

Agency for International Development  
Washington, D.C. 20523

12 April 93

TO: J. Brian Atwood, Undersecretary for Management  
FROM: The A.I.D. 2001 Group *JHB for*  
SUBJECT: Restructuring United States Foreign Economic  
Cooperation: Premises

An open, ad hoc group of A.I.D. career employees began meeting in early March to discuss the future of United States foreign assistance. Our intent is to engage employees in a supportive dialogue with senior management, and help build constituencies for change.

The accompanying paper shares with you our sense of the basic premises and values that should guide new, perhaps radically different, approaches to overseas development and the quest for international partnerships in post-Cold War foreign affairs. We seek consensus on basic purposes, precepts, and principles that define the business we are in, and way we will do that business. Organizational structures will flow from that new understanding. We would value an opportunity to discuss the paper with you, and how we could be most helpful in the processes underway.

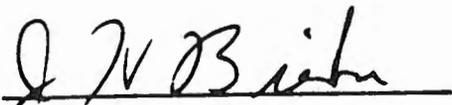
We came together to help build a renewed sense of purpose in international development. Managing change is our profession and we are prepared to deal with change in our organization while we are encouraging it abroad. We believe, that with clear premises and strong leadership, A.I.D. employees will make vital contributions to this administration's success in foreign development affairs.

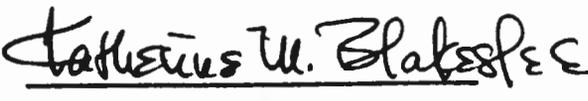
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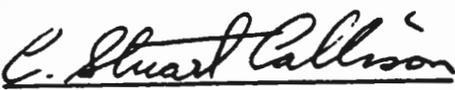
cc: James Michel, A-AID  
Kenneth Sherper, C/AID

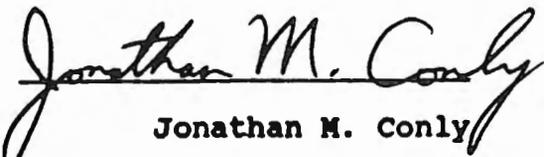
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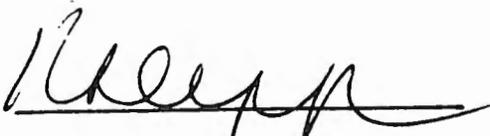
We endorse the concepts and premises voiced in this paper.

  
John H. Bierke

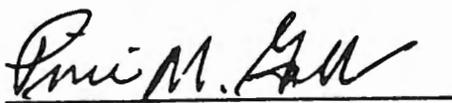
  
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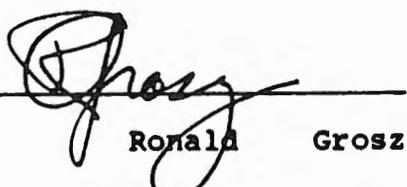
  
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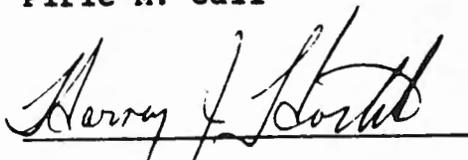
  
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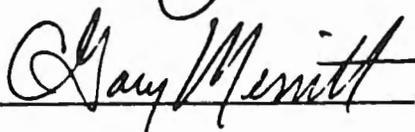
  
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Phyllis Dichter Forbes

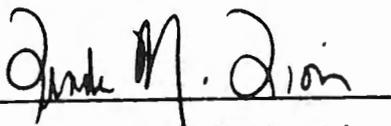
  
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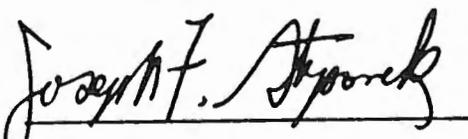
  
Ronald Grosz

  
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## A.I.D. - 2001

### The New Context for Foreign Development Cooperation

*The implications of the interrelationship between the needs of sovereign nations and the resolution of global problems are truly the eye of the needle for foreign assistance and cooperation at the end of the twentieth century.*

#### INTRODUCTION

In the last decade of the twentieth century, the context and rationales for foreign assistance have changed. However, the case for a U.S. role in international development is as compelling as it was 30 years ago. The first rationale is based on the need to help bring about geopolitical security in a world where global problems already do or may soon threaten our own security. The second concerns the growing number of national and regional conflicts where political-military solutions alone are not enough, and foreign assistance must follow. The third is that assistance for development is a necessary investment in a more open, prosperous international economy that provides more opportunities for trade and investment. Finally, the humanitarian spirit of America that historically has reflected hope and compassion both at home and abroad is an important source of our nation's strength and self-esteem.

These rationales have grown in urgency because the world has become a global village of which the U.S. is an integral part and on which our future depends. The U.S. today must play a leadership role in global, regional and national development, based on cooperative efforts rather than on the traditional dominant-subordinate relationships of the twentieth century.

The world is changing at an unexpected pace, and the resulting transitions and reverberations will continue into the next century. Seven global transitions form the context for development in individual nations and the global community. Understanding these transitions is fundamental to the design of a sound development cooperation strategy. The transitions are: economic, political, demographic, environmental, epidemiological, technological and social.

#### *Economic Transitions*

In recent years Marxist economies have collapsed and the global trend toward free markets has accelerated. However, the switch to free markets does not automatically mean improvements in the lives of all people and has few implications for income distribution. Today, the richest 1/5 of the world's population receives nearly 83% of the

total world income, while the poorest 1/5 receives only 1.4%. While the gaps between rich and poor nations have grown, national economies have become more intertwined with the global economy, and the power of international financial markets has diminished national governments' control over their economies.

### *Political Transitions*

The transition to true political freedom is a process. Although most people now have some access to information on alternative economic and political systems, participation is not equal for those who are starving, illiterate or at constant risk of life-threatening disease, war or natural disaster. Ironically, the Cold War ensured some level of armed stability and order in the third world. With its end, the way has been opened for the outbreak of many smaller conflicts, particularly within developing countries and newly emerging states as ethnicity reasserts itself.

### *Demographic Transitions*

Rapid population growth, migration and urbanization affect individual nations, but they are also global issues. Despite falling fertility rates in many developing countries, the world's population of 5.4 billion is estimated to double in the next 40-50 years. Because ninety percent of this growth will be in developing countries, food production there must be doubled in the next 20 to 30 years on a deteriorating natural resource base. The widening economic gap between developed and developing countries and the continual degradation of the natural resource base are exacerbated by the growing number of the poor and the disenfranchised.

### *Environmental Transitions*

The loss of biodiversity, deforestation, pollution and global climate change are trends, the personal, national and international causes and consequences of which are becoming painfully clear. Rapid population growth, greater income disparities and the explosion of urban centers all serve to exacerbate the degradation of natural resources and accelerate the production of man-made pollution. The poor, who disproportionately live on the most environmentally fragile lands, are forced by their poverty to degrade these lands even further. The poor also are affected most often by pollution and other hazardous environmental conditions. Pollution resulting from urban growth increasingly affects not only the residents of cities, but also the citizens of the global village.

### *Epidemiological Transitions*

Among the most dramatic health transitions today is the spread of Human Immunodeficiency Virus (HIV). Its growing prevalence among productive age people, most of whom are parents, has traumatic consequences for large numbers of families, individuals and communities. On the other hand, some transitions have resulted from development success. The lives of millions of children have been saved through immunization and oral rehydration. As a result, less visible childhood diseases have emerged as the first causes of childhood death. Increased international travel and trade have ensured that the epidemiology of disease is not confined within national boundaries.

### *Technological Transitions*

Technology has contributed to the reduction of high fertility and impressive gains in health, education, and agricultural productivity. The very centrality of technology to development means that the poor in developing countries, who already have benefitted from technology, now must be educated and trained to develop and use it to meet their future needs. Technology is also responsible for the massive explosion of information. To governments, the open flow of technology and communications may be a two-edged sword. For a nation to develop, it must allow technology and information to flow, yet in some places, this freedom of information has led to instability and the demise of political systems.

### *Families in Transition*

Understanding the interrelationship between people, economies and the environment begins from the recognition that the family system remains the basic unit in all societies. It is within the family that individuals are born, nurtured, sheltered, educated and allocated resources. It is where decisions are taken that often must include trade-offs between separate development interventions or between the needs of various family members. Today, many families are in crisis, whether from poverty, pandemics, civil unrest, natural disasters or the stresses of urban life. Although families do alter their survival strategies in response to stress, there is a point beyond which they can no longer cope. Family structures differ, but everywhere the family system is the warp of society, without which the fabric of a nation begins to tear.

## **The Global Village and Individual Nations**

The U.S. foreign assistance strategy for the 1990s and beyond must be based on the fact that the needs and prospects of the people in any country are intimately linked to economic, political and environmental events beyond, as well as within, their borders. International financial markets, trade and travel, and phenomena that transcend political boundaries such as environmental degradation, epidemics, narcotics and population growth, have created a global village. And, as technology increases our daily access to information on human rights, economic conditions, hunger, natural disasters and civil unrest from the four corners of the world, we individually and as a nation are pulled more deeply into the global community. No country today is immune from the consequences of poverty, political and economic instability and social injustice taking place in the rest of the world. Neither can we ignore our economic links to the growing markets of the developing world which will be the future markets for U.S. exports. Just as the domestic and international agendas of the U.S. are inextricably linked, so too are those of developing countries which are affected by and affect transnational problems.

The implications of the interrelationship between the needs of sovereign nations and the global village are truly the eye of the needle for foreign assistance and cooperation at the end of the twentieth century. Sustainable economic, social and political growth in developing countries cannot be achieved without attention to global problems. Neither can global problems be addressed separately from the sustainable development of individual nations.

As the world's economic, technological, ethnic and political fault lines shift, cutting across the geopolitical borders that were the basis of the post-war world, U.S. policies and assistance must change to reflect a new world that can be defined only incompletely in terms of national boundaries. National governments are now but one of many factors in development. Families, communities, ethnic groups, economic alliances, local governments, non-governmental organizations, international organizations, multinational corporations, and scientific and technical institutions are all actors in the new world.

### **The Role of U.S.**

The U.S., because of its political and economic importance in the global village, can affect the shape of the world for now and for the next generation. To declare victory over Marxism and pull up the drawbridge will diminish the opportunity to positively influence change in the new multi-polar world. We must be a

player, not as a traditional superpower, but rather through entering into cooperative relationships that often will include many partners. The success of these partnerships will depend upon acceptance of the concept of shared responsibility for and investment in peace, prosperity and development in the world.

U.S. development assistance and cooperation can make a critical contribution within the global community through technical leadership based on American expertise, experience and technology and through leadership and coordination with other donors and multilateral organizations. The concept of partnerships must apply both to our relationships with developing countries and with the international donor community.

### **Opportunities for Development**

Fortunately, despite the constraints to development, we now have experience, tools and opportunities for development that did not exist even a decade ago. Science and technology are key factors in long-term social and economic development. There is greater economic and political freedom on every continent than at any other time in history. There are also many more actors and institutions whose energies can be harnessed for development -- scientific and technical organizations, private sector firms, non-governmental organizations, inter-governmental bodies, international financial institutions, and local community groups. Finally, history has shown that development is possible, and progress in a significant number of countries has provided valuable experience upon which to build.

### **Principles for Foreign Development Cooperation**

The context, opportunities and principles for foreign development cooperation are based on the assumption that we are part of a global village and must give priority to a number of transnational problems. However, these global concerns must be addressed on the ground in developing countries. This can only be done through country strategies which take into account national priorities in the context of transnational concerns.

There are four important principles upon which foreign development cooperation must be based in the 1990s.

The ultimate goal of development is improvement in the lives and future prospects of people.

Global issues which transcend national boundaries have implications for the future of the U.S. and other countries

and must be given priority in foreign assistance and cooperation.

Because poverty is a root cause of instability, sustainable economic development is a requirement for resolution of global crises.

The implementation of U.S. foreign assistance must shift to give greater emphasis to cooperative partnerships rather than to traditional donor-recipient relationships which arouse resentment both at home and abroad.

## **The Purposes of Development Cooperation**

The purposes of foreign assistance and development cooperation must be to promote the sustainable development of poor countries and to address priority global problems that affect the politics, economics, quality of life and future prospects of the citizens of all nations. The implementation of foreign assistance must balance and coordinate these two objectives so that they are mutually reinforcing, not warring components of our programs.

### *1. Sustainable Development*

Sustainable development must revolve around the creation of systemic and equitable social, economic and political opportunity. It cannot be based on ad hoc short term emergency assistance for poor people. This means long-term, sustained commitment to increasing income opportunities, access to social services and open and equal participation in their societies for poor people in developing countries. Sustainable development includes the sustainable management and use of natural resources, but the concept is broader than environmental sustainability.

Economic and political openness, structural adjustment and the advent of democracy have reached most countries. We must now help build and support each country's capacity to implement and maintain free market systems, adjustment programs, sound management of natural resources and the growth of democratic institutions. The poor must be given access to social services, for without health, education, family planning, nutrition, and housing, they truly are not able to contribute to or benefit from sustainable development.

### *2. Resolution of Global Problems*

Resources must be allocated to global problems including population growth, environmental degradation, and pandemics,

because without checks on these problems, the sustainable development of individual countries will be much more difficult. These global problems must be addressed in individual developing countries within the context of their own needs and priorities and through international donor cooperation. The timeframe for solving global problems is long term and, in many cases, dependent upon progress on other local development problems. In turn, much of the experience that is applicable to local development programs is also applicable to resolving global priorities.

## **Precepts for a Development Cooperation Program**

### **1. A Coherent Strategy**

The priorities of the Executive and Congressional branches must be married into a coherent and sustained strategy that links local, regional and global development. This strategy must ensure that the program is not driven by vested interests inside or outside the Agency and that short term political interests do not diminish the fundamental purpose, priorities and impact of foreign assistance. Strong leadership and a clear vision are necessary to sustain not only priority for foreign assistance, but also a set of priorities within the foreign assistance program.

Themes around which a strategy might be built include:

- a) investments in people with special emphasis on equity and opportunities for families;
- b) strengthening democratic and economic institutions;
- c) support for productive employment;
- d) sustainable management of natural resources; and,
- e) relief of human suffering and disaster prevention.

### **2. Broad Political and Public Support**

Strong senior leadership and a coherent Agency strategy that makes clear to the American public the links between the U.S. domestic agenda and global development are prerequisites for broad U.S. political and public support. Without such a proactive bi-partisan strategy, it is inevitable that the number and diversity of demands for foreign assistance will continue to increase, and our dollars will be stretched to ineffectiveness, ending any hope of gaining the support of the American people or the country's political leadership.

The new Agency's relations with Congress must become more consultative and focused upon programmatic issues. Dialogue based upon budgets and narrow interests will not allow the USG to be an effective partner in the resolution of 21st century problems.

### *3. Impact and Results*

Incentives and accountability should emphasize the impact of dollars spent rather than the obligation of funds and purchase of inputs. This is only possible with a clear strategy and objectives. It is not possible if unrealistic targets or objectives are forced on the programs by special interest groups or Congress.

### *4. National Priorities in the Context of Transnational Concerns*

Although the U.S. foreign assistance program may be implemented in nearly 100 countries throughout the world, its impact must be greater than the sum of its parts. This will depend on a coordinated strategy which integrates programs in individual developing countries with the need to address global problems.

Budget and programming processes must be reviewed and changed to facilitate the integration of country programming and global priorities. This must be a two-way dialogue, not a master-servant relationship. To this end, A.I.D.'s structure must be redefined to permit greater team work, more staff contribution to the intellectual dialogue and greater integration of central and field goals and strategies.

A.I.D. field missions and host governments, within the context of U.S. global priorities, must determine which priorities are most appropriate for each developing country. The country strategy must reflect the host government's commitment to development, political and economic performance, measurable impact of the program and the ability to multiply the return on each dollar spent through coordination with in the host country and with other donors.

The countries in which A.I.D. puts the most resources and effort must be carefully selected based on these criteria as well as on the potential for affecting global problems.

### *5. Integrated Programming*

A.I.D. must provide assistance and technical expertise that is integrated and multi-disciplinary to reflect the actual interrelated problems of the people in developing countries, and the multiple factors inherent in global problems. Budget accounts or narrow and separate sectoral interests must not dominate U.S. development cooperation in the 21st century.

Although vertical programs and single interventions can be effective responses to narrow objectives, and may contribute to problem resolution, they do not achieve sustainable development. Nor are they always the best way to tackle problems like climate change, population growth, child survival, AIDS or poverty.

At the same time, caution must be taken not to weaken the achievements that have been made by narrowly focused high impact interventions such as family planning or immunization services. Family planning and immunizations are necessary, but they are not the only components of comprehensive population or child survival strategies. A.I.D.'s programs in all sectors should be planned and implemented to reinforce each other.

Sectoral integration and broader problem oriented strategies have implications for the organization of technical and sectoral staff in A.I.D. At present, budgetary categories, special interests, and organizational incentives do not favor broad cross-sectoral thinking, programming or implementation. In fact, they encourage separatism and competition rather than teamwork and coordination.

#### *6. Technical Leadership and Excellence*

A new Agency must be organized to mobilize American know-how and experience in addressing developing country, regional and global problems. The technical expertise and experience upon which A.I.D. has relied in the past must be strengthened so that A.I.D. remains ahead of the intellectual curve and is able to change to meet the challenges of new development problems, relationships and technology.

A.I.D. must have technical strength in key sectors, but a premium must be placed on intersectoral problem solving. The capacity for intellectual and technical competitiveness and excellence must be reasserted into the culture of A.I.D. in Washington and in the field through new incentives, bureaucratic re-organization and even changes in mechanisms for accessing U.S. government and private sector expertise. Without continued investment in and reliance on the results of physical and social science research technical strength will not be possible.

The U.S. must continue to exercise international technical leadership in relation to a number of global priorities. For example, for over two decades, the U.S. has been a leader in international population assistance, not only as the largest donor, but also as a technical and intellectual leader in the field. The strength of the international population community is in large part due to the involvement of A.I.D. U.S. support for international agricultural research has helped feed a generation. Building such partnerships has important payoffs not only internationally, but also domestically. Agricultural and health research carried out in other countries have benefitted the U.S.

health and agricultural sectors. Finally, evidence of real cost sharing by other nations and true cooperative efforts can contribute to the American public's support for foreign assistance.

#### *7. Coordination within the USG*

The inextricable links between the domestic and international agendas of the U.S. means that all USG agencies must work together toward the same ultimate goals, whether their mandates or responsibilities are domestic or international. Lead agencies should be able to draw upon other agencies for technical services or transfer funds to them for implementation through simple agreements. Within the framework of U.S. foreign policy, A.I.D. should facilitate and coordinate contributions of other agencies for work in developing countries or on problems that are rooted in or affect the third world.

#### *8. Partnerships and Cooperation*

##### **International Partnerships**

Walter Wriston has said, "As news of the planet's problems, real or perceived, spreads, it becomes manifest that there are many problems that cannot be attacked effectively by any one nation-state, no matter how powerful." The human, technological and financial resources required to solve global problems cannot come from one source. Neither can they be uncoordinated.

International cooperation must take place at several levels. One is within individual developing countries among the donors working there, particularly where they are active in the same or interrelated sectors. The second is at the regional level, where there may be transnational or similar problems. The third is at the international level where the U.S. must strengthen its leadership in the governance of multi-lateral organizations. Because of the need to ensure that international donor cooperation at all levels is relevant to development, A.I.D., as the U.S. agency with responsibility for development, must exercise a leadership role in development coordination within the USG.

##### **Partnerships with Host Countries**

A.I.D.'s field model must be a developmental partnership, based not only on a U.S. presence, but also on significant collaboration with local governmental and non-governmental organizations. In addition, A.I.D. must facilitate both grant and reimbursable ties between developing countries and USG agencies, universities, PVOs, U.S. business, associations, and regional and international entities.

As social, economic and political progress takes place in A.I.D.-assisted countries, A.I.D. must be consciously forward-looking so that it can forge new relationships and provide new types of collaboration in response to changing priorities and levels of development.

#### *9. Organizational Culture and Values*

Policies, practices and neglect which have inhibited effective management of and greater diversity within the A.I.D. workforce and polarized the multiple personnel systems must be changed.

The organization must be characterized by a climate of caring and respect for diversity, transparency, equity, professionalism and maturity, and professional and personal growth opportunities.

The Agency must be structured to deliver programs and forge partnerships within a lean design that encourages creativity, innovation, internal teamwork, open information exchange, and minimal hierarchy.

The culture should reward teamwork and cooperation rather than individual empire building or turf wars that are almost always at the expense of the programs or of the staff.

The leadership and employees must be committed to organizational change and improvement.

The workforce must be supported by simplified, effective information, technology, financial management and administration.

#### *10. Organizational Structure*

There are undoubtedly several organizational structures, any one of which could successfully implement this new approach to foreign assistance and development cooperation. The important concepts in selecting a structure are that it is based on achievement of substantive objectives which balance the needs for:

- country programming
- global problem resolution
- technical excellence
- cross-disciplinary programming
- international cooperation and leadership
- teamwork within the USG

Finally, a particular organizational structure must not be seen as a silver bullet that will right all wrongs. The leadership, vision, culture and values of the workforce in the new A.I.D. are as important, or even more important to accomplishing its objectives as any one particular organizational structure.

KMB 4/13/93