

FOREIGN ASSISTANCE REFORM: DEFINING A WAY FORWARD

AGENDA

- 1. Self-Introductions**
- 2. Framing the conversation**
- 3. Discussion of the questions in section I of the paper “What are we trying to achieve?”**
- 4. Discussion of what needs to be changed to achieve that:**
 - a. Structural & Management Change in D.C.**
 - b. Structural & Management Change in the Field**
 - c. Contract Reform**
 - d. Relationship between State and DoD**
 - e. Metrics & Accountability**
- 5. Moving Forward:** *Coming out of this discussion, we need to define a process that will develop a comprehensive and detailed strategy that addresses each of these areas. Part of that process and strategy must also include a vision for working with the White House, the Hill and other agencies to accomplish our goals.*

FOREIGN ASSISTANCE REFORM: DEFINING A WAY FORWARD

Foreign assistance reform is one of the most widely discussed and debated topics on the foreign policy agenda. Indeed, the volume of literature on this topic led the Center for Global Engagement to produce a "Report on Reports," to summarize the major points of consensus and disagreement among reports and outline another series of recommendations. To make the key decisions to shape our foreign assistance reform effort we need to answer three basic questions: (1) What are we trying to achieve? (2) Where are we now? and (3) What do we need to change?

The U.S. Record on Foreign Assistance

The U.S. is the world's largest donor of bilateral foreign assistance. In calendar year 2008 the United States disbursed \$26 billion in Official Development Assistance (ODA). Elements of this assistance include:

- \$6.5 billion to sub-Saharan Africa, an increase from \$4.6 billion in 2007;
- \$6.9 billion in bilateral assistance to least developed countries;
- \$4.4 billion in U.S. humanitarian assistance.

In addition, over the past five years the U.S. committed:

- \$18.8 billion in funding through the U.S. President's Emergency Plan for AIDS Relief to treat HIV/AIDS, Malaria & TB;
- \$6.4 billion in Compact funding for 18 strongly performing countries by the Millennium Challenge Corporation.

The President's 2010 budget request provides \$53.9 billion to State and other international programs, of which \$36.5 billion is for foreign assistance -- putting the U.S. on the path to doubling foreign assistance by 2015. Meanwhile the 2009 supplemental funding meets diplomatic and assistance needs focused on terrorism, humanitarian assistance, stabilization and peacekeeping operations including in Afghanistan, Pakistan and Iraq.

I. What are we trying to achieve?

The development of a comprehensive foreign assistance strategy requires both an articulation of the problems we seek to address, as well as the principles, objectives, and operational strategies that will guide our efforts. We have already defined and articulated a number of ideas: Smart Power; the Three Ds – defense, diplomacy *and* development; and the three P's of principles, partnership, and pragmatism. Our challenge is to further define:

- What are the goals of our foreign assistance programs?
- What principles and objectives should guide the formulation of our strategy?
- What emphasis should be placed on security and strategic objectives, vice humanitarian and poverty goals?
- What problems are we trying to solve?
- What gaps remain in our foreign assistance programs relative to the outcomes we seek?
- How do we need to be organized to get the job done?
- What budget, planning and coordination functions do we need in the long-term and in the short-term during the period of transition?

II. Where are we now?

In keeping with the Administration's commitment to renewing America's global leadership through vigorous diplomacy and innovative development efforts, initial efforts have focused on getting State and USAID the resources needed to rebuild capacity and on the civilian aspects of our most immediate foreign policy priorities (Afghanistan, Pakistan, Iraq) :

The 2009 Omnibus and supplemental start the investment in capacity;

The 2010 Budget increases investment in capacity and program;

Afghanistan, food security, global health and other initiatives reflect new approach to coordination and identification of key objectives;

The 2011 Budget process is being developed to drive collaboration across silos, integrating USAID, MCC, PEPFAR with regional and functional bureaus of State;

In the short-term, Defense authorizations have been limited in time and scope and are now in process to be driven to strategic resolution;

Proposed foreign aid authorization bills and NSC processes create pressure to accelerate work on a long-term strategic plan.

III. What needs to be changed?

Our foreign assistance programs are too fractured and discordant and the question is what policy and structural changes are needed to achieve a greater level of coordination and coherence. The following structures and mechanisms form the key elements of any reform agenda:

(1) Structural & Management Change: DC

- What should be the relationship between State and USAID? Between State and MCC? Between PEPFAR and these institutions? To the extent changes in structures and relationships require legislative reform, what is the likelihood this can be achieved?
- What is the best budget management structure within the State Department? What is the current budgeting and planning process, and what role do F and M play in it?
- What training and recruitment practices need to be developed to build the civilian capacity we need?

(2) Structural & Management Change: Field

- What role should the Ambassador and DCM play in coordinating our foreign assistance programs in the field? What mechanisms are needed to achieve greater coordination, including with programs managed from Washington?
- How can we improve flexibility and responsiveness to circumstances on the ground?

(3) Contract Reform

We need to quickly constitute a task force to address issues related to the following categories of service providers: (1) DC-based contractors (“Beltway Bandits”); (2) implementing partners and NGOs; and (3) security and service contracts.

- How do we ensure that even “good contractors” receive strategic guidance at the front end?
- What are alternatives to the contracting model? Nation-to-nation cooperation, greater reliance on local organizations, public-private initiatives, economic drivers such as remittances.

(4) Relationship between State and DoD

- What is the appropriate balance between civilian and military involvement in foreign assistance activities?
- How do we define “conflict” situations, and where do we draw the lines in this regard?
- How do we make sure the authorities and the money move together?

(5) Metrics & Accountability

- How do we measure efficacy and achieve accountability for results?
- How do we create sustainable and durable programs and avoid the narrow focus on achieving numerical targets?

Coming out of this discussion, we need to define a process that will develop a comprehensive and detailed strategy that addresses each of these areas. Part of that process and strategy must also include a vision for working with the White House, the Hill and other agencies to accomplish our goals.