Well, actually, my first TDY to Kabul was while I was Deputy of Administrative Services. I had oversight of overseas issues including USAID's real property portfolio. I did many TDYs, not least of which was Iraq, Kabul, Khartoum, Juba, Cambodia, Islamabad, etc.

Q: Yes. All right. But then starting from the beginning of 2000, as Acting Deputy Director in administrative services, how is it distinguished from the previous tour? Or were you doing more of the same though from Washington?

CALLAHAN: I was Deputy Director in 1999 and later Acting Director for about a year before we hired a permanent Senior Executive Service director.

In both of those roles, as deputy and acting director, I continued with a focus on overseas management support issues and EXO support. EXOs had a home base in the overseas management support division.

Records management, consolidated property (or GSO), travel and transportation, were part of my oversight and frankly, each division had excellent leadership. While Acting Director, I was a part of the selection team for a replacement director. The position was Senior Executive Service, not Foreign Service. I indicated I was not interested in the job so Acting Assistant Administrator for Management, Rick Nygaard, asked me to be a part of the two-person interview committee. It was just Rick and me. After eight months, we hired a new director and that's when things started going south.

Q: But before that, during those eight, nine months, as well as being part of the search committee, were there other recollections you have that are consequential or important for the work in that role?

CALLAHAN: I worked with all the division chiefs. I had to learn how to manage our office space in the RRB with its ongoing renovation and upkeep activities. GSA was responsible for the Ronald Reagan Building repairs and services. It still required a good relationship with GSA to get things done. We comprised perhaps about a quarter of the RRB's occupancy, and we had moved into that building on the cheap. The carpets were wearing out and the bathroom fixtures were falling apart. Space allocation became very territorial with bureaus fighting to keep or expand their space. We were wrestling with the large number of institutional contractors embedded with staff.

M/OMS had a wonderful group of civil service and EXO colleagues, EXOs Tom Hand and Neil Kester, in particular, and property specialist Gary Nagle. Veronica Busby

managed all of our property records for nonexpendable property and vehicles. The Department of State has a sizable property portfolio compared to USAID but they also had a considerably larger staff to manage real property and nonexpendable property. Sometimes their demands for information from USAID were overwhelming. USAID only had Gary and Veronica.

Q: Now, you mentioned in the last session that there was an element of rightsizing going on toward the end of your tour that included all of those TDYs. Were you still part of that effort or what happened with that?

CALLAHAN: Yes. As noted earlier, the Secure Embassy Construction and Counterterrorism Act of 1999 (SECCA) required the collocation onto new embassy compounds. With State and OMB driving the conversation, the previous voluntary ICASS concept was now a negotiation of which administrative services to mandatorily transfer under the ICAAS services program. The rationale used by State and OMB was based on an “economy of scales” argument. That was interpreted by us as slower service and FSN staff reduction. There were some very heated and challenging discussions.

For example, the new Office of Rightsizing targeted Haiti, and made recommendations that would have obliterated our structure of support for our USAID operations. Negotiations for the consolidation of services into ICASS were beginning. That’s when I was pulled into rightsizing issues.

Administrator Natsios did not want USAID to give up its administrative services, period. There would be no diminution of our footprint. Actually, Natsios told Assistant Administrator Steve Wisecarver and me to “drag your feet” in negotiations. In one senior level meeting, I remember Andrew telling a senior State Officer that the reason USAID wants to retain its ability to manage support services was because State not only does a bad job providing those services, USAID would not be treated equitably. He was polite but spoke very directly.

The Office of Rightsizing, which ironically, I became the director of a number of years later, was initially managed by a real character. He was doing his job, no doubt, but he presented himself in such a pretentious and combative manner. USAID believed that our staffing needs were different than State’s, our levels being more accordion-like in nature due to expansion or contraction of funding and programs. USAID budget and staff needs are reflective of the congressional budget. New programs require additional U.S. Direct Hire employees (USDH) to support and sustain that shift in a program.

In the early 2000s, State was adamant they would be able to successfully provide most of our administrative needs in USAID with less cost and a high level of quality service. We did not believe they could. We were at loggerheads but we were confident knowing that not only were we acting as directed by the Administrator, we felt we were right.

Q: I would like to ask one question, a lot of people know the expression rightsizing, but particularly in Haiti, what would be or what were you concerned about in terms of USAID's ability to fulfill its mission, if it were reduced and required to be essentially entirely on the embassy property or linked with the embassy property?

CALLAHAN: It was not the physical collocation of USAID on a single compound, per se. Rather it was relinquishing USAID's ability to both manage and control administrative functions necessary for the successful implementation of program activities. We also believed State would provide preferential treatment in providing services to their base of employees.

The consolidation of services, which includes motor pool, vehicle maintenance, travel, reproduction, mail, information systems, residential maintenance, should have been separate conversations at the beginning, but they weren't. Many of the services are agency-specific in terms of requirements, such as contracting, human resources, vouchering, accounting, budget, IT. To a lesser extent the services of housing, non-residential security, and building operations made more sense. USAID still argued, however, ICASS, when managed by State officers, would be biased in nature when providing services to the embassy community. One example is admin purchasing. USAID buys supplies using different software, funding codes, and priority levels.

Motor pool was another example. USAID's motor pools would generally be much larger than State's because of the need to travel within country and be in the field for longer periods of time. A USAID officer might have to go up country for four or five days for project inspections and require a driver that knows the backroads and rural infrastructure of the country, etc.

Many State officers that have worked with USAID realized our priorities may be different but State and USAID both work within a national strategy framework. That's why I jumped at the chance to be a State Management Counselor several years later. In Lima, I had three wonderful admin assistants working for me and they were always busy. To share one of them with the USAID EXO would have been counterproductive. It was that type of contentious discussions on consolidation and rightsizing that we had to negotiate.

Q: I see. All right. Now, then to go back to your eight months as Deputy Director, I didn't want to just cut you off with Haiti. There were other experiences I'm sure you had as you worked for eight or nine months as the Deputy and later as Acting Director.

CALLAHAN: Most of my time was focused on overseas management support. The Twin Towers were hit when we were making the transition of pulling M/OMS out of admin services. The attack really supported this idea, not simply because the Director was oblivious to the overseas world but to be able to focus on our overseas resources.

An example was immediately after 9/11, Congress wanted head counts of all personnel under Chief of Mission authority; where they were on TDY and where they are currently stationed. Neither State or USAID could answer the congressional inquiry with an accurate number. This was a serious concern. I believe this initiated the electronic country clearance process (eCC). Congress wanted to know where U.S. personnel overseas were at any given moment, if their travel had been approved at the local level, and if they were safe.

Q: So, all of this helped in making a stronger case to separate overseas management services from Administrative Services?

CALLAHAN: Yes. The separation of M/OMS from Administrative Services came about fairly quickly, much to the frustration of the Director. At that point, his relationship with virtually all EXOs had deteriorated. My focus was on overseas issues and he took care of domestic administrative issues. Sadly, the director completely ignored overseas responsibilities.

Q: Okay. All right. Then as you move out of the deputy role and later acting director role, you eventually became an office director. What were they talking to you about as a next assignment? Because by now you've been promoted, you're in a relatively high grade, and have a great deal of experience. What were you looking for? Where were they telling you they wanted to put you?

CALLAHAN: After M/OMS became an office, I was the likely candidate for the director position. Globally, EXOs wanted to be supported by an office with its primary responsibility to support them.

I remained in the position for six years. I believe few EXOs wanted the job because of the contentious discussions we had with State. Consolidation of services, unified housing pool, a unified furniture pool, keeping USAID trust funds, etc. Administrator Natsios still

had our back but day to day negotiations with State were incredibly challenging for all of us in M/OMS.

We would meet in several Joint Management Council subgroups. There was blood on the conference tables after many meetings. I don't want to suggest people were regularly unprofessional but many meetings were contentious. We were philosophically at odds on most issues and felt threatened. It was a difficult time for all of us.

At the end of that period, after Andrew Natsios departed in early 2006, Henrietta Fore arrived as the new USAID Administrator. Henrietta made it clear from the beginning of her tenure that she wanted "one team". She had been State's Undersecretary of Management. Although my views changed over the years, my preference at the time would have been to continue to fight for USAID independence in administrative matters. I remember Rick Nygaard once told me, "We can disagree with the policies of an administration and argue for what we think is appropriate. However, political leadership makes the decisions, not us. Unless we are breaking the law, our job is to implement their policies". I willingly accepted that. Henrietta was the political leadership and my job was to salute smartly and move on, which I did.

Q: Just a moment of context, this period for you from 2002 to 2007 is almost the entire George W. Bush administration. It's also the time when we were ramping up the presence in Iraq for state building, but then at the very end of the Bush Administration, also the temporary increase in military activity.

CALLAHAN: Yes, we were building up staff to support Iraq and Afghanistan, among other locations. We had to work closely with OBO on both the staffing requirements and office space in the NECs. This was being done while at the same time diminishing our ability in USAID to continue to support many of the admin functions interdependently. As I mentioned I helped Embassy Baghdad build up staff at the outset and later as Director of Rightsizing focused on reducing staff, mostly non combatant military. I saw it at both ends.

Q: Well, go ahead. This is a relatively long period for you. What stands out in your memory as examples of the kinds of things you had to do.

CALLAHAN: There were a few important efforts M/OMS had to focus on. USAID was not a part of the interagency housing boards. This was complicated because USAID had a real property portfolio of about one hundred and ten million dollars. USAID's non-expendable property was valued at one hundred and seventy million dollars. We owned about twenty-eight million dollars in vehicles. Our construction budget in early

2003-2004 was one hundred million dollars. Small relative to State, but we were a player, and we wanted to continue to retain control. Natsios came from USAID's Office of Transition Initiatives and understood disaster assistance response teams, he was former military, and he knew what it meant to provide critical support services in a timely fashion.

He told us to hold the line on issues. We had opportunities to do that in numerous interagency fora such as the JMC and ICASS council.

How we did that, in the context of consolidating services, was tough. For context, I remember Deputy Administrator Fred Sheck attended one such interagency meeting with us at Main State. The discussion was about ICASS cost sharing in NECs. The deputy chief financial officer from State argued that since USAID has large trust funds in many countries, ICASS should be able to use those funds to support its operations.

For clarity, trust funds are monies that are generated through our assistance programs, such as PL-480 commodities and other interests. The funds are placed in accounts that are to be used for supporting USAID within those countries. Malawi, Philippines, Egypt, Bolivia, all had sizable trust funds.

Q: Just one thing, the trust funds were in local currency, if I remember correctly.

CALLAHAN: That is correct. They are not dollar denominated and can only be used in the country from where they are generated.

Basically, a trust fund allows a host country to make contributions of its currency to support USAID operational or programmatic activities within that country. The details are specific and agreed to in writing by both governments. USAID manages the distribution of any funds generated in the account. If USAID were to depart a country and there is a balance of trust funds remaining, it would revert to that country. Funds are generated from a number of sources such as U.S. donated commodities, interest on certificates of deposit, etc. One of our largest trust funds came from our food aid activity PL-480. USAID would use these funds to pay local FSN salaries and benefits, utilities on buildings and houses, local purchases, travel, building needs, etc.

For example, in the Philippines, the trust fund agreement was negotiated decades ago, in the 1960s and is specifically written for USAID use. As you mentioned, all the funds generated are in the local currency. The intent of trust funds is to offset costs for operational and local program activities specific to USAID. Therein lies the difficulty of State's desire to share USAID trust funds through ICASS. ICASS serves multiple

agencies, not least of which are intelligence agencies. That would raise all sorts of objections. Trust funds agreements are individually negotiated and all of them limit their use to USAID. Changes to include other agencies would mean renegotiating agreements with each country.

The issue was that this idea was not only complex, but unreasonable. State's deputy CFO, described by one senior political in USAID, as a "Connecticut Republican", was adamant at our meeting that USAID had to relinquish these funds for ICASS use. He actually threatened, in a loud voice and with a finger pointed at Fred, that he would put out a *cease-and-desist* order on the use of these trust funds if USAID didn't comply. Fred was a diplomat and basically ignored the unprofessional manner in which he was addressed. Of course, the rest of us were aghast. Later, an analysis was done by State which determined this was an unworkable and inappropriate idea.

I attended another JMB board meeting with Andrew Natsios and Deputy Assistant Administrator Steve Wisecarver. As we were leaving the JMB meeting, Andrew said he wanted to pop in and see Deputy Secretary Rich Armitage. They knew each other and were political allies. Andrew popped his head into Armitage's office and Mr. Armitage graciously asked us all to come in. I believe Andrew was there to sway Armitage to not force USAID into a joint housing pool. Armitage was friendly and engaged. He asked both Steve and myself our thoughts about combined housing pools and we gave him our candid opinions. Armitage appeared sympathetic and understanding.

The meeting occurred around December of 2004. Armitage departed the Department in early 2005. But just before he left, he made the decision that required USAID to join interagency housing boards. That wasn't the sentiment he gave us during our meeting.

The thing that really makes me laugh though, was when Andrew told Armitage about the finger pointing incident of the CFO with Fred Scheck. Fred was a political appointee and USAID's second highest officer in USAID. Rich Armitage smiled and asked Steve Wisecarver, "Steve one, what do you think", and then me, "Steve two, what do you think"? We told him the idea was not workable and the finger pointing threats by the CFO was inappropriate and unprofessional. Rich Armitage laughed and said, "Well, if it had been me, I would have punched him in the fucking nose". Of course, no, he wouldn't have done that. We left the meeting feeling very good having seen the Deputy Secretary of State as well as getting his support on these two important issues.

Q: Now, let me just ask a quick question. Did the trust fund agreements have congressional requirements related to how that trust fund could be used? Were they simply ignoring that and still trying to get their hands on the use of those trust funds,

because as I recall, PL-480 and the other programs that generate local currency are pretty strictly controlled for the uses.

CALLAHAN: Absolutely. That kind of speaks to the uneducated context in which it was presented. The CFO viewed it as a pot of money he could use. USAID had used the funds for several large projects. We constructed both the USAID Cairo and USAID Bolivia buildings with trust funds. The issue was shut down quickly but it speaks to how some folks at State were pushing for consolidation perhaps with another agenda in mind, such as the merger of USAID into State.

Q: There's just one other element. I recall about PL-480, which is, of course, the domestic element of the U.S. government buying certain commodities in U.S dollars in the U.S that benefited to some extent U.S. businesses. But then when that money, went to the country assigned and stayed and then eventually earned some local currency and became part of a trust fund, that was actually savings for the U.S. government, because it didn't then have to invest again, in some of the things that USAID was buying and paying for there, especially when currencies fluctuate and could be suddenly more expensive, or in an inflationary economy, local economy, very difficult to be able to manage.

CALLAHAN: Well, you know your trust fund history. That was exactly one of the tenants of the program that allowed us to blow off the *cease-and-desist* demand.

Q: I think a lot of people outside USAID wouldn't know the importance of USAID controlling those trust funds. I just wanted to put in a little clarification. Go right ahead.

CALLAHAN: Well, thank you for that.

Q: All right, that is certainly big. As you were moving on, though, what else were the key things that you got involved in?

CALLAHAN: Well, the actual separation of M/OMS from the Administrative Services was an important effort. Mike Flannery helped make it happen. He did that by talking to the front office and always including EXOs who represented SEC in our overseas posts.

Once it happened, M/OMS was literally in the same suite as the Director of Administrative Services. It was an awkward situation because we moved the overseas functions out of his control. He was a petty man and made life very difficult for all of us. EXOs were supportive of the move and we went full steam ahead in the relationship with ICASS through the ICASS Council, the JMB, OBO and Rightsizing.

I remember our relationship with OBO with great satisfaction. The director of OBO at the time, and before General Willams, was political. A colleague of President Clinton from Little Rock. She was a wonderful and supportive individual. When the Bush administration came in, Colin Powell asked one of his colleagues, General Charles Williams, to head up OBO. General Williams was a retired Major General. He knew construction. He embraced USAID in a way that was collegial and inclusive. As mentioned, I traveled with him and was involved to a degree that he saw USAID as part of his team.

So much so that he asked me to be on the Baghdad Task Force. I was included with his OBO staff for a group award. He was trying to demonstrate that this is a team effort.

Q: Let me go back a moment, because you mentioned that one of M/OMS' issues in terms of rightsizing was security. Was that principally security for the building construction or was it also personal security for USAID officers?

CALLAHAN: Well, both. Diplomatic security is involved in anything OBO designs and constructs. We learned this through the buildings that we had built in Bolivia, Cairo, and later in South Africa. We used USAID funding, and constructed them as unclassified buildings but always with the blessing of OBO and Diplomatic Security.

When we talk about security for USAID on a NEC, it involves constructing classified and unclassified space. The differences in construction costs for each are considerable. We wanted to ensure that our space was sufficiently designed to accommodate our unclassified needs, as well as the cost elements. Diplomatic Security helped us in that process.

Q: Now, I just want to touch on security for the personnel as they go out in the field, this would principally be Iraq and Afghanistan, but it could be any other post. With Iraq, there were so many security needs for USAID going out to the various projects. Was USAID paying directly for this? Were you having to transfer funds to the U.S. military because at times, the military provided the security for USAID personnel to go out to the field. In other words, this got tricky, not just for the turf battles in Washington, among the parts of USAID, but also beyond the building to how you interacted with security providers?

CALLAHAN: USAID's security budget increased tremendously. SEC and DS work together on a number of support issues, but some areas USAID continues to manage independently such as the radio program, armored vehicles and security clearances. Many security costs would be paid from an omnibus account managed by DS.

Of course, much of operational and programmatic activities are funded through contracts. Afghanistan and Iraq were the largest strongholds of U.S. government funded contract money for years.

The Department of State and USAID had folks embedded with military protection and support within these two countries. We had separate budgets and accounts independent from other agencies. There were no unauthorized money transfers, that would be an unauthorized augmentation of an agency's budget. Much of U.S. government funded work goes to U.S. organizations, and how it is used is carefully monitored through our financial management offices. It's complicated and there are standards for how we use program money versus operating expense money, and how we utilize institutional contractors, their relationship to that money, their relationship to USAID, etc.

Q: Yeah, absolutely. We've talked about this before, but just to reconfirm USAID money across the board was 2-year money, or did I get that wrong?

CALLAHAN: Well, it depends. I mean, you're talking about a financial management context that I think would be best answered with "it depends". If you are asking about forward funding, then yes, USAID has that ability but relative to the contract or grant and the type of funds. There are always exceptions in terms of the needs of the agency, service contract agreements, funding from trust fund accounts, etc.

There might be a contract that would have a pipeline of program as opposed to operating expense money that would be expended and watched as the amount diminished and added to with new introduction of new ideas for how the project should be changed or modified.

Q: This was unique for USAID. There may have been multiyear money for other agencies, but because of USAID, it is long-term contracting, in order to complete projects, building projects, and so on. It needed a little bit more flexibility in its funding, because you would run into an obstacle, there would be some decisions that oh, this isn't really as important as we originally thought. We're going to reduce the amount of money we give it, etc.

CALLAHAN: Circumstances and priorities change, especially when we talk about places like Baghdad and Kabul. For building projects, our staffing projections at the time drove the construction requirements. Our projections for any contract or building size are qualified guesses. Contracts are written so that the U.S.G. can, at their discretion, stop the contract. Building construction however is not as easy. We spent millions on our building

in El Salvador. When the war ended and the program money was reduced or diminished, we had more office space than needed.

Q: Yeah. And I once again, in talking about this security issue. I don't mean to diminish the other things that you were also working on. Was there something else that really pulled you in over that period of time?

CALLAHAN: Oh, well, during this time the consolidation of services was still being negotiated with State. How that played out, in many ways, was relative to the budget. As I described earlier, the concept of developing a floor plan for Baghdad was very different from the one for Haiti because of the political dimension, and frankly the amount of funding allocated for each NEC. When we first arrived in Baghdad and as our presence and mandates increased, we moved from the Palace to office space on our private compound and eventually onto the NEC.

In Kabul, staff could not continue to live and work in the “hooches”, the small trailer huts that people were assigned. I went there to inspect an adjacent property across the street from the existing Kabul compound. I never returned to see the results but I saw the pictures and its buildup. My colleagues, such as Mike De La Rosa, was one of our senior EXOs for a number of years that managed USAID's staff presence and budget. Not to diminish the military or the State Department, but our agency's presence was incredibly large in terms of dollar investment, the number of U.S. contractors and the necessary oversight of contractors. We're talking billions of dollars. Everyone was under tremendous pressure to develop and sign contracts, obligate the funds, disburse funds, and ensure proper monitoring.

Q: Yeah, in both those locations. It wasn't simply the physical security that created stress. It was both the USAID internal Office of Inspector General, but also the two special auditors that came through.

CALLAHAN: Yes. You are referring to the two SIGARs, Special Inspector General teams, one for Afghanistan reconstruction and one for Iraq reconstruction. These IG groups were not exclusive to USAID oversight though. Auditing all the U.S.G. money was an important and critical element to accountability.

I would add that the Kabul mission in particular was a real challenge. I did a TDY in the beginning of our establishing USAID presence in Afghanistan. We had a long history of Peace Corps in Afghanistan. The State Department had been there for years, as was USAID. USAID had departed but still had a warehouse that we had used and was continuing to use. Traveling in and out of the small compound was fairly easy. We had

two or three Mercedes Benz G wagons, which cost nearly a quarter of a million dollars each. USAID officers could drive them without any escort or a FSN driver throughout the city of Kabul.

On one such excursion, I remember stopping at the UN headquarters where there was an open-air market. There was minimal security. When I returned on a second TDY, the presence of the military, the Department, and USAID had changed radically. The chancery was deemed not suitable for the needs of the State Department so USAID occupied it while other arrangements could be figured out. State needed much, much more space for living and offices, including a Chief of Mission Residence (CMR). Later, a tunnel was built under the main street in front of the compound to create a safe access to the extended property of the embassy compound. This new piece of property added considerable space to the compound and was given to USAID for its operations.

On my first visit to Kabul, I flew into the airport, and was picked up by a USAID colleague. An armored vehicle was used, of course, and we went to the compound where I bunked in an empty hooch, and we went out for dinner at a nearby restaurant. We had a great time.

On my second visit, I was with a half dozen TDYers, we were met at the airport by a large security team, I'm guessing Blackwater. They were mercenaries of sorts, former military, all carrying assault weapons, sidearms, knives in their boots, not unfriendly but very occupied scanning the area for security issues. They had a posture of "I'm in control, just do what I say and you will live." There were a number of armored cars to transport us to the embassy. We raced to the compound at full speed.

It was not unlike Baghdad. The trip to Baghdad started at the Jordanian military airport in Aman. The shuttle flights were small twenty passenger planes flown by an Australian contract group. In order to avoid SAMs (surface to air missiles), and before landing at the airport, the plane would go into a fast and deep spiral descent. The trip from Baghdad airport to Baghdad city was known for its potential for pot shots at the vehicles so the trip was like a scene from Fast and Furious.

Q: There's one other aspect of cost for buildings that I wanted to ask you about, which is that you've talked about all the issues of both space and security. But what about making them both earthquake and flood natural disaster proof or at least natural disaster resistant?

CALLAHAN: OBO had a number of divisions that were responsible for this type of research and implementation. This made a big difference after 9/11, especially in terms of

physical security against terrorist threats, but also for fire and earthquakes. Bucharest is a good example. In Romania, we were in a building that was completely unsafe in an earthquake region.

Q: When we talk about natural disasters, it's also just a question of what can happen when electricity goes out. Basic or even security services within those compounds could be compromised, and so on. I mean, all of these things had costs, and all of them had to be considered really carefully.

CALLAHAN: Absolutely. Again, a shout out to OBO. When we were in Romania, for example, an OBO team offered to come and look at our building to ensure that our electrical system was up to code.

Q: Yeah, yeah. The reason I mentioned it is because often when you say security, people immediately think of, well people at the door with guns to protect you or Marines, but security actually has many aspects, just protecting classified, as you mentioned, and keeping building safe because one fire even within the building, it's just what if you can't get out? What if doors are not easy to open, or they're locked from the outside, because they're old buildings, and so on and so on?

CALLAHAN: I learned that too, when I got to Peru, which was much more of an earthquake prone area. Also, the other aspects from a security perspective such as cyber security.

One thing I did want to mention about Kabul and as it relates to building. There was a lot of pressure on the part of General Williams to build new embassy compounds. Before his tenure OBO was building one or two, maybe three embassies every year and after 9/11 OBO was constructing as many as fifteen. When it came to Kabul, that was obviously one that had everyone's attention and focus.

Q: That, and in your last couple of months, you're always thinking about your next assignment and getting ready to move on. Were there any issues with supporting the Kabul mission from headquarters?

CALLAHAN: The USAID Mission Director in Afghanistan, who eventually served as Acting Administrator, believed that USAID, or perhaps me, was holding OBO back in the design and construction of facilities for USAID. He made this complaint to the Counselor of USAID. The Counselor assumed the mission director was correct, and raised the issue in the presence of me and Deputy Administrator Fred Schieck. Rather than asking questions, the counselor raised her concerns more as an accusation that I was

dragging my feet. I got along well OBO and with General Williams, and I knew the construction status of the Afghan Mission and its challenges. We were in a war zone. OBO was moving as quickly as they could given the constraints of getting in materials and cleared laborers. The MD wanted things to move faster, much faster. And the accusations that through M/OMS, I was not applying the proper pressure to OBO.

I called General Williams' office and he graciously offered to explain the current status to our Counselor. I remember the Counselor and I took the metro from Federal Triangle to the OBO building in Rosslyn and met with the Ambassador to Kabul, who serendipitously was there, as was General Williams and a few of his senior staff.

The General explained in detail the logistical challenges and the timeline for completion. The Ambassador concurred. If there were doubts or questions about feet dragging, they were not raised by anyone in the meeting, in particular our Counselor.

I never heard anything more about a lack of diligence on my part in moving the project along. Foreign Service Officers, military and contractors gave up a lot to be in these places, not only from a security perspective, but living conditions. These were tough times for all U.S. government employees working in that environment. In that sense I was sympathetic with the USAID Mission Director, but certainly not the unprofessional, dare I say, undiplomatic manner the issues were raised by him or the Counselor of our agency.

Q: You mentioned, it was a period when the director of OBO, General Williams, had to increase the number of buildings that needed to be done, and they had a priority order. Did you have visibility into how they set that priority? And how it took in the needs of USAID?

CALLAHAN: That's a great question. At first, we did not know. The priority for construction was based on a number of elements. I don't want to compromise the security aspects of how that list is developed. It involves any of a number of things, not least of which is our strategic and political relationship to that particular country. Not necessarily because of size, but other factors. We argued that USAID should be a part of that conversation. OBO eventually allowed us to the degree that we had input in presenting issues that perhaps were not otherwise understood by OBO. That helped. An example is the one I described about our USAID offices in Addis Ababa. The prioritization of new construction at the time did not include Ethiopia until General Williams agreed to visit the site.

Q: Okay. Because for people outside the department, OBO can be a real black box. And the U.S. Congress has very close attention to it for the policy issues that you mentioned, as well, our bilateral relations with certain countries.

CALLAHAN: Well, exactly. I remember when I was in the Office of Rightsizing, and OBO was building the Embassy in London. OBO was very much involved in that discussion, and the appropriateness of its size, staff levels and the cost. Checks and balances are important and appropriate. OBO is a large bureau. The degree to which they allow USAID to be a part of their planning, given its past history, to me was most admirable. It was the leadership of OBO and, frankly, Colin Powell and Henrietta Fore, were all on board, I believe, with allowing that relationship to blossom. I hope it has continued since my departure.

Q: Have we exhausted the issues that you dealt with during this period of time from 2002 to 2007, I don't want to close that off before we move on.

CALLAHAN: Well, one last thought. Not all of our building issues involved the large and high-profile locations. Our property manager, Gary Nagle, was regularly dealing with multiple requests for space modifications on properties owned by USAID, residential and office lease agreements, space renovations, housing and warehouse purchases, etc. We got pulled into many property issues that required our immediate attention. If we had not been, I believe USAID would have been swept up by the energy of State to make things happen without our consent.

A good example of this was the Creekbed Facility in Frankfurt, Germany. The Department acquired a former German hospital facility originally constructed in the 1930s. It had ample space for maybe a thousand desks. State's idea was to force smaller federal offices from mostly European locations to this centralized facility. OBO sunk millions in the renovation of this sprawling location. It had a great airport for regional platforms, and State used the old "economy of scale" argument that this was good for everybody. This new facility would also help State meet its rightsizing and regionalization goals. USAID's view was that this was a Walmart approach for a building and it didn't meet our needs. A good idea, just not for us.

Pressure was being applied for USAID Budapest, where we no longer had a bilateral program, to move to Creekbed. It didn't make sense economically or logistically. USAID Budapest had a solid lease, it was close to the missions it supported, the airport was convenient for regional responsibilities, and the cost for USAID to move would have to be borne by us.

USAID IG shared space with our office in Budapest and they agreed they would transfer their operations to Frankfurt. Eventually, over time, USAID Budapest dissolved and our regional responsibilities were established in Creekbed. At the time however, we had to push back very hard because the timing and cost was not in our favor. M/OMS was an important part of the discussion.

In wrapping up that timeframe, I would mention that USAID's ability to manage its own properties, which we had done before the Secure Construction and Counterterrorism Act, was very successful for a couple of reasons. We had on-site directors of the construction through our EXOs and professional project managers. USAID was constructing unclassified buildings that didn't have the security requirements and it allowed us to build in a way that OBO didn't quite realize we could. We built secure and cost-efficient buildings. Joe Liebner was our EXO in Cairo, and he oversaw both the massive Cairo building and he was integral in constructing the USAID building in La Paz, Bolivia. The EXO in South Africa, Peter Hubbard, realized that at the time the South African Rand value allowed USAID to buy a large piece of property and construct our own building.

I remember Peter approached M/OMS with his idea. He boasted he could buy property and build in a fashion that meets all standards of security and at a fraction of the cost of what OBO could do. I remember telling Peter, "Good luck, buddy. That's never going to happen". I was not enthusiastic. But I said, Peter, you're a smart guy, socialize the idea within USAID and see what the bureau and the Assistant Administrator for Management thinks. He did. They loved it. I loved it. I must say it was an incredibly smart idea that saved considerable funds meeting all security and space needs.

When I was Deputy Mission Director in South Africa, USAID went on to build a second building, also unclassified, but again in conjunction with OBO and Diplomatic Security, providing space for Department of State and the Center for Disease Control.

Q: All right. Obviously, with five years in Washington, you've got a pretty good view of where USAID is going as an organization. What interested you most about where you'd like to go next? How did it pan out?

CALLAHAN: Actually, I was seven years at headquarters. My time in M/OMS was a fabulously interesting time. It gave me an understanding of interagency relations, including the Commerce, Agriculture, Justice Departments, and in particular the Department of State and how they relate to other agencies, whether through the JMB, the ICASS Council, and negotiating general management issues.

Henrietta Fore was Undersecretary for Management for my last two years in Washington and she and I interacted on a few issues, mostly OBO related. I didn't deal with her predecessor Grant Greene, except in a few large meetings. Henrietta however was approachable and wanted the support and good relationship of USAID. As you know, she became our Administrator in 2007.

Henrietta also was serious about USAID's committed participation, in particular with OBO. No foot dragging! Her position was strengthened by a 2006 GAO report that recommended that State and USAID find ways to hasten the "duplication of support structures at overseas facilities."

During a one-on-one meeting, she asked me about M/OMS' inability to provide timely data to OBO for their planning purposes. I said we simply didn't have sufficient staff to do what was being asked and on OBO's timetable. She said she would explain this to OBO. The next thing I know, the General's secretary is calling saying, "Please hold for the General". The General gets on the line and tells me that he did not appreciate OBO being accused of overburdening USAID with its important data requests. He was polite, but I could tell he was really annoyed.

Something was lost in translation between Henrietta and General Willaims. I explained I was not complaining, at all. Instead, I described our two person staff responsible for all USAID real property and NXP management. I explained USAID is happy to provide the data but we need more time. He quickly said, "OK, we can help with that". Soon after our call, two contractors under an OBO contract were in our office and providing full time analytical support to M/OMS. He remembered, I'm sure, that M/OMS a year before had hired his senior admin assistant from his previous civilian job using USAID's flexible hiring process, and assigned her immediately to OBO.

But I'll answer your question about what came next as an assignment. At that point, I had been in my position well beyond the normal period, I was ready to move on. I was offered a Deputy Mission Director position, but at an unaccompanied post. I didn't have the program experience that is really a prerequisite to being a mission director. I wasn't competitive even at a small mission, which I thought a bit shortsighted but nonetheless not unexpected. My daughters were still relatively young. I discussed the unaccompanied assignment with my family and asked for their opinion. It was clear they didn't want me to go alone. So, I remained open and figured other opportunities would present themselves.

Henrietta suggested something that Steve Nolan was contemplating about a crossover assignment program of State and USAID management officers. Henrietta suggested I

pursue an assignment with State. I was skeptical and reluctant. Basically, I didn't want to get assigned to a small hardship post that State was having difficulties filling. However, Henrietta directed her senior assistant, Frank Coulter, a management officer at the Minister Counselor level, to approach the Africa and Western Hemisphere Bureaus for possible assignments.

He talked to both bureau executive directors, Steve Nolan of Africa and Jim Robertson of the Western Hemisphere. Each offered me excellent assignments, large and active posts, both with vibrant USAID presence. Steve offered me the Management Counselor position in Nairobi, Jim offered the same job in Peru. I took it back to the family.

As a team, my wife and I always discussed and agreed to any future possible assignments. I was smug in thinking Linda would want to return to Africa. We had loved our experiences in Kenya, Malawi and Botswana. I thought for sure we'd go back to Nairobi. Linda and my daughters all said let's go to Peru. So, we did and we loved it.

Q: What's fascinating about this is, once again, people from outside of USAID, State Department don't realize how much family considerations come into how you decide on where you're going next. Because obviously, you're raising a family at the same time you're trying to make a career and then considerations will sometimes require you to take a position that might not be the most career enhancing, but balances the family considerations against the ambitions in the employment area.

CALLAHAN: You're absolutely right. It was a major consideration because both my kids were in high school. The youngest had basically just started and the other was finishing up. Both of them had been introduced to Spanish in El Salvador so the idea of a Spanish speaking country was exciting for them. Plus, Peru was close to the U.S. It was a family decision.

On the issue of the crossover assignment program (CAP), I was hopeful that this concept would take off, not only because of our strengthened relationship with State on ICASS, the consolidation of services, property management, and rightsizing but because it could expand staffing opportunities for both agencies. Henrietta Fore was rather progressive with her suggestion of assigning a USAID officer to a senior management officer position. I was senior foreign service at that time and I suspect the job itself was likely sought after by State management officers at the same rank.

The CAP program was not a new idea and it had never gained any traction. We had a few interagency opportunities over the years that provided short term assignments, or

“details”, but not in a systematized fashion. There was a general mistrust between agencies. Also, there was a misunderstanding of the scope of the idea.

I remember in a meeting with acting director of Foreign Service Personnel, Ambassador Teddy Taylor, that included Steve Nolan, his brother, Rob Nolan, also an ambassador and also in State’s management cone, and others from State. I had accompanied Dave Eckerson, USAID’s Chief Human Capital Officer (CHCO) to this meeting about creating a CAP program. Steve Nolan had raised the idea with me previously so this was not new to him. He liked the CAP idea; I believe so that he could not only utilize EXOs, but do so in countries with USAID presence. There were jobs that would otherwise be hard to fill for State.

A few of the State guys were bemoaning “we can't move EXOs into State jobs. It's just too complicated. Maybe one or two details”. They thought the numbers would be too difficult to manage. Someone asked “by the way, how many EXOs are we talking about?” I said we have just under eighty direct hire EXOs and another twenty plus U.S. personal service contractors. Just a few were at the senior level of FE-OC. One of the Management Officers laughed. He said State had more management officers at the FE-MC level than our total number of direct hires and they could absorb all the USAID EXOs in a heartbeat.

I knew USAID’s sense of independence would make it difficult for many EXOs to embrace a major crossover program but I certainly thought it was a great idea to explore.

It was part of that exploration that Henrietta Fore in essence suggested I put my money where my mouth was and do a crossover assignment. That's when the dialog got serious. It was one of the best choices I ever made on a professional and personal level.

Q: Just as a quick aside, FE-OC is the first stage of the Senior Foreign Service equivalent to brigadier general.

CALLAHAN: Ha Ha, or so we like to think in the Foreign Service.

Q: All right, so let's go ahead to Peru, you arrived with your family? How is the arrival, your ability to get housing security and so on?

CALLAHAN: The first thing I learned was that, unlike USAID, Jim Robertson of the Bureau of Western Hemisphere Affairs (WHA) advised me I would go to post only after I met the language requirement, which was level 3 for speaking and 3 for reading, or S3 and R3. I remembered that when assigned to El Salvador, USAID had a similar 3/3 level

requirement. However, it had been seven years since I obtained a 2/2 level, a basic competency level for tenuring.

Unless one receives a 4/4 level, a periodic competency test is expected unless one has remained in the region or received a 4/4 level. Before going to El Salvador, I was tested and received 1+/1+. USAID said I had to go to post with a language waiver because of the “needs of the agency”. I went to a language designated assignment, unable to speak at a professional level of Spanish. This was, and probably still is, a flaw in USAID’s assignment philosophy. It’s simply unfair, both to the employee and the position.

Jim Robertson made it clear I would need to reach a 3/3 level first. To obtain that level the FSI Spanish program usually takes six-months. What a gift that was. After successfully reaching the required proficiency level, my family and I went to Lima.

I was well received by the new Ambassador and the new DCM. Ambassador Mike McKinley was a first time Ambassador, a wonderful diplomat, smart and bilingual and he understood the diplomatic and historical context of Peru to a degree that I can't imagine anyone else in the job.

He was supported by a Deputy Chief of Mission, Jim Nealon. Jim came from a USIA background. Jim is a wonderful and inclusive leader that saw management functions as an integral and important part of a mission that size. I remember my first meeting with both of them but it was not at the embassy. We arrived in Lima on Thursday. I had been into the embassy only briefly but scheduled an introductory meeting with the Ambassador. I also scheduled a sit-down with Jim for the next week. On Sunday, as a family we attended Mass at the local cathedral, and there were Jim and his lovely wife Kristin and the Ambassador and his lovely wife Fatima.

My meeting next week with Ambassador McKinley really resonated with me. The essence of his expectations was made clear in a brief explanation. He knew I was coming to State as a USAID officer. He felt that at the FE-OC level, I had the technical skills to do my job effectively. He said he had no plans to interfere with my day-to-day operations, just work with the DCM and keep him informed. Ambassador McKinley told me he was “looking for a counselor, with an emphasis on the word counselor”. He was looking for expert counsel on management issues that would help him more fully understand the embassy community needs and to make the proper choices for how to support it.

I left our meeting feeling very good about the job and his expectations. This was a dimension of responsibility that I hadn't yet put in the context of this very large mission. I learned quickly that the Embassy Management Office had highly qualified FSN and U.S.

staff; all I had to do was trust them to do their job. Mike and Jim were so supportive of me and my role for the next three years. We all arrived at post about the same time and we departed at about the same time.

Q: There are many, many differences between being an EXO in USAID and responsible principally for the infrastructures of USAID to go to a management counselor position in State Department, suddenly, you've got personnel issues that you have to deal with aspects of hiring and firing and all kinds of things that you may not have had to deal with in the USAID position. What were the ones that required your attention quickly that you hadn't had to deal with before?

CALLAHAN: The Embassy had three hundred and fifty direct hire employees, with another six hundred and fifty employees, a total of about thirteen to fourteen hundred people under Chief of Mission authority. And it was composed of seventeen agencies, with their seventeen corporate cultures, seventeen different IT platforms, and all of them having mandates that somehow related to counterterrorism and counter narcotics. Being a part of country team was a wonderful opportunity for me to understand that dimension and how everything related in the context of U.S. policy and strategies. As Management Counselor, the Ambassador looked to me to serve as a point person on many of those relationships, having to do with the things you mentioned, personnel management, ICASS, interagency relations.

When Bolivia expelled the Drug Enforcement Agency (DEA), they wanted to set up shop at Embassy Lima, bringing in their many vehicles, needing security support from Diplomatic Security, vehicle maintenance, and housing for staff. Given their size and needs, those issues were complicated. We discussed the feasibility of such a large influx of people and the required resources needed. It was a daunting task, but I had a dedicated professional staff. Much to my delight, if our embassy management team viewed my USAID credentials as a problem, I never felt it.

Thankfully, my relationship with USAID Lima did not suffer. Mission Director Paul Weisenfeld and Deputy Andy Herscowitz, both of whom went on to very prominent and senior jobs in USAID, made it clear I was welcome at their staff meetings and informal gatherings. As a manager, I enjoyed walking around the compound. I would often visit the motor pool, the warehouse and the adjacent USAID building. I believe they appreciated having someone that understood their issues, or at least would try. I returned to Lima in retirement as a PSC to support the USAID EXO Office, so I suppose my approach was viewed as supportive.

Q: That's an ending. Management by walking around in a huge embassy with all those different agencies, did you also stop by and see the seventeen other agencies as well?



President Garcia of Peru, receiving accolades during Semana Santa or Holy Week. I attended the ceremony (at far right) in one of my very brief opportunities as Charge de Affairs.

CALLAHAN: Oh, for sure. I mean, I enjoyed walking around and getting into those areas that I had access to. There were places that I did not have access, which was understandable. Where not to go on the compound was not a new issue for me. It was for my benefit. The security challenges in Lima, not unlike many countries, where we have presidents of countries that are looking at us with unfriendly views, was serious business. Basically, I stayed out of the security business, but stayed aware and became involved when it was appropriate. The management office needed to be involved with several security issues and I participated as part of the Emergency Action Committee.

Q: Okay. So now the period of time that you're in Peru, obviously, Peru has a political culture, often that is unstable. A currency that also can be unstable. What were the beyond just getting to know the entire embassy and its constituent parts, what were the management concerns that you had? What were the particular issues?

CALLAHAN: There were a handful of events that occurred, in addition to the general day to day operations. Not least of which, as I mentioned, was when the government of Bolivia expelled both DEA and the Peace Corps. Peace Corps volunteers were basically transiting to either new countries or ending their service. However, when the DEA were evacuated, they wanted to remain in the region, and we were asked to accommodate them not only with office space but housing for fifty new families. That meant finding new

properties to lease, leasing them, bringing them up to security standards and assigning them to staff.

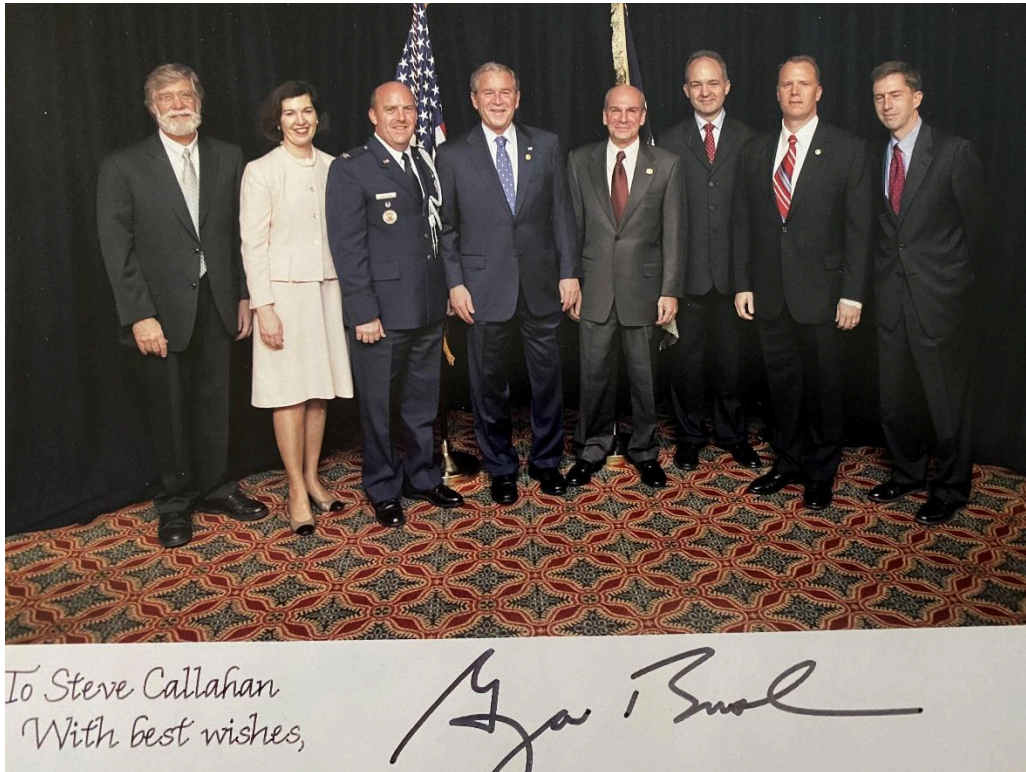
We had many difficult conversations with the DEA related to the type of ICASS service we could provide, and to what extent, and their anticipated levels of service. We needed additional staff to keep our service standards up and this of course cost money and an interim impact of service levels for the other agencies receiving those services. I'm referring to housing and vehicle support, warehousing maintenance, personnel management, customs and shipping, etc.

For example, DEA wanted to take advantage of the ICASS cost center for vehicle maintenance. All DEA direct hire staff were issued fully armored vehicles and they used them for personal use, which was sanctioned by their agency. Many of the vehicles had been transported from Bolivia and already had some miles and age on them. To be a part of the ICASS vehicle maintenance program was from DEA's perspective a cost efficient and safe exercise. For ICASS however, it would have been a cost and efficiency nightmare. The vehicles were older, and since they were armored, the wear and tear was more pronounced. The weight of an armored vehicle would wear out brakes at a rapid rate. Those issues became a bit contentious, especially when the DEA director saw himself as on the level of the DCM. There were always personalities to deal with.

Also, in 2008 there was the Asia Pacific Economic Cooperation (APEC) forum hosted by Peru. Embassy Lima would be hosting the U.S. delegation which included President Bush, the First Lady, Secretary of State Condoleezza Rice, U.S. Secretary of Commerce Carlos Gutierrez, Department of State undersecretaries and assistant secretaries, a Congressional Delegation (CODEL) and lots of support staff. It took a full year of planning. There were over fifty distinct meetings in six locations throughout Peru. We had the benefit of a State officer on a one-year special assignment to help orchestrate our efforts. Since President Bush was to be present, the White House was very involved, everything from hotel accommodations, a secure communications venue, meeting schedules, a "Meet and Greet" ceremony for embassy staff, etc.

This was a major lift for the embassy. It required interagency discussions and direct involvement from the White House. We had literally hundreds of U.S.G. officials that had to be taken care of through pre-arranged hotel assignments, credentialing with the government of Peru, and supporting the American press. Each APEC member country was given a hotel, or in our case two hotels, in which to assign U.S. official TDYers and the press.

One year of planning for about a week of meetings and taking care of several hundred visitors. We pulled it off, I believe, beautifully. We had many compliments from senior officers that told us it was handled in a fashion that made it very comfortable for all the dignitaries that were visiting. We set up a lounge in the lobby of the Marriott Hotel which included local vendors selling their crafts. Our CLO was present for giving visitors tips of where to eat, sites to see, a separate control room, and a lounge area with a television. We trucked everything from the embassy to the Marriott and just made it a comfortable place for people to work.



President Bush at the 2008 APEC Summit with Ambassador McKinley and a few senior officers from Embassy Lima.

Q: The only thing I meant to say in this kind of work is that the round the clock support that the policy officers get, and this is not just the president, but all the way down to the advisors to the President and negotiators who do things offline out of sight of the public and so on to provide them with a place to just temporarily decompress and chat with each other privately is an important part of supporting a presidential visit.

CALLAHAN: Yes, it is. I learned that because I returned in 2016 as a PSC to support the APEC and POTUS visit of President Obama. I also learned it in South Africa when I was responsible for travel for the Mandela funeral, which not only involved President Obama, but former Presidents Carter, Bush and Clinton.

But you're right. For each APEC Summit the State Department would assign an officer for one year at the location of the APEC to coordinate our efforts. That's all that person did. We had a very conscientious officer in that role that helped create a very powerful experience for everyone. All of that said, it was an exhausting experience.



President Carter with First Lady Rosalynn Carter receiving a human rights award in Lima, 2009. Sadly for me, the photographer cropped out Ambassador McKinley who was in the center of the photograph.

As always, the highlight for any embassy community during a POTUS visit is the “Meet and Greet” of a president. I enjoyed that, because it allowed my FSN staff in particular to actually be a part of something that was very important to them. As senior officers within an embassy, many times in a career we would have a chance to meet a president or other senior official but not so for FSNs.

Ambassador McKinley was a remarkable diplomat, he just knew all the right things to do and to say. He was also an inclusive manager. And it wasn't just during the APEC Summit. Ambassador McKinley invited several senior officers to attend a ceremony with him honoring Jimmy Carter with a human rights activism award. We were invited backstage, as it were, and the Ambassador waves us over to his team and says, “I want you to meet our DCM Jim Nealon, and our Management Counselor Steve Callahan”. It was those types of inclusive things that Mike was very generous in doing.

Q: Sure. As you were talking about this, another concern for a management counselor. Did anything come to your attention regarding personnel issues that you had to resolve?

CALLAHAN: Yes, a number of things. The one that I remember the most was, when I arrived, Ambassador McKinley wanted me to serve as the Embassy School Board representative. My daughter attended there, as did his son. The current representative was the CLO, a spouse of an officer. Mike said the CLO is doing a good job, but that's a role for a senior officer. So, I served as the Embassy representative to Colegio Roosevelt, aka the American School. It was a lively school board. As a matter of fact, the board included the very outspoken Nancy Lange, who was married to Pedro Pablo Kuczynski, later President of Peru. President Garcia's daughter was also enrolled as a student. There were some pretty hefty political posturing going on.

Q: You said it was a lively board. In what way? How did your tenure as School Board Representative go?

CALLAHAN: It was a busy job. Anyone who has served as the ambassador's representative at an American school abroad knows it can be time consuming and demanding. It's another "other duties as assigned" type of arrangement. That said, I was grateful for the opportunity and really enjoyed the experience.

As an example of one of those duties, one morning, I was notified by the headmaster that the school was under a cyber-attack. This was serious primarily because physical threats were made to a teacher. This, of course, required not only the school board's involvement, the headmaster asked the RSO to be involved. Without going into the details of what we found, because it does involve sensitive personnel issues, the RSO did a wonderful job of sleuthing. With the headmaster's approval the RSO seized a computer and the DEA agents checked the grounds for physical security issues based on this threat.

On that fateful morning, my daughter explained that she noticed from her classroom window several men she recognized from the embassy walking across the field. She obviously didn't know what was going on and everything was being done quietly and in confidence. Our number one concern was security but of course we were attempting not to scare students or faculty.

With the help of the FBI's forensic lab in Virginia, RSO George Nutwell, the Acting Director of DS Greg Starr, discovered the origin of the threats and we took action. That day and the following days were a bit frantic. It made the evening news on all local Peruvian channels.

A few weeks after, I met with the Department's Office of Overseas Schools. Before he joined the State Department, I had met him in El Salvador when he was the headmaster of Escuela Americana, aka the American School. While visiting Peru and hearing the story of our cyber threats, he suggested that Colegio Roosevelt could take advantage of a fund that would provide security upgrades and be managed through OBO.

When we refer to American Schools abroad, this does not mean the U.S.G. owns or operates them. They are private entities that have strong relations with the U.S.G. because we have our children enrolled in many of them. We support them financially through tuition, as well as security support. Primarily our interests are in promoting good academic practices and the sharing of our respective cultures.

The OBO grant that was being suggested we apply for, was a wonderful idea. I followed up with the RSO, he did the required assessment and a few months later we had funding from OBO for security cameras and physical upgrades of the property. It was also an opportunity to request a small grant from OBO for a small but vibrant school in Lima that served special needs children, Centro Ann Sullivan del Peru. We are a very generous nation but it also serves us from a national security perspective. Having countries as allies and friends is always best.

Q: While you're on the topic of security, at some point in this period, in embassies around the world, the DCM took over direct management of the marine guard detachment through the regional security officer. But they all began to report to the DCM rather than the management counselor. Did that transition take place while you were there or had it already happened?

CALLAHAN: It had already happened. And from my perspective, it made the most sense given the focus that these two offices have within an embassy community. At one point, there was an attempt by OBO to have the facilities management specialists go that same route with a reporting chain of command reporting directly to the DCM. It was unsuccessful. Perhaps it was thought being independent of the management counselor would free up the facilities managers to work more efficiently. For me, it was a non-issue. In Peru we had a fabulous facilities manager to work with. He was a team player that kept me informed and did his job. I allowed him to do it without interference but he always advised me on what projects he had in mind.

The RSO however had physical and intelligence security to manage as well as security clearances of local employees, and general police work. They needed to have a direct line of communication with the embassy front office, the DCM, and the gravitas to deal with intelligence agency counterparts, both U.S. and foreign.

Q: Sure. One other thing intrigued me as you were talking about the OBO money for the school, often USAID officers know how to tap pots of money that are unknown to the State Department. Did you manage to get other funds that were useful for the embassy but that embassy officers wouldn't have known about?

CALLAHAN: Well, no. USAID project funds are generally not discretionary, at least outside of a particular project. In Lima, the State Department relationship with USAID was pretty solid. Again, that was due to the leadership of the Ambassador, the DCM, and the USAID Mission Director. They understood the hand in glove relationship that was necessary for a progressive, cooperative relationship.

Q: Interesting, because one of the most important lessons we had after nine eleven was the stove piping of information and the sort of turf control over even intelligence information. And slowly after nine eleven, the necessity for what became known as all of government work, and the end of siloing of money, cooperation at posts and so on, became more and more as a source of emphasis. I imagine as management counselor you saw a great deal of that.

CALLAHAN: I certainly saw that in South Africa, where there was a different understanding on the money that was provided to USAID and how it was to be implemented. We shared programs with CDC on PEPFAR, for example, which I could talk about. But most of the monies that were allocated to USAID was programmed for particular requirements. Now, within those program accounts, there was minimal latitude on expanding. There have been many misunderstandings about the use of project funds. A political officer or even an ambassador might suggest that funds be allocated for a particular activity of interest. If it is within the scope of what the funds were intended for, that's fine. But if it was not, then the funds cannot be used for a special project. I don't think those situations happened very often, but they did occur. That was the job of the mission director or deputy to explain those limitations.

Q: Now, you mentioned seventeen agencies, but did that include Peace Corps? Did we have Peace Corps there?

CALLAHAN: Yes, we had a robust Peace Corps presence. Peace Corps, as I think I mentioned, direct hire staff are under Chief of Mission authority, but volunteers are not. Sometimes a volunteer's ability to function in a country is considerable in terms of personal security. As a result of several tragedies involving volunteers, Peace Corps now has Safety and Security Officers (PCSSO). In 2011 President Obama signed the *Kate Pusey Volunteer Act*. The Act was initiated after a horrific murder of Kate Pusey, a

volunteer working in Benin. Full time PCSSOs now have the responsibility to ensure safeguards are in place for all of our volunteers. I mentioned the kidnapping story in El Salvador as an example of the horrific things that could happen without safety measures in place and the people to enforce them.

In Lima, from where I sat, the Peace Corps program was managed very effectively. Of course, I didn't have any direct dealings with staff other than country team meetings and the occasional Returned Peace Corps Volunteer (RPCV) get-togethers.

In terms of our relationship at Embassy Lima, volunteers were given, not free rein, but certainly access to the compound for some social events such as our annual Embassy Olympics. The Olympics would entail agencies and individuals challenging each other in sporting events like soccer, tennis, volleyball, races, etc. We were careful when dealing with volunteers since they are not under Chief of Mission authority and have no special diplomatic standings...they can't use the commissary, for example, or derive any diplomatic benefits accorded U.S.G. diplomats.

Peace Corps did have a large presence. And I must say, a welcome presence. As an RPCV, I enjoyed speaking to volunteers at the mid-term or close of service conferences. I would discuss how one might apply or be competitive for the Foreign Service, or other federal agencies, resume building, networking.

It is worth explaining what a Country Team is, especially for all who are not familiar with the organizational structure in an embassy. The country team at each embassy consists of agency heads and section chiefs from all federal agencies, including Peace Corps, and any U.S. military groups within the embassy. This would include the Defense Attache and any U.S. military group working within the host country. Generally, in a weekly meeting, the team meets to basically keep the ambassador abreast of what they are working on. Most embassies have some military representation. There is a distinction in the chain of command when there is a combatant commander. If there is a U.S. military base in a country or an ongoing conflict, having two separate chains of command is important.

The U.S. Navy Medical Research Unit (NAMRU) in Lima was an unimportant part of our embassy country team. The Navy, with an experienced staff of military doctors and research scientists, would research and monitor various infectious diseases and its impact on the public's health. The Navy has several of these units throughout the world and we were blessed to have one in Peru. They also have a research office in Iquitos, a city in northern Peru, accessible only by air or by boat on the Amazon River. A good place for mosquito and malaria research!

NAMRU was under the command of Navy Captain John Sanders, a physician and a scientist. His mission was to make sure both U.S. servicemen and our Peruvian partners were safe through their research and infectious disease monitoring. NAMRU, and Captain Sanders were a very important part of our Embassy community. NAMRU worked closely with our Health Unit physician, Dr. Michael Neemann, in ensuring any medical issues of interest to the embassy community were known and acted upon.



Linda and I enjoying a “Dining Out” ceremony with Capt. Sanders, and his wife Leigh Ann. A Dining Out event is a formal event full of military traditions. It was an honor to be guest speaker, including the traditional and friendly jabs of not being a Navy man! It was held at the beautiful La Rosa Nautica Restaurant, Miraflores, Lima.

Q: As management, counselor, did you have any public relations or public affairs responsibilities, representational aspects of the job?

CALLAHAN: I did to the degree that the Ambassador was inclusive in venues at the beautiful Chief of Mission residence (CMR). The CMR in Lima, located in the downtown area, was one of three residences that a prominent architect had built for the U.S.G. And although it was beautiful, it wasn't particularly functional as a personal residence, but it was great for receptions. Ambassador McKinley would invite senior officers along when there was a CODEL or someone of importance visiting.

For those not familiar with official receptions, believe me, they are work, not just cocktails and hors d'oeuvres. Staff members are not there to have a few drinks at taxpayer

expense and to talk to their embassy colleagues. At one CODEL, before guests had arrived, Ambassador McKinley gathered embassy participants and explained we were there to work. Frankly this was directed to the newer officers...this is how we learn. We were expected to engage and represent the issues that are most important to this mission. It is important that these protocols are explained to staff. In Romania, at a country team meeting, Ambassador John Davis, a career diplomat, advised us that if he nods or motions at you toward the end of a reception, it means start exiting to the door. Nothing personal, it is because the day's work is over. Political and Economics Officers know this well. They are there to engage and represent our country's interests. I reveled in opportunities that allowed me to do that.



As a guest of the nuclear-powered aircraft carrier, U.S.S. Carl Vinson visiting Lima after their tour in providing support to earthquake ravaged Haiti in 2010.

In 2009 we had a CODEL visiting Peru. I won't mention his name, but during the reception, I was chatting with a congressman from Long Island who mentioned his district. He described it as being just outside of the boundaries of where they had that “hippy festival” Woodstock. I went to Woodstock. I was biting my lip wanting to tell him about my peaceful experience there. Rather, I let him rant about wild and liberal hippies. I grabbed a chance to bend the conversation to what was being done in Peru by USAID. I shared the fact that I was a USAID officer serving as a State Management Counselor. The conversation was engaging and I believe I helped expand the understanding of this particular Congressman's view of what foreign assistance offers to American taxpayers.

Q: Were there other events that you attended and represented the Embassy?

CALLAHAN: Yes, a few. Soon after the earthquake in 2020 in Haiti, Lima was visited by the USS Carl Vinson, a U.S. Navy Nimitz-class supercarrier aircraft carrier. The Vinson had been providing logistical support during the aftermath of the earthquake. While in

port, the Ambassador received an invitation for embassy staff to receive a tour of this incredible ship. For me, it was an educational outing to see what the Navy has in its fleet inventory.

Q: While we're on the subject of representation and your connection with going to representational events. Did you have government of Peru counterparts that you were particularly engaged with?

CALLAHAN: Well, not to a degree that I met with them regularly. There were folks that actually our HR Human Resource Officer dealt with in terms of compensation plan and I might be involved. I remember our Consular General Charisse Phillips brought me along on a meeting or two in which we had discussed issues related to visas. This clearly involved the Consular Affairs Section, but management was involved tangentially with some of the government officials especially when it had to do with tax issues and diplomatic immunity issues.

Q: I missed the opportunity when you were talking about the cyberattack on the school. Also, the management counselor is responsible for the overall management of the Information section, working with being in touch with the department with telegrams, but also the entire computer system of the embassy, how well that works and so on. Was that something that you had to pay direct attention to? Or was it more your deputy in the Information Management section?

CALLAHAN: I was involved and it directly involved USAID. I was friends with the USAID EXO. Kurt Pope was a senior officer and very knowledgeable of the ins and outs of USAID IT operations. USAID could not function well if it were a part of the state.gov platform. Being in a separate and unclassified building, USAID would deal with institutional contractors in a way that not only required a physical routing of individuals in and out of the USAID building, separated from those coming to the visa line at the Consular Section. But most importantly, how USAID communicated via email with its partners was very important. USAID's system is completely unclassified. That doesn't mean no security, rather a different level of security. There were a number of workarounds and firewalls that came about that Kurt and the embassy information officer brilliantly sorted out.

Q: Yeah. Since you had to go through so much rightsizing in USAID, was there some of that as well, in your new position, overseeing the entire State Department presence in Peru?

CALLAHAN: Well, there was. I feared that this was going to be a really difficult issue. But we worked through the staffing needs and with DEA coming into our community and the need to support them with ICASS staff, we absorbed thirteen USAID FSNs into ICASS support positions. No positions were lost.

This type of transition can be terribly nerve wracking for the incumbents in these jobs. Our in-house oversight team came together and basically figured it out. I had to give a briefing to the warehouse staff and drivers. I explained the issues in my modest level of Spanish. I was rather anxious about that, but I believe it was well received by our FSNs because as a senior officer I explained not only the need for a transition to ICASS but the benefit it would bring our FSNs in terms of job security. It worked out fine. Not every mission had the kind of cooperative interagency spirit that we experienced in Embassy Lima.

Q: Earlier in our talk before you became a management counselor in Peru, you also mentioned the need in Building Management and building construction to take account of natural disasters and of course, Peru is on the famous Pacific Ring of Fire, the continuation of the San Andreas Fault line going south of our border. Did that affect you? Did you have either earthquakes or temblors or anything that required your attention related to that?

CALLAHAN: Peru had earth tremors, or temblors, on a regular basis. Many turned into actual earthquakes in the region to our south, Pisco. Our residence was adjacent to an open field, and we could hear the temblors rumbling across the open course. After one quake, sixty, perhaps seventy of our residences were affected by the shaking. So much so, OBO sent a seismic company from California to review all of our houses for any needed modifications or upgrades, or de-leasing etc. The OBO contractors inspected Colegio Roosevelt, the American School. It was a constant concern worrying about the impact of an earthquake on our properties and, of course, lives.

We also had serious mudslides. In January 2010, there was a major one around the same time as the earthquake in Haiti. These slides were in the Machu Picchu area outside the small town of Aguascalientes at the base of Machu Picchu in the Sacred Valley.

Hundreds of tourists were stranded in this small town due to the mud and a raging river blocking the railroad tracks to the next town of Ollantaytambo. We convened an Emergency Action Committee (EAC) meeting. There is an EAC in every embassy which basically is a team of senior folks within the embassy that are called together to sort out how to respond or deal with emergency situations that occurred or may occur. Emergencies can range from natural disasters to threats or actual attacks on the embassy.

Thankfully, our embassy had undergone a tabletop exercise conducted by FSI with mock situations for the EAC to react. We had undergone this tabletop exercise about two months previously. One of the issues we talked about was what do you do in terms of evacuations. What are the types of remedies we can use when we need to extract people from a compromising or dangerous situation.

[LANDSLIDE: SURVIVING DEADLY PERU MUDSLIDES \(youtube.com\)](#)

[Stranded tourists battle flooding, boredom in Machu Picchu - CNN.com](#)

In our case, of the many stranded tourists, we estimated about three hundred were Americans. At the onset we were floating ideas about sending in our Narcotics Affairs Section (NAS) helicopters, which we actually donated to the military of Peru. Someone suggested extracting US citizens only or perhaps first. That was quickly debunked. I think the Ambassador from Brazil to Peru, and others got wind of this idea, said the U.S. government can't just take Americans. What kind of diplomatic approach is that? When presented to Ambassador McKinley, he said, "hell no, of course we can't extract only Americans. If we're going to take people out, we're going to take out everyone."

As luck would have it, there was a TDYer from State that had ventured to Machu Picchu for the weekend. He was communicating with us via text before his phone ran out of juice. He was telling us what's going on as we were discussing the logistics of evacuating people. Food in the town was running low, there was no power, some people needed medical attention, there was the raging river and potential for more mudslides. All of this made the need to evacuate people soon.

The EAC came together with ideas. The idea had been raised to use the six or seven helicopters that our NAS section had donated to Peru for their counternarcotics program. However, the helicopters were no longer owned by the U.S.G., but the Peruvian government. The EAC representative from NAS contacted his counterpart in the Peruvian government and explained what we would like to do, in essence use the helicopters we had donated to them. Peru agreed. We had to coordinate moving fuel bladders to Ollantaytambo, coordinate how to transport folks, determine a pecking order, e.g., sick people first, determine the landing site, etc. We transported tourists to Ollantaytambo but needed to transport them onward to Cusco. We had to organize food, water, medical care, shelter, etc. And not least of all we needed our public affairs response to be informative and timely. In the few days this unfolded it was nerve racking and daunting.

The Emergency Action Committee is normally chaired by the Deputy Chief of Mission, and a senior officer, such as the Management Counselor, would serve as deputy. I was the

deputy. Our DCM, Jim Nealon said, “Steve, you're doing a great job as my deputy. I have a firm commitment on another matter in the U.S. and need to go. You can do this. I've talked to the Ambassador; he has confidence in you. Bye, good luck”.

I don't want to be facetious. Jim was and is a very responsible man. He actually went on to be Ambassador to Honduras. He wasn't running out on the job. He felt there was competence in the EAC, and in me, in particular. I was put on the spot for a few days of sleepless nights, and an incredible interagency team was managing the logistics. We evacuated everyone with no fatalities or major diplomatic incidents.

Actually, in Jim's absence and while I was acting DCM, I received a phone call from the Secretary of State's Chief of Staff thanking the mission for the hard work we had done. The earthquake in Haiti occurred in the first two weeks of January 2010 and the mudslides in Peru at the end of the month. In his call, the Chief of Staff was appreciative of the mission's hard work and the monumental task that was done. He noted that the State Department Operations Center was well aware of what we were managing and our constraints and the fact it was overshadowed by what happened in Haiti. It was nice to hear him convey Secretary Clinton's appreciation for a job well done and that our efforts did not go unnoticed in the front office of the State Department. That made all of us at Embassy Peru feel very, very good.

Q: There's one thing to dealing with these natural disasters, as time went by, the U.S. government realized that pre-positioning U.S. supplies and working with the national governments on natural disaster relief, became part of our foreign policy, did that begin to require you to put more attention not simply on immediate relief, but on these long-term planning?

CALLAHAN: USAID's Office of Foreign Disaster Assistance (OFDA) has a few depots scattered around the globe. I know there is one in the Middle East and one in Costa Rica, where OFDA has an office. When I was transitioning after my cancer diagnosis and before I went to the Office of Rightsizing, I worked a few months on the OFDA team for Latin American and Caribbean Bureau. I saw firsthand the ability of the Disaster Assistance Relief Teams (DART) to manage the supply warehouses. Tim Callaghan, no relation, was the OFDA manager for Latin American Bureau and responsible for ensuring the prepositioning of supplies were stocked and inventoried. Tim is a bit of a folk hero in USAID. He has been successfully managing DART team efforts and educating US Missions on preventative measures for many years.

Q: Okay, we've resumed our interview with Stephen Callahan. Stephen, the time is 2011 and you performed a TDY to Haiti.

CALLAHAN: Actually, it was in March of 2010, about two months after the Haiti earthquake. We were, of course, still very consumed with our own issues in Peru, but a couple of months after that I was asked by USAID's Latin America Bureau if I would provide assistance to USAID Port au Prince in the monumental efforts of recovery. Ambassador McKinley agreed to let me go. I spent a few weeks in Port au Prince, Haiti's capital city with Ambassador Lewis Lucke and Chris Milligan, his deputy. A few years earlier while on a TDY as M/OMS director, I had met Ambassador Lucke in Baghdad when he was the USAID Mission Director and Chris was his deputy.

Q: And just as a quick plug on Ambassador Lewis Lucke, completed his oral history. And it's now available publicly on our website.

CALLAHAN: Great.

Q: He does go into detail about his several months at the beginning of the relief effort in Haiti.

CALLAHAN: Oh, I'm sure. He had quite a job in front of him. As always, in those kinds of situations, you have the job of getting things done, logistically, but also politically, and it was a bit of a hotbed when I got there.

The USAID Mission Director, Carleene Dei, who was held in very high regard throughout USAID, was somehow, in my recollection, pushed to the side in terms of the emergency relief efforts that Ambassador Lucke was tasked with overseeing. I think there was just a little bit of frustration on her part, that she wasn't brought into the conversation.

But for context, the earthquake was the magnitude of seven-point plus, and it occurred just six or seven miles below the surface. Because it happened at such a shallow depth, the power of it was devastating at the ground level. As a result, there were death estimates that ranged from 100,000 to 300,000. It's a country where you don't have the kind of ability to effectively count the bodies after something so devastating. It was a horrendous scene. News reports would refer to buildings being "pancaked", or flattened.

Q: Wow. All right. When you arrived there, what are the principal things that you're trying to get done? The key things?

CALLAHAN: My responsibility was to provide general logistics support to the USAID Task Force as well as the EXO, in conjunction with the Embassy Management Counselor.

Thankfully, I knew most of the folks, including both the EXO and Management Counselor. Two excellent officers. However, there was a bit of frustration on both sides in terms of getting things done because each agency was vested with different priorities and management responsibilities. For example, the motor pool, housing, space in the collocated chancery.

Q: Oh, and here's one quick question when you say frustration on both sides, you mean USAID and State?

CALLAHAN: Well, the Embassy Management Officer and the EXO.

Q: Okay, okay. This request for your presence was actually from USAID Washington, and not the State Department?



Tragically, this was typical damage throughout most of the capital city of Port au Prince, Haiti after the 7.0 magnitude earthquake in 2010.

CALLAHAN: Yes. The office space situation in the Chancery was just horrendous. The USAID DART team was in full operational mode and had set up a mini camp with satellite communications outside on the side of the chancery. The U.S. military was there and they occupied space as if they were the landlords. Also, many institutional contractors had arrived. One of my first tasks was to help sort out the housing situation for long- and short-term support teams.

Many of the support groups, either from State or USAID weren't necessarily “hot bedding” or simply sleeping in whatever bed was available, but people were sleeping on the floor, office sofas, and in available housing. After I arrived, I was told that I would have a foldable cot in a tent on the side of the compound. As a Peace Corps volunteer, I

slept under a mosquito net for two years in the Philippines. Also, our family did the same in Malawi. When it came to malaria, I understood the need for safety. All of that said, the tent/sleeping arrangements were managed by the military and they were just simply unacceptable. The biggest concern was that dengue fever was present. Several Marines had contracted it just a few days prior to my arrival.



Houses and buildings were “pancaked” by the earthquake, Port au Prince, 2010

Dengue is different from malaria, it is a viral disease caused by infected mosquitoes. I mean, there are certain commonalities between the two, but basically, they are both spread by mosquitoes, and they're both responsible for lots of fatalities around the world. The manner in which you protect yourself is the same. That was not being done in the tents managed by the military. There were no mosquito nets. I said, “I’m out of here”. I slept for the first few nights in a closet next to the EXO’s office. I found a one-inch mattress to sleep only to be awoken in the middle of my second night by a young soldier who told me, “Hey, that's my mattress, give it up”. I wasn’t going to fight the guy; it was just a very untenable living situation.

Luckily, for a large group of us, the Management Counselor rented rooms at a former Club Med up the coast. It was a dilapidated old hotel at this point and had changed its name. I thought it would be a wonderful place to sleep, eat and rest. The problem, however, was that the Ambassador or perhaps the RSO, enforced a no travel restriction for periods outside of sunlight hours. We had to depart two hours before sunset to get to this place and we had to leave immediately at sunrise to get to the embassy to have a reasonable length of stay and do our work.

Q: What was the physical state of the embassy?

CALLAHAN: It was overrun with military. There was no one there managing the allocation of office space, use of computers, etc. That upset me. From all appearances, the

military conveyed that because they were present, they had every right to use the embassy for their logistics and operational needs, irrespective of the other agencies. It was overcrowded and I saw no one from the military attempting to alleviate the situation. It just made for an unreasonable work environment.

Thankfully, I spent most of my time with the Management Officer and the EXO, working on issues that didn't require me interacting with the military. I was rather bothered by the lackadaisical thread that kept everybody there. Frankly, I blame that on a lack of direction from the embassy front office. I was there for three weeks and I heard little from the leadership. There were so many management issues to contend with and no one seemed to be taking a leadership role of organizing the different groups, i.e. State, USAID, other agencies, contractors, the military. The first issue I heard and was asked to get involved with was identifying housing for TDYers. TDYers were sleeping in malaria and dengue areas without nets, or in closets or makeshift beds within the embassy. Yet, I discovered that the embassy housing pool had five or six residences that were not only unoccupied, they had been vacant for over a year. I visited one vacant leased house and found a gardener taking care of the exterior of the house. The inside of the residence had a full set of furniture inside, with running water and electricity. The GSO had been paying the gardener and keeping up utility bills but for some reason had not assigned any occupants. It had simply been overlooked in the inventory.

Those are the types of issues that were not well managed, I suspect due to a lack of staff oversight. I found it upsetting that, for whatever reason, available resources, as limited as they might have been, were not provided to take care of basic needs.

When I returned to Lima, I talked with the Western Hemisphere Executive Director, Brian Majewski. I didn't cast blame on any individuals but rather I suggested that both USAID and State management teams needed more support. Embassy Port au Prince appeared to be struggling with limited resources and needed help in the near future. It was clear Haiti would be struggling for years given the extensive damage to the infrastructure of the country.

All this occurred near the end of my tour in Lima. Brian Majewski talked to Undersecretary Kennedy and shared my assessment, frustrations and concerns for the longer-term state of the embassy. I don't know how it came together, but I am guessing Pat Kennedy probably said something like, "if he thinks he can do better, why don't we send him there as Management Counselor. Offer him the job". They did. I said yes. I was excited about it.



Jimmy Buffet flew himself from Florida to Port au Prince, Haiti on his private jet and provided an impromptu “Thank you” concert for staff in the Embassy cafeteria after the earthquake of 2010.

I can't say the assignment was made as a challenge to me. Brian and Pat Kennedy were both very savvy managers and they wanted someone willing to go but to work across agency lines. I felt that having worked successfully in Lima for three years, as well as numerous USAID missions, I could provide some sort of balance and benefit to Embassy Port au Prince. I was excited to do that.

Q: Okay. Did that mean that you were going to be both assigned and physically present there?

CALLAHAN: Yes, assigned as Management Counselor in the same manner as I was assigned to Peru. Our interagency deal was that I would work on a non-reimbursable detail. USAID paid my salary and the State Department paid for everything else such as housing costs, affiliated ICASS, travel, transportation, COLA, etc. That arrangement seemed to suit both agencies. For me, it was completely transparent and not a problem.

Q: Just one other quick question about the initial steps being taken to do the relief work. I'm really surprised that at least in those initial couple of weeks that the U.S. military that had so much experience in putting up temporary housing in Iraq, Afghanistan, various other places, didn't seem to be able to do that initially in Haiti, based on what you were saying.

CALLAHAN: That certainly was my experience, without a doubt. The manner in which the incoming support staff, such as myself, was not very well coordinated in terms of USAID support. I was there as a USAID officer and the Embassy saw me as just another

TDYer. The military, however, was theoretically responsible for setting up beds on the embassy compound for all official visitors. The tent was up but no one knew I was coming. Once I poked around and asked questions, I was told to just find an open cot in the tent. No pillow, a thin blanket, no mosquito netting. This was with the news that there was malaria present. Most alarming was the fact that several Marines had recently contracted dengue. The military had access to the embassy swimming pool and showers so they had little motivation to find alternative places to bunk. They were content to stay in place and no one was telling them otherwise. I am sure there were security concerns for protecting staff but frankly, the military has means of protecting themselves in that kind of environment. It just seemed rather inappropriate to overpower the embassy resources with its limited resources, not offering alternatives and no one from the embassy was telling them otherwise.

Q: All right. You're sent there, basically, on an open-ended basis. In other words, you're going to stay until there is an adequate logistical structural basis for there to be some kind of permanent.

CALLAHAN: No, that was not it. I returned to Lima after three weeks. This was March or April, 2010, and my tour was ending in July. That's when the discussion about providing another detail with State played out. I spoke with Brian Majewski, and he kept me informed. The WHA Bureau's management functions were under Brian's leadership and his predecessor, Jim Robertson.

Q: Excellent. All right. Should we then go ahead and dive into your arrival in Haiti? Is there anything else in between that you want to mention?

CALLAHAN: Well, yeah, I never got to Haiti. After home leave I went to FSI for French training but that was short-lived. I had been at FSI for about three months when I was diagnosed with head and neck cancer. I had a lingering open sore in my ear that was discovered while in Peru. I had seen two dermatologists, one in Peru and one in Virginia. There were no serious alarm bells and actually one biopsy came back negative. The sore simply would not heal. In a second visit to my Virginia dermatologist, he suggested MOH's surgery. Five days later I underwent radical head and neck surgery. Surgery was followed up by chemotherapy and nine weeks of radiation, which put me out of commission from early December 2010 through May of 2011.

Brian Majewski said, "Steve, we're going to hold the job in Haiti open for you, we'd like you to go. Just let us know when you're ready". Dr. Michael Nesemann, our esteemed medical officer in Lima, had come back to head up medical clearances at State's Office of Medical Services. I had my cancer surgery at George Washington Hospital, about four

blocks from State Med's offices. Mike came to visit me in the hospital the day after my surgery. He kept a close eye on me. He was such a wonderful friend and colleague as well as a wonderful doctor.

He also gave me advice on medical issues and the ins and outs of medical claims. The most important advice he gave was when he said, "Steve, you have had a nine-hour surgery. After weeks of radiation and chemo, you're physically not going to be in a position by May to get back in the field, let alone a place like Haiti. You need to think hard about accepting that assignment". It was with reluctance that I talked to Brian Majewski and said no to the assignment. That was the wisest decision I could have made because frankly, it took me almost two years to get back to some sense of physical normalcy.

Q: Sure. I can only imagine, have you been okay since?

CALLAHAN: Yes, I'm cancer free but there have been consequences of the radiation, specifically radiation fibrosis, which is basically soft tissue damage resulting in muscle spasms and arthritis in the neck and shoulder. My radiation oncologist said, thankfully, we have ways of working around radiation fibrosis nowadays. But the treatment I received in 2010 was the best protocol necessary to keep me cancer free. I'm thankful for the oncologists that took care of me, and basically saved my life.

Q: Yeah, yeah. Wow, that is quite a thing to go through in life. But you did manage to recover enough to eventually go back to USAID in Washington?

CALLAHAN: I did. The same month I was diagnosed with cancer December 2010, I was promoted to Minister Counselor. I remember getting a call from Brian while at FSI and he asked me to come see him at my next opportunity. This was just before the cancer diagnosis.

I'm thinking "oh boy, the assignment is gonna fall through". Rather, he told me that the Department had the expectation that one would encumber a position at the same personal grade that the position was classified at. Brian had asked that the Haiti position be reclassified to Minister Counselor (FE-MC) level, from Office Counselor (FE-OC) level, which would allow me to serve in a grade at my new personal level.

He knew I was promoted and that I was about to receive the Luther I. Replogle Award for Management Excellence. He was concerned that I would back out of the Haiti job since it was classified at one grade below my personal grade. He said he was unsuccessful in raising the level of the job to FE-MC.

I had to laugh. I told Brian that it doesn't work that way in USAID. I wanted the job. I went to El Salvador to fill an FE-OC position as an FS-03. That's how it's done in USAID. So please, keep me on track. It was literally right after that, that I got the cancer diagnosis and everything fell apart.

Q: Yeah. Wow. I understand. Once you recuperated, and your oncologist says, okay, you can sort of begin to go back to work. How does that happen? I mean, did you contact USAID? Do they contact you? How do you decide what you'll do next?

CALLAHAN: State Med was very supportive. In addition to Dr. Neseemann, I knew several colleagues working at Med. Everyone there was gracious and supportive. USAID folks were also supportive. The decision to go to Haiti was basically up to me. I believe I would have received the medical clearance by the summer to go to Haiti, especially given the proximity to the U.S. I chose to look for my next assignment stateside.

I returned to USAID and was put on the compliment in HR. The compliment meant I was left without a permanent assignment. I wasn't given any specific work or tasks. I was a conundrum for them...what to do with a senior EXO in recovery? I visited my colleague James Fleming in OFDA (the Office of Foreign Disaster Assistance), and asked if I could work on one of the desks, specifically supporting the Latin American Caribbean region. He said sure and I did that for a few months.

Looking for something a bit more challenging, I visited another colleague I had known in Kenya and Malawi but was in a senior job in the Europe Eurasia Bureau. The Bureau asked if I would work on the Bureau's organizational restructuring. That was short-lived so I began looking around for another opportunity.

I came up with an idea. I thought it would be interesting to serve as a liaison with the State Department on management issues, specifically ICASS but also management issues outside of ICASS. I cleared the idea with HR and made an appointment to see Undersecretary Pat Kennedy. I pitched him the idea. Pat was gracious to see me and he was supportive. Pat countered my idea and said he believed that there simply wasn't enough for me to stay fully engaged as a management liaison alone. "Why not do the liaison work at the same time as the Director of Rightsizing"? State clearly needed to fill the job; it was probably not a highly sought after position but frankly it was still an important position in the Department. The suggestion, or offer, was another non-reimbursable detail. I could do the job for a year, and then decide whether to stay, or move on. It sounded like a good place for a USAID officer to be. Given all the

disagreements USAID had with the Office of Rightsizing over the years, I thought this would be a fitting place to be.

Q: Okay. Yeah, I don't remember every specific but I certainly remember that you got anchored with rightsizing issues at various points.

CALLAHAN: Yes, while in M/OMS I was regularly working with the Office of Rightsizing on numerous issues.

In 2012 I joined the Office of Rightsizing as staff director. Frankly, it was a wonderful assignment because of its team members. We had five foreign service officers, and another five civil servants (CS). One CS dealt with issues having to do with the Chief of Mission authority and responsibility. I learned that an important part of Chief of Mission authority are the responsibilities that go with it. They go hand in hand.

Q: As you describe this, as you go into it, I just want to mention one thing that I've seen in the six years I've been interviewing, and I've interviewed a number of ambassadors. Over time, I have found as they describe their Chief of Mission authority, they have found periodically that activities going on in their country that in theory they're responsible for, they are not always told about that and they sometimes learn about it after whatever the activity is. And it's troubling for them. And as you go into your discussion of the Chief of Mission authority issues, I wonder if you could address that whether I'm getting it right or not?

CALLAHAN: Well, I certainly believe that there many, many ambassadors have been put in that awkward position. I think some ambassadors in countries where there are intelligence issues choose to allow the intelligence agencies to operate in a manner that doesn't restrict them from doing what the ambassador believes is their mandate. On the other hand, the Chief of Mission is responsible for oversight, or least awareness, of such activities.

The Office of Rightsizing would send out the letter of instruction to the Chief of Mission, advising them policies and programs to focus on as well as reminding them of their authorities and responsibilities and objectives to be addressed. It was in that context that I learned so much from this CS employee, who explained in detail, the necessity for ensuring that this concept needed to be respected.

In my assignments after Rightsizing, South Africa, as a contractor for USAID, and now as an expert consultant with Peace Corps, I remind folks of the COM authorities and

responsibilities. We have certain obligations working under a Chief of Mission and must respect those lines and chains of command including setting staff levels.

Q: Are there examples that you can offer that aren't classified that give us a sense of what it was to carry out this role?

CALLAHAN: Well, it was a bit complicated. I joked with somebody that while I was in the Office of Rightsizing, I knew where all the bodies were buried. That was clearly hyperbole because I didn't. However, I did have classnet and opennet access on my desk. My security was bumped up another level. My palms would sweat every time I opened up the classnet, because there might be a note from someone senior who read a cable that I had read, but they had understood it in far greater detail than I did and were asking me about Rightsizing's next steps.

Clearly, it was a learning exercise because this was all relatively new to me. As a management counselor, I had not been exposed to certain things that a more seasoned State Department management counselor might have been.

That said, I had a fabulous team in my office that helped me sort out issues as they arose. I was there as a manager. Some of the issues we worked on were classified, especially as it related to staff levels at posts where we were involved in conflicts. But it wasn't rocket science. This was at a time in which there was tremendous criticism about National Security Decision Directive 38 (NSDD 38). NSDD 38 was instituted in 1982 by President Reagan and basically gives the COM the authority to control the composition of staff levels and the functionality of all full time U.S.G agencies and their employees at post.

One post scrutinized by Congress for its size and staff levels was Embassy London. Another was Iraq, and the movement of active-duty military out from under COM authority and into combatant command units and under the authority of the military. All those issues required an understanding of what was going on. That said, there were no actions required with respect to doing anything beyond information sharing. I left Rightsizing with respect for managing staff levels abroad as well as the responsibilities and authorities vested in ambassadors. The NSDD 38 process, like many bureaucratic tools, had its anomalies, shortcomings, and inappropriate uses in its management.

Q: Sure, okay. Well, I don't mean to dig too deeply into things that would be difficult to explain or classified. Is this as far as you want to go with the right sizing? Then in which case, we'll follow you on to the next assignment?

CALLAHAN: I'll finish by saying that there was not an unfounded fear of Rightsizing at many posts. It was thought to be synonymous with downsizing. While in M/OMS, I had issues with an Executive Director of a Bureau that would require all NSDD 38 requests be cleared at the Bureau level before going to COM. If they disagreed in the Bureau, the request would never make it to the COM for a decision. When this occurred, State was in essence making staffing choices based on their parochial needs and the needs of ICASS, which they managed, rather than consulting with the post and having the issue decided by the COM.

Thankfully, we had a retired ambassador, Bob Service working as an analyst in Rightsizing. We met when I was in Lima. He was smart, analytical and transparent. He described the analysis process, how they use comparisons of comparable posts, and how it all relates to the U.S. government's strategic interests in the region. Staff levels were not just what an agency might say it needs, it was based on many factors.

Before Bob arrived for his TDY in Lima, we were skeptical. We feared Rightsizing would cut us down and unnecessarily. That wasn't the case. That said, there were certain things, such as the manner in which the process was tweaked to benefit the State Department's interests rather than other agencies. As I alluded to just a moment ago, funds assessed and collected at the post were redistributed by State's bureaus. If a post needs new vehicles or additional staff support, as an example. The issue was that the collected fees from a large post might be allocated to a smaller post in need. On the surface this is not unreasonable but the approach is not transparent and leaves the decisions of cost distribution solely with the Executive Directors within State.

For example, if the small post of Lesotho needed new ICASS vehicles, but did not have sufficient ICASS funds generated from its cost centers, funds collected from another post could be reallocated to Lesotho for their use. This doesn't allow an agency to realize the benefit of what they were paying in ICASS services to be returned to support the post from which the funds came. I wanted the Department to refer any outstanding requirements to the ICASS Council for approval. Perhaps this process is more transparent now, I don't know. It was a far cry from the original idea of a voluntary ICASS.

Also, the bureau executive directors would be able to stop any NSDD 38 request, based on their view of whether or not the ICASS unit in a particular country could support that new position. The decision should ultimately be by the ambassador.

That is precisely why I preferred first to have an informal request regarding staff increases at the post level by an agency, followed by an official request through Washington. An agency should be able to say, for example, I need three new officers, one

in program, one in health, one in the executive office. The informal request at the local level might not be approved. For example, agree with adding the health and program officer, but no EXO. It would be discussed and negotiated. The COM should obviously have the say in whether the post could support the addition of staff at their post.

However, if a request was denied, it does not diminish the fact that USAID may still require the EXO position. If the informal request was denied at the post level, the requesting agency would not have a record of request and its need. If nothing else, an official request and denial could demonstrate to Congress the challenges of implementing projects with insufficient staff.

This was clear when USAID had complained that the Department was denying NSDD 38 needed staff levels. State said we have no record of such denials. Of course not, since the requests were shut down at post when “informally requested”.

In South Africa, as Deputy Mission Director, I attempted to formalize the process at the local level. That meant an informal discussion at post would always be followed up with an official NSDD 38 request in Washington. In this way we had record of USAID's need. This was viewed by the Chargé d'affaires as not being collegial. From my perspective, it was a way for an individual to micromanage another agency's needs without benefit of a broader discussion or a record of a request.

Q: Let me just go back one second, when you were talking about the movement of money from one ICASS location, essentially, an embassy or a Consulate back through the bureau to other embassies or consulates? Could you take a moment to explain how that works, movement of money, people outside of the department or USAID may not quite understand how painful and problematic that can be for everybody in the field. Every embassy not being always sure how much money they actually have?

CALLAHAN: Well, it's a good question. It would take a financial manager or a budget and finance officer to explain some of the precise details. As I understood it, the cost distribution process would bill an individual agency based on usage and within a cost unit or a square footage. Funds collected were used to pay the ICASS staff, as well purchase new materials and supplies. If a post needs new equipment for motor pool operations, it would be paid for from the ICASS account. If there are not enough funds for the purchase the question is why don't you have sufficient funds? The short answer is because it was distributed to post B for their purchase of vehicles. In reality, it was never explained in those kinds of details.

I would hope that many of those anomalies of practice have changed over the years, as people understand how to better manage those pots of money. And I'm not suggesting it was a devious situation, it was simply the manner in which State decided how to take care of its underfunded needs. It was not a transparent distribution of funds based on an agency's payment into ICASS.

Q: Sure, sure. That was it. I didn't mean to go into too much of the weeds, but once again, to manage a foreign post and embassy or one of the most poisonous things is not knowing where your money is coming from, when it's coming and how much it will be. And I'm not trying to say that it was done in a secretive way, but ICASS itself seems to have taken far longer to roll out and get right than optimists thought when they first created the system.

CALLAHAN: Well, twenty years after its rollout, I can say that the idea of ICASS is actually a good one. The initial argument was based on fairness. The Department should not have to pay out of their budget for the costs of services they provide to other agencies. I'm referring to motor pool, security, GSO services, housing, mail, cable traffic, etc. It was limiting for State in terms of supporting its own mandate. An "economy of scales" idea was touted as the fairest and cost-effective way to provide administrative services in an embassy environment.

This idea was not a bad one but we did learn a few hard lessons in the initial stages of mandating ICASS participation. For example, we learned that the services USAID provided to its own agency in El Salvador, independent of ICASS, were faster and better than what the department could do for their staff. We used a manpower contract for housing maintenance and had specific criteria for completion of jobs. Plumbers must be available on weekends, simple jobs completed in XX number of hours, billing to be done within thirty days, etc. Frankly, though, that level of service cost more money. Money is always an issue. And USAID had the money to do it. In our pilot in El Salvador, the embassy GSO was understaffed and could not provide the same level of service that USAID staff received. Hence, they did not want to compare through a pilot that particular service. USAID paid more but got better quality service.

We should have good services at a reasonable cost. I suspect ICASS has matured and those issues are not as contentious. Agencies argued in the early days, services provided under ICASS did not have uniform service standards. Cost efficiency was the primary goal, not focused on a quality service at a reasonable price. That was a common perspective from most participating agencies. Not having been in the field for a few years, I suspect services are considerably better managed than they were in the transition years.

Q: Okay. So, it looks like we're then on the verge of your assignment to South Africa. How is it that you go to South Africa?

CALLAHAN: As I was reaching mandatory retirement age, I wanted one more opportunity for an overseas assignment. I approached a couple of my senior USAID colleagues and asked about possible positions. I had thought perhaps I would be competitive for a mission director position at a small mission. I expressed an interest in Macedonia. I thought I would be a competitive candidate. I filled out my bid list which basically required an interest in at least three positions. One position needed to be a hard to fill post, such as Baghdad or Kabul. I bid on Macedonia as mission director and Baghdad and South Africa as Deputy Mission Director. Prior to a selection I was required to have an updated medical clearance with those three missions in mind.

I heard on the sly that because I had not been a deputy mission director that I was not competitive to be a mission director. Generally, that's the case. In some ways I agree with that. But in other ways, I think that was just not a fair assessment of my particular skills, or the skills of many people in my position. The USAID system is not unlike the State Foreign Service system. A State officer generally has to be a DCM before being competitive for an ambassadorship. The difference being a DCM position provides necessary management experience to non-management types, i.e., political and economic officers. Ambassadors are diplomats but also need to be good managers of people and resources. The same goes for a USAID mission director. I had limited program experience but sufficient management experience to be a successful mission director without first being a deputy.

I went through the medical clearance process. And lo and behold, I was not cleared for Macedonia. They did not have medical facilities to accommodate me after my cancer. However, I was cleared for Baghdad, and South Africa. Why Baghdad? Well, the military was still there and I'm sure they could have performed just about anything necessary before a medivac was needed. Thankfully I was offered the Deputy Mission Director job in South Africa. This was to be our fourth tour in Africa, and an exciting opportunity for both Linda and myself to get back to Southern Africa.

Q: Just one quick thing. You're going there in the bilateral capacity, the deputy mission director and bilateral. South Africa also has a regional USAID presence.

CALLAHAN: Yes, that's correct. There are two deputies. As the bilateral deputy, I was the alter ego of the mission director. Frankly, the regional deputy had enough on his plate to keep him busy. Whereas, I was dealing with the day-to-day activities of our programs and our relations with Embassy Pretoria.

Q: Okay, all right. You go off to South Africa, and only your wife accompanies at this point your kids are going?

CALLAHAN: Well actually my youngest daughter was still on our orders and joined us there before she went off to college. Basically, that was the end of her free ride of transportation on the U.S. government dime, but it was an opportunity for her to get back to Africa for visits. Our eldest was already on her own but she was able to visit us once while on a work assignment.

Q: Yes, okay. Now you arrived as deputy Mission Director? How do you and the Mission Director divide up responsibilities?

CALLAHAN: Well, the deputy mission director of the bilateral mission had oversight of the program support areas, including contracting, program office, financial management, executive office. Also, the health office, and the general development office, which included environment, democracy, and governance. Those office directors all reported to our mission director through me. The regional mission director had oversight of the economic growth and development program, which was a very robust and large regional portfolio. The regional responsibilities would of course need the support from contracting, finance and executive offices to support their projects.

It worked well. Like most issues, we had to sort out the chain of command for the office directors, basically understanding priority setting and information sharing. My responsibilities, especially as it related to the program office, required that I be up to speed on how the program works, not only in general but specifically for South Africa. I'm referring to pipeline funding, the program cycle, our Country Development Strategy (CDCS), etc. Jeff Borns was our Mission Director. I had gotten to know him when we were both in Nairobi eighteen years previously. Jeff suggested that Program Officer Roy Geiser would be great at explaining the necessary timelines and procedural details of USAID programming.

Roy regularly brought me up to speed on everything related to the program cycle, the pipeline, how we manage it in the context of regional support, USAID support for the President's Plan for Emergency Aids Relief (PEPFAR). The largest PEPFAR program in the world was in South Africa.

To be honest, I believe one of the main reasons that the senior leadership group in Washington assigned me to Pretoria was that I came from a management background, in particular as director of M/OMS and as USAID rep on the Federal Real Property Council.

USAID was constructing a second unclassified building on our Pretoria campus. The hard work began long before I got there in terms of purchasing the property, building design, concurrences from DS, and most importantly buy-in from OBO.

Q: Just one question about the construction. Was it on the embassy compound or were you had USAID or the embassy envisioned a second location?



Updating USAID Administrator Raj Shah on the progress of USAID's second unclassified building under construction in Pretoria South Africa, 2014.

CALLAHAN: USAID, under the leadership of EXO Peter Hubbard, had previously identified a piece of property about a mile and a half from the embassy compound. He suggested we buy and build our own building. We talked about this previously. At first, I thought it wasn't a particularly good idea and I was proven very wrong. It was a fabulous idea. And not only did the property support our USAID building needs, it had sufficient space to build a second building if we so required. USAID Pretoria was building up the bilateral program and expanding its regional programs. The Center for Disease Control was not on the embassy compound and they were a sizable agency. Power Africa was coming to South Africa as well.

The Department of State was involved with the first USAID Pretoria building and again deeply involved in the second building. This involved security, space allocation, design, building codes, fire and safety. It worked out very, very well. Tim Pruitt was the EXO in charge and did a phenomenal job. Tim invested so much time and energy into that one project that it didn't adequately demonstrate his breadth of knowledge as an EXO.

Q: Okay. Before we go into any more detail on the building, its purpose constructed for an expectation that we're going to be there for a while, and that I guess both the bilateral and regional programs are going to stay for a while.

CALLAHAN: Oh, absolutely. Pretoria is a hub for the continent, on so many levels. SADC was in nearby Gaborone, Botswana, but anyone in the diplomatic community in Africa would find their way to South Africa. Regionally, Pretoria is close to a large international airport in Johannesburg, a perfect jumping off spot. Pretoria met not only the needs of USAID, but CDC, and the Department of State. Many of these offices required only unclassified space. This was an opportunity to build this space using USAID funds, and I'm sure at one half or one third of what it would have cost to build a classified/unclassified structure on the embassy compound.

Q: Yeah. Okay. Okay. All right. So then, I guess this is a relatively new thing. I haven't interviewed people who have had this type of portfolio. What were you responsible for with regard to the building construction?

CALLAHAN: Well, my job, in essence, was to support EXO Tim Pruitt and later Patrick Robinson, Supervisory EXO. They were communicating with the embassy, OBO, DS, and our front office. We had a busy body, our Chargé d'affaires, that wanted to involve herself in these sorts of things. I certainly can understand a need to know, but her involvement was unnecessary and always made things challenging. I supported our team but they clearly did the work.

USAID Administrator, Raj Shah, visited us. Patrick Robinson and Tim Pruitt generously asked me to guide Raj around the building as it was coming into its final stages. It gave me a sense of pride that our EXO team had not only conceived of the idea, starting with Peter Hubbard, and ending with Tim Pruitt and Patrick Robinson, demonstrating effective cost savings that supported not only USAID, but ICASS, CDC, Power Africa and our presence in South Africa.

Q: Okay. All right, then, in that case, let's go on to the other key areas of your responsibility that played out while you were there.

CALLAHAN: As I mentioned, Pretoria was one of three large USAID regional platforms in Africa, specifically, Kenya, Ghana, and South Africa. Previously, USAID had a regional platform in Cairo. During my second year in Pretoria, Cheryl Anderson arrived to replace Jeff Borns as Mission Director. Cheryl had been Mission Director of the regional programs in Kenya and Ghana. She was a perfect fit. In addition to having the

wonderful leadership of Jeff Borns in my first year, I was equally blessed my second year under Cheryl Anderson's leadership.

As deputy, I had general oversight of our Health Office and our PEPFAR program. I was kept abreast of the environmental programs as well as democracy and governance programs. It was often a challenge in the context of our weekly country team meetings. Each agency would report out with a laundry list of the current and future activities. The management counselor would talk about general management issues and ICASS. The CDC director would be there talking about her involvement with PEPFAR issues. The USAID mission director and I would describe our project activities, updates on the building construction, YALI updates, etc. We would also provide updates on the PEPFAR program, economic development program, small business development program, the democracy and governance activities, and the environment program. USAID was representing a host of U.S.G. funded activities. Not having our office directors, the technical experts, report out on these very large projects, was challenging. Obviously, we wanted to represent all that USAID was doing but needed to keep it broad and brief.

What USAID and CDC did for the PEPFAR program was tremendous. Since its inception in 2003, over nine billion dollars have been spent on PEPFAR activities. Of course, South Africa was one of fifteen focus countries, and I think twelve of the fifteen countries were all in Africa. PEPFAR through USAID was responsible for a number of activities including counseling, treatment and prevention.

One project in particular was the Thuthuzela Care Centers. “*Thuthuzela*” is a word that means comfort from the South African Xhosa language. The Care Centers are one stop facilities that had been established for sexual assault survivors. Some of the highest incidences of violent rape and sexual violence was occurring in South Africa at the time. This required not only medical treatment, but other types of hospital care, mental health care, transportation, and housing, etc. The Thuthuzela Care Centers were set up throughout the country, and provided this kind of support in a doctor patient, private counseling format that is still active today and a tremendous benefit to the people of South Africa. Kerry Pelzman was the USAID Office Director. Kerry was an excellent health professional and frankly needed no directions or oversight from the front office. She and her team were a critical element in the success of these care centers as well as the entire health office portfolio.

Q: Yeah, I have no doubt. Certainly, PEPFAR is big. I know that USAID in South Africa had begun trying to develop the Small Business private sector. Was that still going on?

CALLAHAN: It was. Mark Wilt was the Office Director. He and his team were involved in multiple issues that related to financial transparency and accountability on the part of the South African government. That effort blossomed into a regional context. USAID was requiring the South African government to use software that would allow for a more transparent audit process. These were somewhat contentious discussions and responsibilities that Mark had to work his way through. There was a lot that had to do with leveraging private enterprises into activities that could be co-funded by the government of South Africa, not just USAID.

Microsoft and other entities were leveraged into financing activities that not only benefit the people of South Africa, but the continent. Our Environment Office, Economic Growth and General Development offices engaged the Coca Cola Corporation regarding different water basins or aquifers used for producing Coca Cola products. The aquifers supported not only South Africa but because they are transnational, they had an impact on the region's water supply.

Q: Yeah, yeah, absolutely. I think a lot of people don't realize, while it's important for an individual country, its citizens to have some accountability about how funding is being used. If you want to attract investment, if you want to attract other companies to come in, they need to know about where money is going. And whether they're going to be unfairly taxed, or being looked at as the golden goose that governments can come back to again and again under false pretenses to tax them or create problems for them that make investing in that country economy.

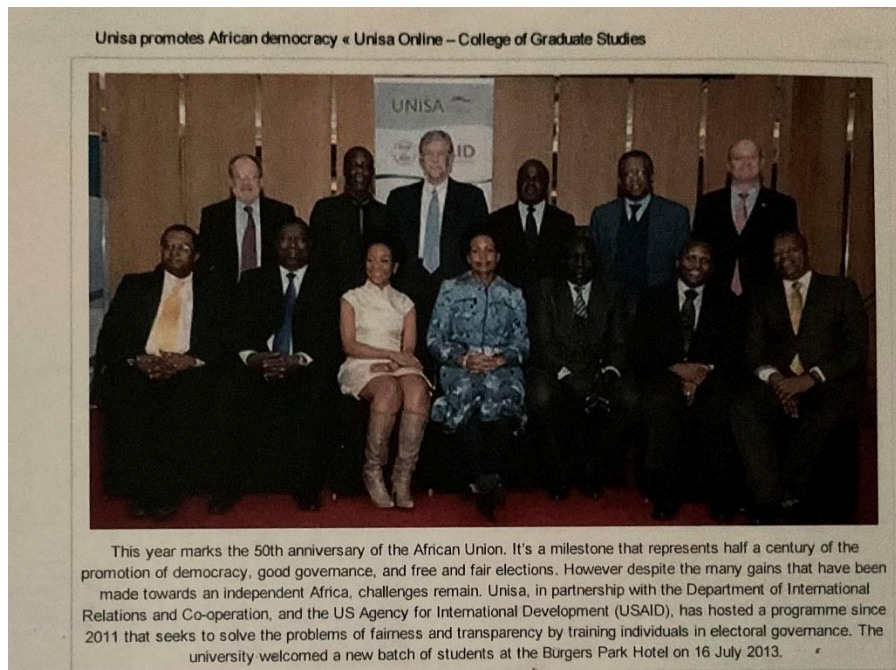
CALLAHAN: That's right. I think part of the challenges faced by our economic growth program and Power Africa was explaining the long-term values that would be brought to private enterprise as well as the country. A prosperous country is going to provide opportunities that you wouldn't necessarily see in a grossly underdeveloped country.

Q: From your perspective once again, did USAID still have a large program for vocational training for workforce empowerment?

CALLAHAN: We did have a participant training program that was managed by a relatively junior individual. It wasn't given the funding and I think the push that it could have had if we had other resources.

The Young African Leadership Initiative (YALI) came about in the Obama administration. South Africa was a prominent part of that dialogue. There were four regional centers established, Kenya, Ghana, Senegal, and Pretoria. They served Angola, Comoros, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Seychelles,

Swaziland, Eswatini, and Zambia. This was a wonderful opportunity for the YALI Regional Leadership Center to be developed at the University of South Africa (UNISA) in Pretoria. USAID played a role in the establishment as well as MasterCard, DOW, the Trevor Noah Foundation, and others. Because the four YALI centers are established at learning institutes (their Business Schools), it offers young men and women a chance to hone their leadership and entrepreneurial skills. The program helped the young leaders develop critical thinking skills.



USAID South Africa partnered with the University of South Africa (UNISA) to promote a number of democracy initiatives leadership opportunities including YALI.

The YALI program was targeting young leaders with experiences working and supporting rural and economically disadvantaged communities. YALI can boast of many success stories from developing sustainable farming practices to programs that bring sex education to boys and girls. Sex education in Africa is an important effort given the taboos and misconceptions in many parts of the continent.

Q: Sure, I must be missing some big programs, because over time, since USAID had established a large presence there, a change from various programs in the early years to different ones in later years. What am I missing?

CALLAHAN: Yes, the development needs of a country would change over time as well as the U.S. interests in supporting different areas. When USAID entered eastern Europe after 1990, our interests were focused on judicial reform and economic development. The

concerns and emphasis on agriculture and food security was one that has grown over recent years. Democracy, human rights and governance issues continue to be a focus.

Q: As you recall, what were the programs that had the most sustainability?

CALLAHAN: USAID has been around since the 1960s. In the beginning USAID focused a great deal on education, population planning, nutrition, health related projects. Economic growth and development and expanding income opportunities for our recipient countries was also a focus.

After the fall of the Berlin Wall in 1989, we concentrated on expanding free markets and the economic development of the region. Judicial reforms and strengthening democratic institutions were very important. Certainly, that was the case in Romania and the rest of the European countries that made use of SEED funds. Efforts in preventative health care have continued to grow. The world has changed with the ability for people to go from one continent to another in a matter of hours. If they are carrying a contagious virus or disease, well, just think of how AIDS and COVID spread.

There are several U.S.G. agencies involved in containing contagious diseases globally. Malaria, HIV/AIDS, Ebola, smallpox, tuberculosis, all have an impact on not only the institutional stability of a country, but its ability to be strong economically. It serves our national security interests to support these types of programs. For that reason alone, President Bush was a strong advocate for PEPFAR programs globally. Clearly, each administration has their own views as to how foreign assistance programs should be used in support of American values.

Q: My question is that sustainability is what's driving it. What lessons can USAID learn about how to better invest, better prepare and see how they get the maximum out of the program?

CALLAHAN: In addition to the development and implementation assistance ideas and goals, among other things, USAID is an agency that manages contracts. Our foreign service ranks are composed of technical experts. This is unlike the Department of State, which looks for young, smart generalists in the areas of foreign policy, international relations, and political science. Years ago, I remember hearing that to do well on the foreign service exam, just read Time magazine. Granted, not completely a fair description, but it speaks to the idea that one must have a broad, global perspective.

I believe State looks to hire smart, well-rounded individuals that can grow into any of a number of specialty areas within the Foreign Service. To be competitive for USAID, one

must already have expertise in a particular area. The minimum academic qualifications for all of USAID backstops is a master's degree. Additionally, USAID places value on individuals that have worked in an overseas environment, and have a number of credible years of service in their specialty. One is simply not competitive without these basic credentials for USAID foreign service.

Ironically, many times USAID takes these smart, well-educated and specialized individuals and asks them to manage both complex contracts and the institutional contractors or personal services contractors. Kind of takes away from the expertise that the officer was hired for. Frankly, if we had more direct hire foreign service officers than our ceiling of 2000 allows, we could rely on them for the expertise rather than contract management.

Also, project timelines and their financial pipeline diminish over time. In terms of our foreign assistance focus, USAID is accordion like in nature. If a country no longer needs our assistance, or Congress fails to approve funding for projects of a certain nature or in a certain country, our footprint needs to be reduced. Conversely, if Congress sees the need to support a particular effort, boom, USAID moves into the picture. Just think of eastern Europe or our interests in counternarcotics in Latin America or the PEPFAR program.

USAID built an enormous building in Cairo because we were counterbalancing the support the U.S.G. provided to Israel. To be clear, assistance can be in the form of military weapons or training, which is not something USAID is involved in, or economic and development assistance, disaster assistance, which is USAID's domain. These relationships are political and complex in nature and over time levels of support might change.

Other examples of how relations have changed and hence our staff and funding levels have changed include Bolivia, Peru, Panama, The Czech Republic. That's really USAID's goal, to eventually leave a country. Two prominent success stories are Chile and Korea. Obviously, countries develop and no longer want or need economic or other forms of foreign assistance. Some countries have political changes that offer opportunities for USAID to assist. The U.S. military is no different; the Philippines asked our military to reduce their presence a decade ago, now their spat with China has opened the door to a greater U.S. military presence.

Ultimately, USAID is in a given country not only to support humanitarian interests, but to strengthen the political and economic bonds between an allied country. This is strategic. We use our development programs, food aid, and disaster assistance not just because we are nice guys. We do it to share our democratic values, strengthen our international

relationships and promote peace. It is not as Jesse Helms said in the mid-1990s, taxpayer money going down foreign ratholes. His idea was to use loans, not grants and direct aid and move foreign assistance from USAID to the military.

Q: Parallel effort in development is the Millennium Challenge Corporation (MCC). Was that active? And did the USAID mission there have any relationships with it in Africa?

CALLAHAN: We did, at least minimally. I did not while in Pretoria. When I was director of M/OMS, we were asked to provide the MCC logistical support at a few of our missions. In some ways, I felt they took advantage of our help...they wanted us to do their work without some sort of ICASS mechanism for us to recoup our costs. I felt that any expectations of the MCC to have a larger presence overseas were just naive.

In some respects, they saw themselves as a Foreign Affairs agency, expecting support from USAID including technical and logistical expertise. The MCC provides foreign assistance but it is not organized as a foreign affairs agency. I never understood the redundancy of the MCC with USAID, State, and the military, all providing different levels of international assistance. USAID always provided support when asked whether it be technical or for informational support, to the degree that we weren't compromising our budget, we just didn't have the means to do things outside of programmatic funding, unless it was a part of that project document, or project plan. We could not augment our budget by charging for our services. All those things mattered. For that reason, our financial managers were generally involved.

Q: Now, here, you are, a minister counselor; it's about the highest position you can get because you're being considered for Ambassador; you take the deputy Mission Director job in South Africa. But are you looking still at trying to get an ambassadorship?

CALLAHAN: No. I never tried, as you put it, for an ambassadorship. While in Lima, I attended an ICASS conference in Florida and ran into Teddy Taylor. Teddy had been acting Director General of the Foreign Service and later an ambassador. Teddy had previously encouraged me to accept the crossover opportunity in Peru. At the conference, I asked Teddy about the possibilities of putting in for a DCM position. I remember he said I meet the requirements of grade and work history and the fact that I was already serving in a State position, and that would likely make me very competitive. In essence, he said "Go for it!". It was then that I contacted my old colleague Ambassador Phil Carter and asked about a DCM position in Africa, to which he explained the challenges and suggested I would be more competitive if he put my name on the list for ambassadors.

And to be clear, I was never seeking the role of ambassador. Our families remained friends over the years. On a TDY back in DC, I met Phil while he was Acting Assistant Secretary for the Africa Bureau. I asked about a job as a DCM. Phil was clear and said “not a chance”. DCM jobs, especially in the Africa Bureau were highly sought after by political, economic and consular officers, especially from the Europe Bureau. They were looking to demonstrate an ability to manage and a DCM ticked that box. Not unlike USAID, there was an expectation one has served as a deputy mission director before being a mission director. Phil suggested he would put me on the list for consideration as ambassador.

I balked at Phil’s suggestion and said USAID is asked for a short list each year for consideration as ambassador. But the list is limited to a small number of recommendations. Five, I believe.

Phil said, “I’ll put you on the list of State nominations.” When I shared this information with our CHCO, he suggested I advise our Acting Administrator so that he understood the dynamic of what was happening, the source of the suggestion, and the fact that my name would not use up one of the USAID recommendations.

That’s where I made my mistake. I assumed the Acting Administer would be supportive. He was not. As it turned out, Phil moved on and Ambassador Don Yamamoto was the new Assistant Administrator for Africa. In a very nice email to me, Ambassador Yamamoto explained that he was not in a position to put my name forward with all the qualified candidates in State. I’m sure he would have had tremendous blowback if he did, and besides he didn’t know me. His email was generous and thoughtful.

In retrospect, I am glad I pursued the DCM position but I'm not surprised at the politics of USAID in how things worked out. In '98, when I went to work in HQ as deputy director of administrative services, someone told me, “Steve, back in DC you will be swimming with sharks and barracudas. Watch your back!”. That was so true.

I believe being a DCM is the ultimate manager's job in the foreign service. And having enjoyed my time with Mike McKinley and Jim Nealon, I thought this would be something I would be good at as well as enjoy. I was never looking for an ambassador role. I think a number of colleagues that have gone from the management cone to ambassadorship, such as Steve Nolan and Teddy Taylor, understood how to manage people and resources to the degree that they could be good ambassadors. But it was late in my career to even think about that.

Q: Okay. Are you beginning to think in South Africa about where you'll go next? I'm not trying to rush you out of the deputy Mission Director job. What else were you doing as Deputy in South Africa?

CALLAHAN: In 2013 Nelson Mandela died. His funeral arrangements included hosting not only President Obama, but other international dignitaries including former Presidents Carter, Clinton and Bush.

I felt Embassy Pretoria leadership (the Charge, actually) was limiting other agencies from participating in the POTUS visit. I sent an email to Pat Kennedy and suggested that if he thought the embassy might need support on this POTUS and high-level visit, that I would be happy to help. Pat or his staff sent a note to the appropriate person in the embassy. I was asked to be responsible for travel and transportation logistics for this monumental visit.

The person assigned to manage transportation was already in place. We have a senior FSN from Embassy Rome, Franco Malnati, that is called upon frequently to oversee transportation requirements for POTUS and other high-level visits. I had worked with Franco at the 2008 APEC in Lima. He was organized and came with his spreadsheets. In simple terms, Franco is a wizard and really did not need me looking over his shoulder. Nonetheless I was there and mostly served as a conduit back to the embassy. The event was in Johannesburg and Embassy Pretoria is about 45 miles away.

Interestingly there was a question about which agency pays for the transportation and related costs of former presidents Clinton, Bush and Carter, if they wanted to attend the actual burial in Mandela's village of Ounu, a couple hundred miles from Johannesburg. It would be outside President Obama's security bubble if he chose to not attend. The former presidents had Secret Service protection but it was unclear what funds could be used to charge logistical costs. I sent an email to Pat Kennedy asking the question, "what fund source pays for the other presidents?"

The next day, we got a note from the executive director of the Africa Bureau, who said, any future questions regarding funding, channel through him and not the Undersecretary of Management. I laughed because, frankly, I got what I wanted and I knew it would have taken days to get an answer from the Africa Bureau. Besides, they would have probably had to ask Pat. Somebody once told me that Pat Kennedy was extremely involved in all POTUS and other high-level events. So much so, that he had a five thousand mile screwdriver and could tighten the carburetor of a car in an Africa motor pool, if he had need to.

Q: Yeah, yeah. Which leads me to another question before we leave South Africa is, this is a wonderful anecdote about what it's like on a day-to-day basis to support a mission. Were there other ones that stick out in your mind, as sort of particularly consequential or exemplary of what it's like down there when you have to take on this many roles?

CALLAHAN: Well, I think as an EXO or management counselor, your job is to stay in tune with everything under your charge, whether it be working within the embassy, or USAID operations. I'm a bit of a busybody, frankly. And so, in Pretoria, I tried to stay involved in as many things as I thought I could actively stay involved as deputy mission director, whether it be the housing issues or ICASS.

Sometimes that approach might create a difficult situation when vested interests are at play. There were a couple of personalities in Embassy Pretoria that weren't particularly inclusive when it came to USAID. Generally, I got along well with most folks. The RSO, in particular, is a longtime friend and colleague with whom I still socialize. Also, the Management Counselor, Joni Whitaker. I enjoyed the embassy community, even though our offices were a mile and a half down the road.

It was a wonderful assignment for anyone. Our second Ambassador was an Obama appointee, Patrick Gaspard. He was like many political ambassadors, unwilling to get into the details of general management. He left most administrative issues to the DCM. He was smart and approachable.

Many times, I believe that's the case for political appointees, obviously not all, but a lot. I had heard stories from an EXO who worked under Ambassador Shirley Temple Black in Prague. She was the Ambassador in Prague and then Accra, Ghana. She took her job seriously and read every cable coming in going out, and involved herself in day-to-day operations. There are clearly different levels of engagement.

At our USAID Christmas party on the grounds next to the CMR, I was surprised with a retirement party in my honor. There were a number of friends and colleagues who spoke, not least of which was Ambassador Gaspard. He was just glowingly in a hyperbolic fashion, extolling the many virtues of one Steve Callahan and his illustrious career. Hyperbole or not, it meant a lot. Not only to me but the USAID community. We were all getting recognition by the Chief of Mission, and these things are very important to the USAID community. Ambassador Gaspard was certainly good in that role.

Q: Okay, this is our concluding session with Stephen Callahan. Stephen, we're still in USAID Pretoria and working with the State Department. How would you conclude your time there?



For my time at Embassy Lima, I received the *Luther I. Replogle Award for Management Excellence*, presented by Deputy Secretary William J. Burns.

CALLAHAN: Well, what was most important for me was having such a wonderful boss and colleague, Cheryl Anderson. She had nominated me for the USAID Distinguished Career Service Award in which she noted the values of strengthening a relationship with the Department of State.

I retired with a deep sense of the potential benefits that could be had in strengthening the relationship between State and USAID. Clearly, there are challenges, such as our cultural differences and shared misconceptions. And by strengthening I do not mean simply an integration of USAID within State. USAID should remain independent, in my view. The three Ds of diplomacy, development, and defense are based on different approaches for one goal, our U.S. strategic interests. Although these goals may vary somewhat among the federal agencies, our goals come together by promoting economic stability within the U.S. and the world, supporting democracies globally, and promoting peace among nations.

I believe there's a lot of aspects of how USAID manages itself that can be strengthened. The USAID administrator reports to the President through the Secretary of State but it is still an independent agency. That can create frustrations with how we move development goals along. I'd like to see that State and USAID actually get closer in that relationship, at the same time respecting our different mandates. We can do that through more integrated

training, assignment crossover programs, and having a seat at the table on management issues. Personally, my two “details” dispelled my conceptions that State officers were our adversaries. Well, there were a few bureaucratic bullies that wanted USAID personnel to tow their line, but generally speaking State officers were respectful of USAID development goals.

I believe the role of the Director General of the Foreign Service is underutilized. Technically the Director General has oversight for policies affecting all Foreign Service officers, not just the Department of State. That includes State, USAID, the Foreign Agricultural Service, the Foreign Commercial Service, and the Animal and Plant Health Inspection Service (APHIS). All have separate roles to play in terms of their management and strategic planning. Chief of Missions are responsible for implementation. All of our U.S. Foreign Service officers are nominated by the president and confirmed by the senate. So, it seems the role of the Director General could be better utilized by collectively representing our issues of compensation, advancement, benefits, etc.

Q: Let me pose you one experience I had about interaction with USAID and see what you think of this. Many years ago, I was working in Armenia. As a political, economic section chief, and very little was going on in Armenia, in terms of political development, outside of one or two major things, which meant as the political Section Chief, I seldom had a good reason to go outside of the Capitol. But at the same time, USAID had a huge presence in Armenia, this is 1999 to 2001. And what I tried to do was, talk to the USAID program officers about what they saw in the provinces when they went out to talk to provincial leaders about their programs. Were there political developments that struck them? And if there weren't, would it be okay for me to go out with them now. And then when they do evaluations to also meet with these regional people and talk to them, there was a great deal of suspicion. And the few times I did it, and the few times I reported, I got major blowback from the head of the USAID mission, who actually went to the Ambassador to complain. Now that issue was resolved, I did not get any reprimand. But it just gives you an idea of how the USAID officers and state officers might better integrate. And I wonder what you think of that?

CALLAHAN: I'm not at all surprised, given the time frame in which you describe. This was at the point in which ICASS was a driving force in our interagency dialogues. I was just getting back to Washington and that scene. When we discussed with State just how we would or would consolidate services, it was basically limited to the administrative services area. Later, it was about creating a single IT platform in which USAID would be under State's oversight. But it also touched the development arena. The F Bureau was created. There must have been blood on the conference room tables as that bureau discussed each agency's respective roles. I'm reminded again of Andrew Natsios, telling

us to drag our feet with consolidation because of a shared belief in USAID would get screwed.

In your example, many in USAID believed that if a State officer was working in a USAID mission, they would not understand USAID's mandate. I can imagine a Mission Director thinking that an Econ/Political officer might attempt to influence project goals. The reality is that there are probably few officers that would try and do that.

Generally, and as you describe it, you were looking to simply have a better insight as to the political dynamic of the country.

I'm reminded of when there was talk of expanding the crossover assignment program, before my assignment to State. I talked to a number of folks in our HR office about creating more USAID positions that State could bid on. In particular, I'm thinking Management Officers could bid on EXOs positions and vice versa. Steve Nolan had also thought this a great idea.

I had met an FS-02 management officer while working with OBO that was interested in such a job. He was aware of what we did in USAID and he wanted to learn more. He expressed an interest in the EXO job in Tirana, Albania. He had experience in the region and he was at the grade level of the position. M/OMS made that recommendation to the selection committee, including the Mission Director of Albania. The MD said he didn't want a "fox in his hen house". Frankly, this was an unfair bias that was not uncommon in those days.

I'd like to think things are different today. ICASS, the F Bureau, and a greater involvement with the Foreign Service Institute, have all helped. Janet Ballantyne, our Acting Deputy Administrator and Counselor for a number of years, created a course at FSI in which development, diplomacy, and defense, was discussed as a three-prong stool and how our different organizations within the federal system can come together collegiately in an overseas environment. The prevailing concept was working as a team is critical to success.

Q: Now you had begun talking about your sort of your closing thoughts on how USAID is interacting with State, and I didn't mean to stop you from completing those considerations?

CALLAHAN: I think USAID has been hindered with what we can do on the taxpayer's dime, due to the political limitations that Congress imposes. We have an insufficient number of commissioned officers to carry out our mandate. So, we use workarounds such

as personal services contracts, institutional contractors, limited appointments, consultants, etc. to manage the programs Congress funds and authorizes. Congress allows the direct hire shortfalls to happen because supporting foreign assistance doesn't sound good in their political rhetoric.

USAID relies on these staffing workarounds paying for most of them using program funds, not operating expenses. Bottom line is this diminishes funding resources from the intended program and projects and preserves a limited operating expense account. Not to say the projects that are reliant on U.S. organizations aren't good for our country and the economy, but it misses an opportunity to use what the funds were intended for. However, if there were more direct hire officers, there would be more continuity, accountability and consistency in managing our development goals.

Frankly, there is a lack of sound administrative management in USAID at the headquarters level, specifically the Management Bureau. Because of the nature of USAID's work, there is a great reliance on financial managers, contracting officers and management officers. Basically, USAID has to manage money, contracts and contractors and they need to be managed in a cost-efficient manner.

But the general management of personnel systems and organizational structure is lost by relying on the expertise of people outside that field. I saw that in the Management Bureau. There are officers that have been in the finance arena or contracting arena, or policy arena as civil servants. USAID, though, doesn't seem to understand the value or place emphasis on our management officers in roles that would allow for a better interpretation of our human resource skills, our workforce planning skills, our logistics, and general management skills.

Q: I do have one or two more general questions about this interaction aspect. You mentioned that USAID is not going to grow and for all the political reasons you mentioned, and it has gotten smaller over time for a whole variety of reasons. But during that time, have you seen USAID being able to leverage outside players with seed money or with being able to consult and convene, maybe other embassies, development programs or public private partnerships? Have you noticed anything about the growth in that?

CALLAHAN: Well, we did talk a little bit about the Seed Program, which was established in 1989 which did have a reliance on countries not only for funding, but for their participation. By the time I got to South Africa, I saw what the Power Africa program, and our economic growth program had done in terms of leveraging our

relationships, and the monies that could be brought by other institutions for economic growth and the electrification of Africa. It was major.

When I joined USAID, we were doing many capital construction programs. Let's build a road from a market in the backwaters of Tanzania to Dar es Salaam. The rationale being that if the farmers can bring their product to market, and be able to sell, this helps them not only grow economically, but also creates a better, stronger ally relationship with that country. All very good. I think we got into development activities that might have been viewed as esoteric. We used to joke in Africa that the Chinese and others were winning the hearts of Africans by building baseball fields, and soccer fields, rather than judicial reform projects. I don't know to what extent that's true, but certainly, it did have an impact that we kind of missed out on.

Q: When I was in Costa Rica shortly before retiring in 2012 and 2013, the Chinese built a new soccer stadium for Costa Rica, which was barely a quarter mile from where I lived, so I could walk over and watch the development. And of course, the Chinese bring their own workers. There is no local labor of the building. It's simply done. And they leave. And upkeep management, sustainability is left to the Costa Ricans, and however, well they can do it. And that's a typical Chinese intervention or Costa Rica didn't have any natural resources to exploit. But in Africa, one of the key Chinese goals is extract as much as they can from the country. And to the extent they can build things, then that country, in theory, is indebted to China to pay off over time.

CALLAHAN: That's right. There were two activities when I was in South Africa that I thought were just wonderful opportunities of USAID and Department of State involvement. The first is where we had participated with a National Basketball Association (NBA) program where the NBA was looking to engage Africans in a program that would allow them to eventually be a part of the NBA or develop their own basketball associations. Now, USAID didn't fund it as I recall, but we were involved as participants and supporters.

The same with the Grassroots Soccer program. A great program. The program was conceived by a former Scottish soccer player living in Southern Africa. The program was throughout Southern Africa. It offered children the opportunity to develop soccer skills but also it provided health education and life lessons of leadership and good sportsmanship. Their programs would teach the fundamental skills, but also the values of life that are associated with that.

I attended an activity of Grassroots Soccer with our DCM in South Africa. We became completely enamored with students and their desire to be better Africans through a

program that was teaching them sports and the values associated with their African culture. It was an exciting and fun day.

Q: Absolutely. Now, then, is this the moment to ask you to reflect on your career and how you would advise someone looking to become a USAID officer, how to prepare or how to consider it as a career?

CALLAHAN: Well, USAID is one of several ways to serve your country and work overseas. Peace Corps gave me that opportunity and for me, USAID was a natural next step.

But USAID is not the only way to serve. Getting into the Foreign Service can be very competitive. One has to do their homework. The foreign affairs agencies hire differently. For example, to be a commissioned foreign service officer, the Departments of State, Commerce and Agriculture all have a written and oral exam. State also hires specialists in support areas such as diplomatic security, general services, budget and finance, facilities management, etc. There are multiple avenues to pursue a life working for the U.S.G overseas.

USAID doesn't give a written or oral exam in the same manner as State. There are technical review committees that assess individuals based on interviews and work history. In USAID's selection process for entry into the foreign service, however, one is not competitive unless you've had years of relevant experience, generally overseas, a master's degree and involved in a way that demonstrated an ability to work in an overseas environment. One needs a proven capability in each technical area.

Q: Now, about procedures or processes in USAID to make its work more effective or more efficient. Are there other recommendations you'd make?

CALLAHAN: Well, yes, I've thought a lot about this over the last few decades. I'll try to keep my comments short and focused. Suffice it to say, I've been regularly disappointed with the lack of resources provided to strengthen the support areas of administrative and personnel management. We have competent and dedicated staff in our program support areas but I believe insufficient training opportunities, adequate staff to complete the needed tasks and the necessary technology support to them.

Case in point, USAID's Office of Human Capital and Talent Management (HCTM) recently deleted thirty-three support staff hired under an institutional contract that primarily supports counseling of FSOs with respect to assignments, professional development and navigating one's career. That deletion of positions has left 1700 FSOs with only three counselors to support them. Not only does this appear to be strategically

and managerially inept, there has been little communication that adequately explains the rationale for eliminating this support. It is worth noting that the Foreign Service Act of 1980, I think section 700, specifically addresses career counseling, professional development, supporting family members, language and professional training, and more. Not having enough career counselors is frankly shortchanging our foreign service officers and the agency.

USAID's Management Bureau needs experienced professionals overseeing consistent and uniform standards. It needs to be managed without undue influence of the political or personal interests of the Administrator's office or a persistent mission director.

The Assistant Administrator for Management oversees finance, procurement, finance, logistics, technology and general administrative management. That's a broad spectrum of responsibilities. As such, we need experienced professionals in that job, not someone put there as a political favor, or a civil service policy wonk, or an available mission director, unless they have a proper track record of qualified experience and credentials.

Management issues are both domestic and foreign and are complicated. But it's not impossible to find qualified professionals. USAID in many ways is a good old boy, old girl network, and as a result we have had too many unqualified individuals filling senior jobs within the Management Bureau.

Q: Interesting points. Thank you. After retirement what have you been doing in addition to your travels? Are you still working or focused on your hobbies of genealogy and stamp collecting?

CALLAHAN: Yes, both actually. Soon after retirement I went to work for USAID and had the chance to TDY to both Lima and Serbia. Currently, I'm working at Peace Corps. I couldn't give up working in the foreign affairs community just because the Foreign Service thinks sixty-five is a good age to retire! I've been with them for a couple years now as an "expert consultant" supporting our Office of Human Resources on issues of benefits and allowances. It's been fun, not only because I'm working on issues that I think are important, but I get to do it with two friends and former senior USAID officers, Ron Olsen and Dennis Diamond.

As far as traveling, soon after retiring, Linda and I visited Ireland. This was our fourth trip and I wanted to specifically focus in the area where my progenitors come from, Munster Province and the Counties of Cork, Kerry, and Tipperary.



One of the joys of working in retirement is the opportunity to revisit some wonderful places. I returned to Lima, Peru to support APEC 2016 with President Obama. The president was treated like a rockstar at the traditional “Meet and Greet” ceremony for U.S. Embassy staff.

In the past couple years Linda and I have also enjoyed visiting Portugal, Costa Rica, Colorado, Hawaii, Montana and a Christmas markets river cruise from Austria to Germany. Our most recent adventure was the Provence Region of France.

As far as genealogy and stamp collection, for me, these are lifelong hobbies.

Q: Great, sounds like you are enjoying it. One thing I often ask people, toward the end of the interview, is not so much the larger and strategic issues. But as you look back on your career, are there one or two anecdotes or moments that really stuck out in your mind is consequential for someone outside of USAID to have a somewhat better understanding of what it's like to complete your job, be good at it, and an interaction with either foreign government or within the interagency and anything like that?



Post-retirement TDY support to USAID Lima Executive Office. It was a pleasure to get back to the city I enjoyed, and the FSN staff that I loved working with.

CALLAHAN: At the start of my USAID career, it seems there was a tremendous emphasis on retaining our independence as an agency. We had a distinct and separate role from the Department of State and we needed to protect it. While an EXO in the field and later as director of M/OMS, I worked with State colleagues in many areas. During those encounters, we had serious turf wars about shared administrative services, the structure of ICASS, housing and IT consolidation, rightsizing, building construction and so much more.

As a management counselor and later as Director of Rightsizing, I found USAID still needs to retain its identity and independence in how we manage our programs. However, the Department of State is now vested through legislation and policy directives with the responsibility of coordinating much of our efforts. The F Bureau, ICASS, FSI, job sharing, can help the coordination process be effective while still allowing USAID to retain its role as America's premier development agency.

Having a shared vision of any relationship is key. Regularly educating our colleagues as to the mandate, duties and responsibilities of each agency is critical. There is value in collaborative relationship building and working as a team. The government's role in how we engage one another in diplomacy, defense, or development is important to our collective success.

So, a couple takeaways. Establishing a shared vision upfront among or between agencies is necessary. Learning how other agencies operate allows us to understand their motivations so we can focus on the shared outcome or vision. This is why I believe my details with State were so beneficial for me personally and professionally.

As I mentioned, I was frustrated to read in The Washington Post in 2017, *Five Myths of the Foreign Service* in which the author refers to the Department of State without any mention of the other foreign affairs agencies. The Foreign Service is much more than the Department of State. Below are some of my thoughts in response to that article in the Washington Post.

[Opinion | The State Department doesn't have a monopoly on Foreign Service officers - The Washington Post](#)

A letter I wrote and was published in the Washington Post, 2017.

Also, of note, one of the reasons I was ready to be a part of the oral history project is an opportunity to share my experiences not just with colleagues, but with family and friends and to help answer the question “just what did crazy Uncle Steve do all those years overseas?”

Q: Sure, sure. All right. Are there any aspects of your career that I've overlooked, that you'd like to express now?

CALLAHAN: Just to reiterate that my time as a Peace Corps Volunteer in the Philippines really was “the toughest job you’ll ever love!” It set me on a path that led me to USAID. This path allowed me not only to meet my wife of almost forty years, but rear two daughters in a global environment. My daughters have traveled the world. I can’t say travel necessarily makes one a better person, but it certainly presents opportunities to better understand other people and cultures.

As Mark Twain put it: **“Travel is fatal to prejudice, bigotry, and narrow-mindedness, and many of our people need it sorely on these accounts. Broad, wholesome, charitable views of men and things cannot be acquired by vegetating in one little corner of the earth all one’s lifetime.”**

Q: Yeah. All right. Thank you, Stephen. I've enjoyed talking with you.

CALLAHAN: Me too, thank you, Mark.

End of interview