

THINKING GLOBALLY,

ACTING LOCALLY

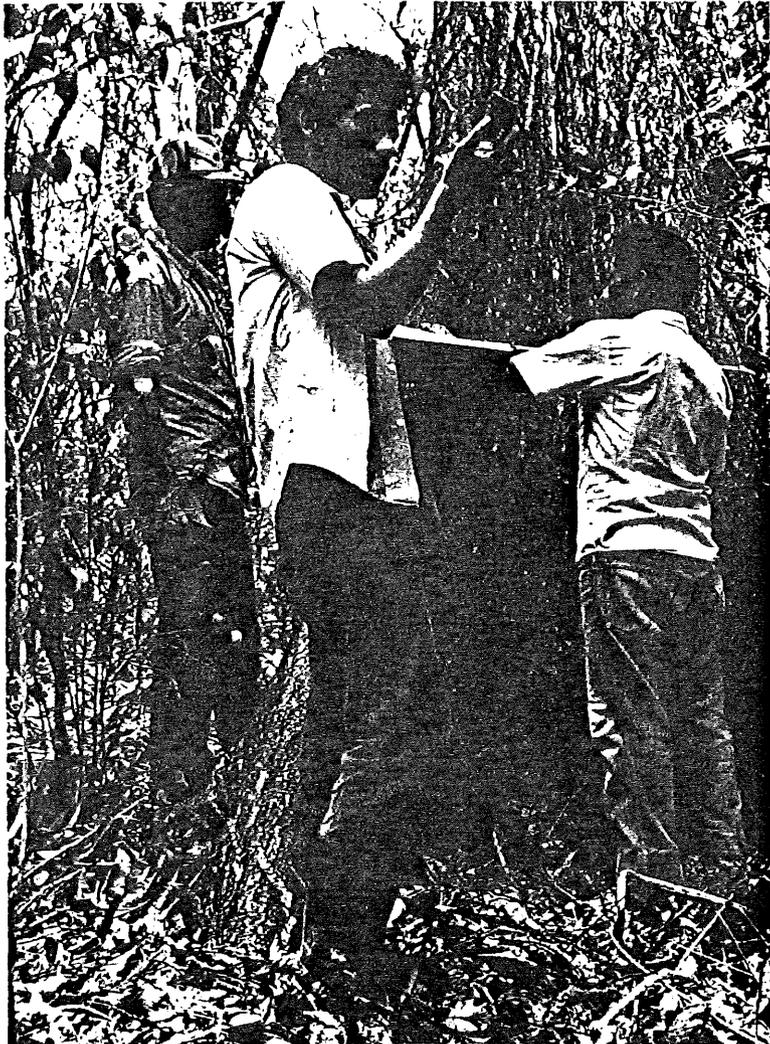


PHOTO BY CAROLYN WATSON

GUATEMALA: Men trained by the Tropical Agronomy Research and Education Center measure, identify, and record each species of tree found in the Maya Biosphere Reserve.

The future of foreign assistance and the Agency for International Development is on the chopping block. In an August letter to the president, Senator Patrick Leahy (D-VT), chairman of the Foreign Operations Subcommittee of the Committee on Appropriations, noted the disintegration of congressional support for foreign aid and called for “a total reexamination” and a “massive readjustment” of the program. President Bush, in a September speech to the United Nations, called for “a top-to-bottom overhaul of our institutions that plan and admin-

ister foreign assistance, drastically reducing the bureaucracy, . . . streamlining our delivery systems, and strengthening support for private sector development and economic reform.”

A major voice in the debate on foreign aid is the Washington-based Overseas Development Council (ODC), which has presented its second annual “alternative budget” with suggestions for improving the foreign assistance program (see page 31).

The ODC cites several reasons for “skepticism . . . about the continued effectiveness of [USAID]” and concludes that

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"USAID should no longer monopolize the distribution of U.S. bilateral assistance and should be forced to compete . . . for available resources." It therefore proposes the creation of a "Sustainable Development Fund (SDF) to replace USAID as the centerpiece of U.S. bilateral development cooperation."

The SDF would solve neither the current leadership problems nor the impasse between Congress and the administration over foreign assistance priorities. It would simply create an additional layer of bureaucracy between the real world and funding decisions. The ODC proposal exemplifies Washington's tendency to avoid dealing with disagreements head on: by creating a new agency it wishes away problems that it hopes will die quietly with USAID.

The ODC claims that the SDF would be a competitive wholesaler of development assistance resources, focused on high-priority development challenges and responsive to developing countries' needs. In fact, the SDF would be much less effective than USAID could be, if the latter were given the same stature, policy emphasis, and means proposed for the SDF. Let's look at proposed features of the SDF one at a time.

Limiting goals

The ODC report suggests that, for the SDF to be successful, the president and Congress must agree on "a limited number of development challenges." It complains that "the current U.S. bilateral aid program has a multitude of objectives and no focus." In fact, if Congress and the administration had agreed on development priorities during the last few years, USAID would not be in its current state of malaise. (See "A.I.D.'s Identity Crisis," January *Journal*.) This problem cannot be solved simply by shifting the control of funds to another agency.

The notion that multiple objectives inevitably lead to a lack of focus and success is flawed. Virtually all development solutions require action in several areas. We are talking about whole societies and about what will help them achieve their multiple objectives. A global agenda emphasizing the more important elements of successful development programs is one thing, but limiting foreign assistance to only a few objectives will lead to failure in countries where several development goals are interlocked. For example, sustained reductions in population growth seem to require reduced infant mortality rates, improved female education, and growing family incomes, in addition to the wide availability of modern contraceptive methods.

The priority focus areas suggested for SDF funding include agriculture and food security, rural employment generation, health, child survival, nutrition, population, environment, education, and human capacity building. The ODC also recognizes the importance of an even broader list of problems and issues, but it proposes to concentrate funding on a small subset of these problems, leaving most of them to other U.S. and international agencies. However, unless these interrelated problems are solved simultaneously, the chances of sustaining development will be seriously compromised. For example, broad-based economic growth, achieved through appropriate reforms of economic policies, institutions, and incentive structures is of critical importance. Economic growth, which

An Alternative Solution

The ODC envisions the Sustainable Development Fund as having the strong backing and attention of the president and Congress with a dynamic, highly respected leader of cabinet rank. The ODC should also add that this leader should have experience in development. If the same things were true of USAID, would they not help solve the problems of USAID effectiveness?

The frequent preoccupation of State/AID leadership with other than development objectives contributes to the short-term perspective and lack of sound development rationale in U.S. foreign policy. The basic disagreement between Congress and the administration over funding priorities leads Congress to use its constitutional power-of-the-purse to impose its will through extensive earmarks and micro-management.

It is unrealistic to expect that the foreign assistance program ever will be limited to a short list of purely long-term, global development objectives. Aside from the conceptual problems already mentioned, short-term foreign policy and political objectives are also important, and different domestic interest groups will demand that their special concerns be explicitly recognized. The politics of foreign assistance is, after all, the art of generating majority support in Congress from different groups that may have only a tangential interest in the program.

On the major divide, one can expect the Republicans to continue to insist on the primary importance of open markets and broad-based economic growth, while the Democrats will likely continue to give more attention to the poverty-reducing and human resource-building aspects of the program. The irony of this great debate is that both are partly right, in that both sets of priorities are essential to successful development. The hope is that both sides will gradually reach a better understanding of the complexity and comprehensive nature of a successful development program.

How can we proceed amid constant tensions (a) between short-term foreign policy and political objectives and the longer term requirements for successful development; (b) between country-specific development strategies and global concerns; (c) and between limited resources focused on a few priority activities in each country and political requirements for a broader worldwide agenda? How can we proceed in view of the need for broader institutional involvement

is not given sufficient emphasis in the ODC reports and is not a suggested priority for the SDF, is crucial to generating the resources necessary to underwrite most of the other objectives.

The large number of development objectives frequently bandied about can be logically grouped as supportive elements of the five or six development goals of the revised Foreign Assistance Act currently before Congress, or they can be disaggregated still further into an even larger number of supporting objectives. What is important for success is not how many different objectives USAID may have at different places in the world, but how they are prioritized and given focus within each country program. A centrally imposed focus on a limited number of global objectives, no matter how important the goals, will simply

in foreign affairs, while retaining accountability for results? Two changes in the way we are currently doing business would go a long way toward achieving a more effective program.

Geographic and global objectives

First, USAID budgetary appropriations should be divided not by functional account and specific global objective earmarks, but rather between geographic regions and global objectives. The USAID regional bureaus and country missions would receive country allocations and be primarily responsible for the progress of specific country programs—with priority given to overall economic growth, employment generation, poverty reduction, and building democratic institutions—pursuing other developing targets in combinations and orders of precedence suitable for each country. USAID central bureaus would receive direct appropriations and be primarily responsible for pursuing global objectives, mainly through scientific and technical cooperation. They should have the flexibility to reallocate funds among objectives and country programs to achieve the most rapid progress on a world-wide basis.

While USAID missions would set country-level priorities, they would compete with other country missions for the additional funds available against global priorities. Central bureaus, with their repository of technical expertise, would devise global strategies to promote the achievement of global objectives. Thus, the responsibility for country-level and global objectives would be divided among those better able to evaluate the potential and design programs to achieve each. Country missions would establish the appropriate preconditions for success against both country and global objectives and bid competitively for larger programs that would contribute to key objectives.

All such appropriations should be on a no-year basis to permit tough policy negotiations at the country level and the withholding of funds if preconditions for success are not met. This is critical to the success of both the country programs and the global programs.

All central bureau appropriations for global objectives should include the authority to use a portion of such funds for technical, administrative, and operational support at the country mission level,

in order to avoid the charge that long-term, centrally funded programs impose an impossible "management burden" on the field missions. Furthermore, if Congress continues to set "targets" for the funding of global priorities, as it has done with both the Development Fund for Africa and the regular development assistance accounts, it should also agree that any discussion of a shortfall in targeted funding levels can take place only on a country-by-country basis, in the context of each particular country's development priorities.

Monitoring progress and results

The U.S. foreign assistance program, including development problems, strategies, and assessment, along with other aspects of our foreign policy toward developing countries, should become part of a public dialogue among knowledgeable experts. Accordingly, it would be appropriate to establish committees or task forces of experts, drawn from both within and without the government, to participate in the identification and analysis of key development problems, to review the strategies designed to achieve country and global objectives, and to measure and track progress. The committees would include leading non-government American experts, as well as senior State and USAID officials. Committee meetings would be open to the public, and their reports would be made available to anyone interested. Problem and strategy analyses would be conducted in collaboration with relevant developing country and USAID mission analysts.

Such a system of joint committees could be an expansion of that already envisioned between USAID and the American college and university community under a revitalized and expanded Board for International Food and Agricultural and Economic Cooperation (BIFADEC). There is considerable interest and enthusiasm for the concept within the college and university community. It would provide university and other experts a regular mechanism for constructive input into important deliberations about American foreign assistance and related policies. It would also be a way to keep the experts better informed about development problems and programs abroad, helping to meet our nation's need for more current and accurate information on trends, events, and problems around the world.

limit the chances for success in the field.

Short-term results

To be successful, development efforts must address a number of interrelated problems and, to enlist support at home, they must also reflect long-term American interests and values. The ODC would add a requirement that assistance should also "hold promise of measurable results in a defined period of time, similar to past efforts to eliminate smallpox." This would tend to push the program toward shorter time-horizons and away from the long-term needs of successful development and American interests in building a world society of politically stable, productive, and democratic nations. Sustained development requires, more than anything else, building the indigenous human and institutional capacity

in each country needed to achieve and sustain the objectives. Progress in these critical areas is often hard to measure in the short term. Of course, more attention should be given to the measurement, analysis, and evaluation of development progress. However, to focus foreign assistance only on those issues that can provide measurable results would tend to drive funding decisions away from areas of even greater importance that cannot be measured so easily.

Competitive assistance

The ODC wants to "channel resources" through U.S. government agencies, multilateral institutions, private voluntary and nongovernmental organizations . . . universities, and cooperatives." This is precisely what USAID does.

Except for disaster relief, USAID is not currently an

operational agency, as ODC suggests, in the sense of providing hands-on assistance. Almost all its projects are managed either by host-country operating entities or by U.S. contractors selected according to stringent federal procurement regulations, thereby insuring the maximum degree of competition. The main exceptions to this are some grant programs to private voluntary organizations (PVOs) and universities and a few programs designed to encourage and assist some countries with difficult economic policy reforms or to provide budgetary or balance-of-payments financing in support of a U.S. foreign policy objective.

Country-by-country development

If U.S. foreign assistance is to be successful, both Congress and the president must recognize that, while the overall development goals can be identified centrally, the specific funding priorities cannot be dictated from Washington. They must be based on sound technical, economic, social, and political analysis country-by-country and project-by-project.

While USAID does not need to deal directly with all the areas of concern in each country, it must be aware of both the constraints imposed by each of them and the rate of progress in all of them. There are times when it is most prudent to lend a helping hand in some area that is not a major priority but which, left alone, might otherwise cause a more general failure. There are other times when an attractive proposal should be rejected as redundant or unsustainable. This is precisely what USAID, working through its field missions, is organized to do.

The ODC would require those who bid for SDF funds "to demonstrate the active support of relevant . . . governments and nongovernmental organizations." It envisions an SDF with "a small but strong staff [which] will define programs based on its own analysis and proposals and input from a wide variety of official and private developing-country sources." USAID discovered long ago that it is fairly easy to obtain and demonstrate the active support of cooperating host-country organizations for almost any worthy development project. Much needs to be done, and there are good people in every country willing to try almost anything that someone with funding might propose.

The long and costly "wish lists" contained in national development plans are derived from different political constituencies and often are difficult to broker against limited investment resources. But faced with limited resources, hard choices must be made among proposals in different sectors, not all of which can be objectively compared. It is difficult to evaluate such proposals, especially to rank order them for funding, without conducting independent analysis and making professional judgment about country development strategies. USAID relies heavily on its field missions for the collaborative analysis and for the negotiations with host-country authorities needed to make these critical choices. It recognizes the inherent inability of a central office to make wise judgments on such matters, given the great diversity among developing countries and the rapid changes occurring in most of them. The new Washington-based bureaucracy proposed by ODC would not be able to duplicate the effectiveness of the well-

established USAID mission system.

Lessons learned

No matter how important global development objectives and priorities are, they must be achieved and sustained country-by-country. The necessary technical expertise, institutional capability, financial resources, and political will must be generated in each nation. Foreign donors can provide significant assistance to initiate and improve this process, but not indefinitely. Development strategies—with their priorities among sectors and among competing project proposals—must be based on careful analysis of the particular country conditions and awareness of the needs of competing groups of people—the winners and losers of each game plan.

The ODC, by proposing a new Washington-based agency without country-based expertise, whose sole function is to make funding decisions against competing, mostly *ad hoc* proposals would deny the hard lessons learned from long USAID experience. In this denial and by emphasizing shorter-term "measurable results" over longer term needs, the proposed SDF would turn the clock back on the quest for an effective development program.

Development challenge

Not only would a short list of global development challenges be politically difficult to obtain, but the ODC call for such a list represents an oversimplification of the overall development challenge. It is extraordinarily difficult for Washington—Congress or the administration—to deal sensibly and individually with the quite distinct needs of more than a hundred developing countries and "emerging democracies." The tendency to generalize and propose sweeping, worldwide programs to solve particular problems is overwhelming in a society dominated by 30-second sound bites and one-page memoranda. But if we are to have any lasting, positive impact, we must recognize and deal with reality in all of its complexity. In the global campaign to solve priority development challenges, each country is a separate battleground with the contenders dug-in on their own turf. It is here that the global campaign will be won or lost. It would be a mistake to move funding decisions away from country-based missions where cross-sectoral priorities and the merits of individual projects can best be judged.

To the contrary, the analysis and country development strategy prepared by the USAID mission, in collaboration with embassy and host-country analysts, should become a major part of the blueprint for U.S. relationships with each developing country. This simply requires State Department and executive branch leadership that recognizes the importance of long-term development considerations in shaping U.S. foreign policy. ■

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