FOREIGN AID REFORM

HEARING

BEFORE THE

COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

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FOREIGN AID REFORM

MONDAY, JULY 26, 1993

HOUSE OF REPRESENTATIVES,
COMMITTEE ON FOREIGN AFFAIRS,
Washington, DC

The committee met, pursuant to call, at 10:05 a.m. in room 2172, Rayburn House Office Building, Hon Lee H. Hamilton (chairman of the committee) presiding

Chairman HAMILTON The hearing will come to order, please

First, let me welcome our witnesses here, John Sewell, the president of the Overseas Development Council, Frank Conahan, the Assistant Comptroller General of GAO, Julia Taft, the president of InterAction.

We are very pleased to have each one of you with us today to discuss the important issue of reform of the U.S. foreign assistance program and a rewrite of the Foreign Assistance Act.

As you know, the administration will be submitting to us, we hope sooner rather than later, their proposals with regard to reform legislation, and so we are particularly anxious to get your views this afternoon

We are going to try a little different format here than we usually have in the House Foreign Affairs Committee. The prepared statements of the witnesses have been provided to the Members They will be placed in the record in full, but there will be no opening statements.

The Members and witnesses have been provided with a list of several issues which arise from three pieces of background material which were provided to Members and witnesses last week: A summary of the Wharton Report, the summary of the recent GAO report on AID management, and a memo that I sent to Secretary Wharton and to Administrator Brian Atwood, which is based on an earlier rewrite of the foreign assistance bill by this committee.

What I want to do is try to work through this list of several issues, and I will ask the witnesses to comment on an issue and then invite Members to make any comments or ask any questions that they want to Additional issues of interest to the witnesses or to the Members can certainly be raised at any time any of you think appropriate.

I hope that this will be a constructive format and I hope that it will focus discussion on a single issue at a time rather than jumping back and forth among a number of issues. I also hope it won't be too structured or too constricting on anyone who wants to bring up any comment that they think would be helpful to our consideration of the reform issue.

So the issues that we want to put before Members and to the witnesses are these The objectives of U S foreign assistance programs and scope of the activities of AID, the AID-State Department relationship, coordination within the U S Government, bilaterally and multilaterally, of the AID programs, country allocation—the number of recipients, the basis for allocation of resources; the economic support fund, the management of AID, delivery mechanisms, and evaluation of the impact of U S assistance

Now, there are probably other matters that you want to bring up, and I want you to feel free to do so whenever you think it is appropriate What I would like to do is to begin the session with a discussion of the first issue, which is the objectives of foreign assistance programs.

I would like to ask the witnesses, if they would, to comment on that particular issue before we move to the next one, and then I will ask Members if they have any comments or questions with respect to that issue, and then we will move on to the next one.

So, thank you once again for your participation and let's begin with your comments, if you have them, with respect to the objectives of the program Anyone can speak up It will be helpful if you speak right into that microphone It is a voice-activated microphone so you have to speak into it very closely

[The prepared statements of Mr Roth, Mr Conahan, and Ms. Taft appear in the appendix.]

OBJECTIVES OF U S FOREIGN ASSISTANCE PROGRAMS

Mr SEWELL I don't know who should start, Mr. Chairman, but I will be happy to do so

Chairman HAMILTON Bring that even closer. You have to put it right up there.

Mr SEWELL Is that working now?

Chairman HAMILTON Much better

Mr SEWELL First of all, let me say how grateful I am to be here and to commend you on holding these hearings We have all been waiting of course, as you indicated, for the proposals of the administration on what the U S development program should be for the 1990's, and we are obviously beginning that process now

Let me just speak to the objectives issue Of course we all agree that the objectives need to be narrowed, the 337 some-odd objectives that have been added on over the years through the Foreign Assistance Act are too many, given the size of the budget and U S. interests in the world

The Wharton Report is to be commended, it seems to me, for specifying only four economic growth, population health, democracy, and environmental protection Clearly, however, that is only the beginning What needs to be done now is to clearly define each of those objectives in a much more results-oriented fashion.

If I understand correctly, Brian Atwood has commissioned four strategy papers, one on each of those areas, which I suppose will answer some of those questions, and one would hope will be shared with Congress and get as much input from outside the government as possible The key issue within those four areas is to decide what is doable and then what the United States does well

In other words what we really need within each of those four categories is a results-oriented set of objectives agreed upon between the administration and Congress If you don't have results-oriented objectives in each of those four areas and clear goals, there is no way we will have a way of judging whether we have succeeded or not

The clear analogue, of course, is our campaigns such as those against smallpox or universal childhood immunization, where we had some measure of knowing whether we succeeded Without a clear measure of success, the public's support for any program of development and cooperation will erode further, perhaps irretrievably

Second, it seems to me any new set of objectives needs to make clear that the direct address of poverty underpins all of the objectives in the AID program, whether growth, population health, democracy or environmental protection One basic—and perhaps somewhat new—insight has emerged, which is grouped under the heading of sustainable development increased growth, poverty reduction, and environmental protection are inextricably linked and should be joined in promoting human democracy.

So this is a good start, but one would like to see the details

Ms TAFT Thank you I concur with the presentation that John just gave you but would like to add a few other elements to it.

In terms of the objectives of the U S foreign policy, I think there is no way we should diminish some of the valid objectives of student exchanges and export promotion and the valuable structural reform activities that are done by the World Bank InterAction believes very strongly those are not necessarily the function of the Agency for International Development, and that to the extent that we can confine to AID those things which it does best, we certainly encourage that

With regard to the focus on sustainable development, we feel one of the key objectives of any foreign assistance program has got to deal with women and the gender question I will talk about that as we discuss the scope and activities of AID.

Thank you.

Mr CONAHAN I also would like to thank you for the opportunity to be here this morning

I think that we need to take a step back from the comments that we just heard. I, too, think it is commendable the progress that has been made by the deputy secretary and the administrator, but if you take a look at the objectives set forth by the deputy secretary and then the refinements made by the administrator, it seems to me that any one of the over 2,000 projects that AID has under way currently would fit in under either set of those objectives as they are now set out

I agree also that we need to take a look at such things as export promotion, democratization and so on, but I also worry about whether the Agency for International Development should take the lead in some of those areas So I think that rather than having the deputy secretary's set of objectives and the administrator's set of objectives as the starting point, that maybe we want to scrub those a little bit more so that we can get agreement as between the

Members of the Congress and the executive branch on whether we are close enough to the broad objectives to have a starting point.

Chairman HAMILTON OK, thank you very much.

Now, let me just remind Members here, since several of you have come in, that we are proceeding under a little different format No opening statements, and we are asking the witnesses to focus on one issue at a time. I think you have a list of them in front of you

We are now on the first one, the objectives of the foreign assistance program The witnesses are going to comment on it and then we are going to open it up for Members I will not call on Members in any particular order, you will just have to get the attention of the Chair if you have a contribution you would like to make or a question you would like to ask

Let me just propose the question that, in effect, Mr Conahan raised Are we just kind of fooling ourselves here with reducing the number of objectives and, in fact, we will continue the program as usual, if we identify these 3 or 4 or 5 objectives and still keep 33 of them? Or are we still going to include all of them in those four?

What do you think? Is this a senseless exercise we are engaged in? Are the dynamics of the program such that you are going to go after 33, 40, 50 different objectives anyway, no matter what you say in your bill that your objectives are?

Ms TAFT Excuse me I think this is a fundamental change from the way that this administration seems to be approaching AID, and we in the private voluntary organization community find it very heartening that they realize that one of the reasons foreign assistance has not always been effective is it has failed to be participatory and deal with the grassroots and the people who are affected have not been involved in designing programs for their own future

What we see in the proposals that seem to be coming forward from AID is a real commitment to try to push down development to the people who really have to make decisions themselves, for their own lives, and to set up a structure that pushes down to the grassroots some of those values and participatory processes. I see this as completely different from the previous positions on sustainable development and what foreign assistance ought to be

I don't think it is inconsistent to say that when you look at why foreign assistance has not succeeded necessarily, and this seems to be the prevailing view, is that everybody is seeing it from a different lens The way it has been formatted in the Wharton Report—or the phantom Wharton Report, which none of us has officially received—and the statements from Mr Atwood, is that they really fundamentally want to look at it in a different way and look at empowerment and civil society as the key engine for promoting development We very much support that

Chairman HAMILTON OK.

Mr. SEWELL I think Frank Conahan raised an interesting point, but if I read the Wharton Report correctly, two things have been taken off the table One is the commercial set of issues, and the other is export promotion Both are relegated to some other apparatus that apparently they were not allowed to tell us about, but which will emerge from subsequent reviews on political aid—although that is ambivalent in some places in the report And those

are two rather large claims on resources. So it is correct that the discussion is focused on sustainable development

Mr. Chairman, you are correct, too Any good bureaucrat can rename a project to fit in most rubrics if they have to do that So the real test, and I hope this is not an escape from it, is what will be put in the strategy papers

A few months ago, the White Paper came out on sustainable development, in which the current AID administrator was one of the earlier participants We tried to identify issues that we thought were both essential and which the United States did well In other words, what do we think the United States can achieve with a limited amount of bilateral resources, which is in our broad interest? We don't do everything well, but we do some things very well in this country

Chairman HAMILTON Does it bother you that they did not include in their objectives the alleviation of poverty?

Mr. SEWELL That bothers me, and I would like to see a very strong statement to the effect that underpinning these three or four categories, not only in a moral sense but in an efficiency sense, is getting at the situation of poor people

Because, after all, poverty alleviation is essential to the issues of health, population growth, and environmental sustainability that are listed as important goals.

Chairman HAMILTON Mr Roth.

Mr. ROTH Thank you, Mr Chairman

Ms Taft, I was taking some notes as you were talking there about some of the things that we have learned. It seems pretty elementary, doesn't it, people involvement and so on? It took us 40 years to learn that?

Ms. TAFT Well, let me mention another thing, sir It has taken an awful long time to get reflected, and it is not quite reflected even in these documents today, is that every development specialist over the last 20 years has come to the conclusion that you cannot really make progress on population issues, education, quality of life for families and small enterprises without dealing with women Women have to be empowered to deal with the very things that affect their lives, and yet there is nothing in this report that really relates to the centrality of women

So the question of whether these programs can address the poor must address the involvement of women The programs have not been receptive to women The fact that AID has an office of Women in Development, I find almost ludicrous It appears they have tried very hard to make programs relevant to women, but it is still a very marginal office

Chairman HAMILTON May I ask you to keep that microphone close, otherwise it is hard to hear

Ms TAFT. I recommended the other day maybe AID should have a MID office, Men In Development, and then have men be on the periphery and let everything else be directed toward women.

But I think, as you say, these are concepts that people believe are to be reflected in development programs, and as you point out, they are not

Mr. ROTH Well, it seems to me that you have to give these programs objectives that are obtainable. I mean all due deference to

our chairman, he asked, doesn't it bother you that elimination of poverty is not on there We tried to eliminate poverty in the United States of America under Lyndon Johnson, the great society programs, and it came to naught But all three of you, I noticed, talked about how do you grab something you can measure

Let's look at something we can measure

Chairman HAMILTON I thought I used the word alleviation, Mr. Roth If I did not, I should have

Mr ROTH Maybe I misunderstood

Chairman HAMILTON OK.

Mr ROTH All three of you mentioned this idea of measuring and does it make a difference We spend about $9 billion a year on economic aid Is there a country that you would point to and say, hey, we have made a measurable difference here?

Mr CONAHAN Oh, I think that some of the earlier AID programs that we had, which were much more directed than they are today, resulted in successes I would point to the Pacific Rim I think we have had success stories over there I think that perhaps in the Mediterranean area there are a few Beyond that, I would not comment

I think one of the difficulties is that the Agency for International Development, in its evaluation program, does not have the kind of specific measurable goals against which to measure progress This has been a difficulty for a long period of time and, therefore, it is difficult to answer concretely the question that you raised, but there are successes in individual projects and there are failures in individual projects, there are successes in sectors and failures in sectors

Mr ROTH Mr Conahan, maybe you could give us a couple of the countries in the Pacific Rim and in the Mediterranean Maybe we should take a look at some of these countries where we have been successful and use that as a role model for other countries

Mr CONAHAN We have been successful, for example, in South Korea We had a program there for a long period of time And I think our program, as well as others, as well as the country itself, resulted in good economic growth

You talk about being measurable One of the AID administrator's goals has to do with economic growth, and economic growth is measurable So I think that is one, when you are talking about the foreign aid program, I would expect to see as a primary goal for that program

I would like to turn it just a little bit in terms of other goals for the program, and I am not here to in any way denigrate democratization as a goal for the U S Government, but I wonder if this is the Agency that should be the lead for that

You have the U S Information Agency right now coming out of the cold war that believes that it has the lead responsibility in that area, the Department of State sounds as though it wants a lead responsibility in that area, the Department of Defense itself is spending resources in that area, and I am just wondering whether we are now at a point where we can really begin refining what is already on the table or whether we just don't have to go back a little bit

Chairman HAMILTON Mr. Bereuter.

Mr BEREUTER. Thank you, Mr Chairman

Two of our witnesses, perhaps all three of you, have mentioned that there is no specific reference to alleviation of poverty, and I noted that there is very little discussion about hunger or nutritional issues I think that some of the most far-reaching advances have been made by a very small amount of resources devoted to nutrition in our AID programs Nutrition programs have had worldwide impact

I am also a little concerned, and I solicit your comments not only on a second item I am a little concerned that the term "sustainable development" is a very broad term It means different things to different people, that is for certain

You are probably familiar with a resolution that has been introduced called "Many Neighbors, One Earth" It has about 129 cosponsors, including 26 of the 44 members of the Foreign Affairs Committee right now We attempted to precisely but comprehensively define what "sustainable development" is If you have any reaction to that issue, I would appreciate it, as well

Turning back to the issue of hunger, there is one more point I wanted to make In an effort to buildup support for our foreign aid programs, it is in this area of nutrition and hunger alleviation that we find some of the broadest support among my constituents I think it is true of every constituency in the country So it seems to me, by failing to address this specifically in the reorganization effort, they are losing an opportunity to shore up and build support for foreign assistance

Any reactions to those two general subject areas would be welcome

Mr SEWELL Can I respond to both questions, because I want to respond to Congressman Roth

Several points, Congressman It is true that economic aid costs us $9 billion However, $5 3 billion of that total goes to pay for peace overseas, so don't overestimate what we actually spend on these things

On the great society, I think the record indicates there was a measurable difference in poverty, until we gave it up, in this country. This returns to my point that in the Third World, no matter how you cut it, and here is where I disagree with Julia—the development progress in the last 40 years has been remarkable People are living longer, many more people are literate, and nutrition levels and economic growth are higher in most parts of the Third World

We should not be led astray by the terrible problems of sub-Sahara Africa, which tend to color our thinking with regard to development progress There have been a number of successes, clearly, in Asia, Southeast Asia, and Latin America over the last 10 years And there are large parts of the world now that should not be receiving foreign aid, but are for political reasons Indeed, almost all of East Asia and Southeast Asia could now pay for their own development

Even in Indochina, which is, a poor country in terms of per capita income, poverty has been knocked down a considerable amount over the past 10 years So, there have been a number of successes Korea, Taiwan, and Singapore, and, apparently, Malaysia and Tai-

wan are now getting foreign aid, as are Zaire and Mexico on a small scale The Korean AID agency is actively planning to expand that agency, so there have been successes, it seems to me

Congressman Bereuter, your point is exactly right In the White paper we define sustainable development as growth that brings with it the alleviation of poverty and the preservation of environment for successive generations in a context of government accountability and social justice It is a broad term, but I think it does reflect the interconnected nature of participation, economic growth, environment, and poverty alleviation But the proof of the pudding is obviously how you program the money

Your point on nutrition and hunger interventions are particularly true All of the poll data, both in this country and certainly throughout the rest of the industrial world, indicate that AID programs that address the issues of hunger and poverty are those that get public support

But Julia knows better than I the trend in contributions, private contributions to PVO's, the U.S ranks second highest in the industrial world in per capita contributions to private agencies that work overseas, second only to Norway, if I remember correctly.

Chairman HAMILTON. Any other discussion on the objectives?

Mrs. Meyers

Mrs. MEYERS. I am not sure that these are all exactly on the list of objectives

Chairman HAMILTON. They overlap some. I wouldn't worry about it.

Mrs MEYERS All right. I will say three things, and I am a supporter of foreign aid, although this may not sound like it, but let me express three kind of concerns and have you react to them, if you would

One, I don't think it comes as any surprise to anybody who is on this committee that I think population and population assistance to other countries should be among our top objectives, simply because, to me, if you want to alleviate poverty, the first thing you do is to try to adjust population to the resources of the country as best you can, and then make up the difference with assistance, of course.

But, in some cases, assistance is never going to catch up with it because the population keeps outstripping anything that we are ever going to be able to do to help Unless there is some leveling of population in some of these countries, we are not going to be of much practical assistance

That is the first thing. The second thing you hear over and over that our aid has hurt rather than helped in some cases, that our Public Law 480 aid has actually interfered with farm production in a given country, and that we should be much more cautious about giving our aid because sometimes we do harm rather than good. If you will comment on that.

And, finally, I think maybe one of the chief objectives that we ought to have—this is not an objective of foreign aid, but it should be an objective of ours in administering foreign aid—is the accountability question I get concerns expressed to me all the time at home about why are you still putting all that money into foreign aid; foreign leaders are corrupt, it just goes into their pockets. They

put it in a Swiss bank account. You are not helping those countries at all, you are just enriching the leaders.

We hear that sometimes in hearings here also. So it is not just the citizens who object to foreign aid that think that, it is some of the people who have appeared before this committee

Do we have a vote?

Chairman HAMILTON We do have

I will give you a little time to think about this while we take a break here We have two votes One is a 15-minute vote; one is a 5-minute vote

When we return we will take up with your comments on Mrs. Meyers' questions and comments, and Mr. Roth wanted to make an additional comment as well So we stand at recess for a few minutes here.

[Brief Recess]

Chairman HAMILTON The committee will resume its sitting

Mrs. Meyers had posed several questions to you. We will begin with comments.

Who wants to go first? Mr. Conahan.

Mr. CONAHAN Certainly, thank you

Earlier, we heard a similar question about hunger and nutrition, as was Mrs Meyers question on population It would seem to me if we are talking about sustainable development, that items such as hunger alleviation, nutrition programs, population programs would fit under that definition I just don't know how those items would not fit under that definition

And I suppose since we are on objectives again, that I would like to refer to some of the objectives that are included in the foreign assistance legislation that I think are quite a ways away from these kinds of subparts of sustainable development in the report that we rendered earlier, or last month, I suppose We listed them in an appendix to the report and I would just like to read some off.

Eliminating illicit narcotics production—in and of itself, that is meritorious, I don't argue with that at all—establishing and upgrading the institutional capacities in developing countries, demonstrating American ideas and practices in education and medicine to citizens of other countries, assisting developing countries marginally, resources for low cost shelter, encouraging democratic institutions in developing countries and so on

I don't have to go further with that, Mr Chairman. You know what they are

So I guess what I would like to say here is that there are some things I suppose we could all readily agree upon, and then there is going to have to be a good bit of debate on some of these others, but that is what we have to get about

The second item that Mrs Meyers raised had to do with whether some of our programs hurt, or hinder, rather than help. I think that there have been examples of where that has occurred. It certainly has occurred in the Public Law 480 arena It has also occurred in the economic support fund arena I think that things are improving somewhat in that regard

I think if you go back to the 1970's you would find many more examples in both the Public Law 480 areas as well as the ESF area

where those programs tended to have a hurt rather than a help. So I am somewhat encouraged in that regard.

The third item she raised had to do with accountability Now, one specific legislation was enacted here several years back which required the establishment of separate bank accounts for ESF money, and I think that was a step in the right direction. So I think there has been increased accountability over the dollars that go into these countries from that program

I am not encouraged, generally, with accountability coming out of the AID program I think that the Agency lacks the fundamental financial management systems They don't have the kind of accountability records that are necessary in order to track funds as well as they should We have been working with them for a long period of time but, unfortunately, I have to report we have not had good success in that regard We are talking about the financing there

Now, let me move on to the area of getting the bang for the buck, so to speak I think the word could be "less encouraged" in that regard Their program evaluation system does not permit them to make good judgments on the results of the impact of many of their programs, so I think it is kind of difficult for anyone to give a good statement of accountability across the board.

Ms TAFT Mr Bereuter, on the issue of sustainable development and the Many Neighbors, One Earth campaign, we are very encouraged by the level of support and interest in the resolution, and I know, sir, you have taken a great lead in promoting this.

Because the concept of sustainable development may be all things to all people, it might be useful to have a separate session just talking about different perspectives on sustainable development, because this is the new buzz word.

Some of us view sustainable development as sustainable societies How do you have societies that can function and be self-sufficient and still grow in a way that is sustainable and keeps families together and keeps people healthy and productive? It might be a useful thing to hold a small hearing, with some of the people who have really been looking at the impact of sustainable development opportunities at the grassroots level in particular.

On the question of population, and I am sorry Mrs. Meyers is not here, but one of the things that is quite interesting about the statistics and the evaluations of certain programs is to look at the level of education of young girls and women If you look at the fertility measurements, you find that every increasing year a girl or young woman is in school the fertility declines, because she has more options about how to take care of herself, her family, her environment That has as beneficial an impact on family planning and population control, as some of the other techniques.

So we really are very much encouraging of women's, and particularly young girls', education programs throughout the world.

Chairman HAMILTON Education means fewer children?

Ms TAFT Yes, sir, directly Also, with higher education and more ability to take care of whatever children they have and earn income, the survivability of their children is much higher and, therefore, there is less incentive to have more children.

I was just talking about the population, Mrs. Meyers. If I might, just a second, repeat what I have said, because it is a very important finding in the field of fertility and population. With every increasing year of education that a young girl has, or young woman has, the fertility rate goes down There is a direct relationship between level of education and number of children. We are finding that interventions that deal with the education of girls is particularly appropriate

One of the issues for AID-financed education is that their programs are often in the more formal education sectors The schools that are supported in rural areas are not—I mean urban areas are not always accessible to a lot of the young girls who have to also take care of families and small animals around their home We are looking at different techniques to reach out in our education and to make it appropriate and close to where the girls can receive it.

Now, on the question of food aid, that is many hearings onto itself, but I think as Mr Conahan pointed out, things have changed quite a lot in the last several years about the quality of the food aid programs and the professionalism with which the NGO's are working on them

There is a lot of effort now being made to try to not suppress markets and to try to do swaps and to monetize food This is also true in the relief field, where instead of just giving relief food, they have started monetizing it so it won't distort the markets The money then can be used for development purposes.

Much of the money that is generated from these programs deal with basic needs of maternal and child health and microenterprise and child survival

On the question of AID successes, I think that all of us can point to certain successes As long as we are talking about some of the human dimensions here, one of the best successes is in the immunization program In 1985, less than 25 percent of the children in the developing world under 2 had been immunized After a major initiative on the part of UNICEF, and through AID's programming in support of child survival and a lot of the PVO's, we can report that 80 percent of the children in the developing world are fully immunized, and that sub-Saharan Africa has a much higher rate than the United States Mexico City has an 80 to 85 percent immunization rate and Washington, D C , sadly, is at 38 percent

Now, we can ask why, and I think we ought to ask why Partially it is because the techniques we have been able to use through the foreign assistance program have developed ways to get down to the grassroots, working door to door in communities, getting parents to feel responsible for their children and for their own health I think the United States has a lot to learn from these techniques that are being successfully implemented overseas.

They are very appropriate in our own communities. And even Kansas, I understand, is now developing some programs based on the models that have been used overseas.

Stories like that, sir, or committee, I really think underscore this inextricable tie that we have, particularly in the human components of our foreign assistance, and we have a lot of success stories like that that are as relevant in the United States as they are in the developing world

Mr SEWELL Let me give a quick response, Mr. Chairman.

No argument on population. It is particularly true now that we are winning; that is, the demand for family planning services is much higher than the supply at the moment and that is why the administration's reversal of previous policies and the willingness to put more money into family planning programs is particularly important

Has AID hurt? Without a doubt Frank Conahan made that clear, it seems to me, but we have learned a great deal But it is important to underscore, particularly vis-a-vis the U.S. program, what our particular motives were in giving the aid, because Americans have a great tendency to believe they will get everything for the same dollar

In sub-Saharan Africa, in the 1980's, the major country recipients of U S aid, Somalia, Zaire, and Liberia The total to Somalia during that period was $980 million higher than to Zaire and higher than to Sudan In Liberia the total aid was $350 million for essentially political motives When you are distributing aid without very much concern for long-term development, or whether the country can absorb it, whether the regime is committed to long-term development, you are obviously wasting resources

That is why setting objectives, clear objectives, and preferably targetable objectives—whether it is immunization, economic growth, or any other objectives—is very important in terms of accountability in the broad sense Financial accountability, in the fiduciary sense, is important, but so are results and measurements about what we are trying to do with some of these scarce dollars.

Chairman HAMILTON Are there programs where our Public Law 480 program has hurt agricultural programs? Can you identify countries where that has happened?

Ms TAFT Mr Conahan is the inspector.

Mr CONAHAN I don't have recent examples, and I am not going to work from memory on individual countries, but, yes, I can provide examples

Chairman HAMILTON. Provide it for the record. I think Mrs. Meyers has raised a good question there

[The information follows:]

Question Does Public Law 480 food aid create a disincentive to local agricultural production?

Answer Public Law 480 provides commodities to developing countries under 3 titles·

Title I Concessional sales

Title II Grants for emergency relief and support for private voluntary organizations' development projects

Title III Grants to governments to encourage economic development, including macro-economic reform

The legislation requires that programs be implemented in a way that does not discourage domestic production However, the literature on disincentive effects presents mixed results The disincentive effects of flood aid appear to be highly "country specific" in some cases, the injection of additional commodities may discourage local producers, in others, it may actually help small farmers by serving as a buffer against risks of shifting to more modern agronomic practices and by increasing demand through increased employment from economic development

Title II is donated directly to needy persons through development projects and is designed to provide relief to persons that cannot afford commercially available products Distributive, or project, is generally small compared to government-to-government assistance and represents only a small percentage of total consumption of

those products However, in cases where Public Law 480 and donations from other countries have provided massive amounts of aid for emergency relief, food aid may have hampered reconstruction efforts For example, in Mozambique and Somalia, concerns have been raised about the impact of continuing food aid on local agricultural development In addition, delivery problems may effect market prices if deliveries occur during harvest season For example, wheat shipped to Bolivia for PVO monetization to support food distribution arrived during the wheat harvest season when prices were lower than at other times

One of the most serious disincentive effects is that food aid may become a means for the recipient government to avoid politically difficult structural reforms that would be necessary to remedy certain types of food shortages or inequitable access to food Title III program food aid often contains reform conditions for release of program resources

Mr BEREUTER Chairman, may I comment on that?

Chairman HAMILTON Sure, and then Mr Roth

Mr BEREUTER Clearly, one of those countries, it seems to me, is Egypt Many times Egypt is used as an example of why the Public Law 480 program is not working But in reality, of course, the money we are putting into Egypt results from the Camp David accords We cannot find enough ways to put Public Law 480 money productively into Egypt Therefore, it is badly misused in that country and it continues to hurt their agricultural producers

So when people raise questions about the effectiveness of the Public Law 480 program, I do hope they will avoid Egypt It is not the program that is the problem, it is the funding demands, and the fact that we are forced to find some way to put money into Egypt

I would like to contribute that for the record, Mr Chairman

Chairman HAMILTON Good contribution Mr Roth

Mrs MEYERS For the record, let me say I support Public Law 480 money It is just that I do think it is important, as long as we have people who are here that are commenting on foreign aid, that we express the things that we hear the most concern about, and that is one of the things that I hear

Chairman HAMILTON Mr Roth

Mr ROTH Thank you, Mr Chairman

Members of the panel, when I read this Wharton Report, it is pretty much like the Ferris Commission. I mean, you have the same themes coming through And are we getting the right answers?

Are we asking the right questions may be the way of looking at it What do you think, Mr Conahan?

Mr CONAHAN I think that it is a step in the right direction, but I don't think it goes nearly far enough I think the kind of questions that are being raised here today show that it does not go nearly far enough

There are very broad categories set out in that report They are further refined somewhat by the current AID administrator, both in his testimony before other panels up here last month but also in some of his public statements and speeches So I think he is moving toward refining that to some extent

But I don't see that we are getting anywhere near the specificity that we need in order to have a workable foreign assistance program The five or six objectives we have right now simply cannot be done in the environment that we have right now. That is one thing.

Secondly, the players, you have the Department of State, you have the National Security Council, you have AID itself, you have a whole bunch of players there, and we need to sort them out

I think that the Agency for International Development, which is currently charged with developing and implementing an aid program, should come up with a very, very specific aid program for the late 1990's and the next century And I think it can have its broad objectives, so long as it defines precisely what it wants to accomplish Then it needs to define the programs that are going to come up with those accomplishments and show some way of measuring them Then the agency needs to somehow get the Congress and the other stakeholders to buy into that before we can move forward

The question of where it should be placed in the executive branch, I think, is an important question but not part of the definition up front of where we want to go and why we want to go there What is the overall objectives of a foreign assistance program? Is it to open U S markets overseas? Is it to democratize? Is it sustaining development? What is it? And I think we have to agree on that and we have to then take away all the other things that are out there, and once we get there, but we are not there, I think we have a long way to go before we get there

Mr ROTH Well, I appreciate your comments You know, when you were talking before you had mentioned, for example, AID I had GAO do a study on AID a number of years ago and then I added amendments on the floor and in the committee and so on Never got anywhere

But they were talking about how to make AID more effective and the like, and you had mentioned in your testimony or talking to the panel here this afternoon that AID doesn't really have an effective way of measuring its programs, and I was thinking, well, I am sure they don't, but how can AID then know if they are useful?

I mean, if they don't have a gauge to go by, it is like me trying to get up to Milwaukee or someplace without a road map I will never get there, possibly, because that is not my objective

Mr. CONAHAN I think if you would put together the evaluation community together with the administrators of these programs, that you could reach agreement on the areas that have generally been successful and those that have been generally not so successful.

So perhaps it is anecdotal at this point We certainly don't have a baseline, but I think we can come to some general agreement on the areas that are best suited for AID and those not best suited for AID and that is a starting point

Mr ROTH Mr Chairman, I just have one more question and then I will give it back to you

You know, the thing that bothers me about this, though, Mr Conahan, is we had the Ferris Commission, now the Wharton Report, and we have had AID for eons, and now all of a sudden we know we don't have an effective way to gauge these programs and now all of a sudden we are going to get one There is something wrong in the way we have been doing this, isn't there?

Mr. CONAHAN Well, it seems to me as part of any new program we would want to have a provision in there that at a certain milestone that the Agency come up with an effective system for meas-

uring their progress. If we are going to have an aid program, then we have to come up with such a mechanism, and it seems to me we should have some way to insist they do that Maybe fencing funds until they come up with such a system

Mr. ROTH I was just going to make a comment on that You know, our good friend, Mr Sewell, he had mentioned before, when we talked about the great society program, and we don't want to get into domestic programs or get political or anything, but he had mentioned, well, I think the great society program had some successes

I was reading that we spent for the great society program all the money that you could get from selling the 500 top Fortune 500 corporations and every acre of available land in America. That is a lot of money We should be able to eliminate all poverty with that kind of money in America and yet we have more poverty than ever. So I thought I would throw that in for the good of the order

Chairman HAMILTON Mrs Meyers

Mrs MEYERS I could add a statistic or two to that also but I won't take your time

I did read the other day, however, that in 1970 the percentage of people living in poverty in America was 12 5 percent and in 1992, all those billions of dollars later, it is 13 5 percent. So it is very frustrating

I think in some cases our war on poverty made poverty worse I think our intentions were good, and I probably would have done the same thing if I had been here in 1970, but I do think that in retrospect some of the programs went the wrong direction

But, let me make a comment, too A couple of you I think have raised the question of whether one of the initial objectives of our aid program should be to help countries democratize, and I don't know how we could have an aid program without that being central to it, because otherwise we might find ourselves distributing aid to very oppressive dictatorships, and I certainly don't think that we want to do that

I mean, I don't know whether you would say that that has to be an initial goal, but I would say that providing democracy or encouraging countries to tend toward democracy and a free market system and so forth, if you are thinking about the good of the people in that country, you almost have to have a central objective, don't you?

SCOPE OF ACTIVITIES OF AID

Chairman HAMILTON I might say Mrs Meyers is really leading us into the second point here I think it is quite appropriate, Jan, and that is the scope of the activities, and you might want to just talk to that point

Should AID be involved in democratization, as Mrs Meyers has raised? Should it be involved in export promotion? Should it be involved in exchange programs, and the like?

Let's move to the second point here because I think Mrs Meyers has appropriately introduced it

Ms. TAFT. On the question of promoting democracy, it is really a question of promoting equity, in societies where everybody has a stake in the outcome Perhaps now that the cold war is over and

we are not diverting money to governments for purposes that do not relate necessarily to democracy or to our various concerns about development and humanitarian programs, I think we can focus again on democracy.

You know, so much of what we are seeing now in those societies and countries that seem to me really on the edge of anarchy, whether it is Bosnia, Somalia, Sudan, regardless of what sort of structural adjustment programs they might have had in the past, if there is no broad-based empowerment of people to try to deal with questions of their society at the grassroots and an ability of those people to articulate what they want and how they want it, if there are no institutions of public justice and police systems, benevolent police, then it all falls apart You then have a situation such as Somalia now, where even the U S peacekeepers are saying the only ticket out for them is if they can start promoting a police system there and a justice system

This is the sort of thing a development agency ought to be promoting We should not leave that to the peacekeepers to be trying to do that

The whole role of citizen-based institutions is absolutely critical to the stability of a society If you have that broad base, which really reflects the values of this country, then you have the stability which will promote our own business interests overseas and will promote a good relationship and the fair rule of law will prevail.

It is very much in our national interest to promote democracy programs, and AID should certainly not defer to other agencies to take that mission on when it should be part and parcel of all the programs we are dealing with.

Mr SEWELL Let me respond, Mr. Chairman, to several questions

Congressman Roth, you are quite right. You had one of those points in public policy where there is agreement on a whole range of issues concerning the development program, which is reflected in the Ferris Report, the Hamilton-Gilman Report, and a whole range of other outside reports, but which have never been implemented because there was not an administration that wanted to do it. And now you have a sort of broad base of agreement, I think, that, obviously, has to be put into law and practice.

And here is where agreement between Congress and the executive branch is particularly important, because here is where the Wharton Report almost raises more questions than it answers in its broad brush treatment If you are going to avoid the earmarks and barnacles, I think you will have to have the broad areas of agreement on four or five key issues.

First, is country allocation Fine to talk about cutting from 150 countries, but which are they? Second, is the specifics of these four broad areas Third, is on the issue that is never touched upon, coherence within the U S Government.

If you are going to give money to a country with AID and take it away in trade restrictions, or if you are going to do one thing on the policy on World Bank and another on your policy on aid, how do we assure there is some coherence and maximum use of the resources?

And, fourth, there are the budget issues. I hope the committee will address the question over the next 5 years. If you don't change things in the current allocations, there will not be much money for new purposes You want to avoid disagreement between the executive branch and yourself about where you are going

The democratization issue is a tricky issue I think there should be a clear demarcation between what an AID agency can do and what other institutions can do, whether USIA or the National Endowment for Democracy

I do not think the AID program should be involved in the direct electoral or political process for several different reasons, not the least of which is can you continue to do things with two different hands in this case? You can work in countries doing very good things in terms of development or the women's participation in nongovernmental operations in countries that are not representative of democracies, if you deem this a priority Involving yourself in the political process is obviously extremely controversial

Here is where the real questions are easy Obviously, we should not support dictators That is a question of country allocation Then it gets trickier Because you can do a great deal with participation, you can do a great deal with supporting the underpinnings of a free society without having a free society, whether in improving the judiciary, working with nongovernmental organizations in codifying workers' rights, or supporting unions But there are tradeoffs

And I had this articulately put at a meeting I was at in which a Foreign Minister of Finance in a Latin American country said, look, we have a European social security system modeled partly on Germany, in terms of medical care and social security and workers' pension, and partly on the United States, and there is a broad base of people in this country who are not very rich who participate in that system But if you change that, he said, you will run into tremendous political problems And it is difficult to do in terms of economic efficiency when you have a participatory democratic system

And he looked around the table at the Americans, and he said, when you people pass a new health care system in your country, you come talk to me about changing the social security system in my country in terms of economic efficiency.

So there is a very broad range of issues here in terms of promoting democracy that the committee can play a useful role in illuminating and looking at both in-country and functional specifics

Chairman HAMILTON Let me pick up on that just a minute now I want to explore that with you a little bit. Promotion of democracy and democratization

If I understood your point, you said that AID should not support the electoral process, should not get involved in financing elections, training election workers and that sort of thing, but you would think that AID should get involved in institution building, like a better court system or something of that sort, is that right?

Mr. SEWELL And particularly in building accountable professional government One of the things we neglect from our own experience is that the strength of the State and local governments is very great

Chairman HAMILTON. So training local officials and that sort of thing would be appropriate?

Mr. SEWELL And nongovernmental organizations

Chairman HAMILTON Why not in the election process?

Mr SEWELL Because I think that you don't have to do that unless you are going to centralize all your functions We have U.S. NED and private foundations

Chairman HAMILTON Would you have it involved in export promotion?

Mr SEWELL No, both in terms of using scarce resources and efficiency, I don't think AID is very good at export promotion. And the key question for the U S administration is whether we have an apparatus in our Government that support the legitimate interests of American industry overseas?

Chairman HAMILTON What about the exchange programs?

Mr SEWELL AID does a great deal on participatory training, which is good, but the exchange programs, no, USIA does not do it very well

Chairman HAMILTON What about ASHA?

Mr SEWELL American Schools and Hospitals Abroad? I am not really qualified to answer that question because I don't know quite what the program does

Chairman HAMILTON Any other comments?

Mr CONAHAN Yes, I want to rephrase the question a bit Rather than asking the question of whether democratization should be the goal of the Agency for International Development, or whatever follows, the question should be which agency of the U.S. Government should have democratization as a primary goal?

Chairman HAMILTON What is your answer?

Mr CONAHAN My answer to that is it needs a little further study

All of these agencies are up in turmoil It was kind of interesting, the other day I was taking a look at a statement that came out of the U S Information Agency It said inasmuch as USIA was in the lead in spreading democracy around the world, it should be in the lead in implementing democracy around the world And I saw here another agency looking for another mission, and I see a lot of that taking place in this town, in USIA, in AID, in the State Department, and in the Department of Defense

So I think we should lay all those things out in front of us and decide which agency makes the most sense to take the lead in it, and then certainly AID or the successor of AID has to support that. But it does not necessarily need to be in the lead on that, or in export promotion or these other things you mentioned

Chairman HAMILTON What about macroeconomic reform?

Mr CONAHAN Oh, I think it certainly has to be in concert with the multinational development banks and others in the aid process. It has to be part of that process

Should it take the lead? I think that if we get ourselves to a point where we come up with fewer numbers of countries and we, indeed, are the leading instrumentality in the aid effort in that country, sure we could and should take the lead in macroeconomic development A small player? Probably not

Ms TAFT The answers to those questions have a direct relationship to what kind of people you want in your aid program. And if you try to focus on macroeconomic structural reform, that is what

we pay the multinational banks to do. If we we are not clear on what it is that AID does best, then you are not going to be able to hire the right kind of people to carryout the technical roles of managing AID

Chairman HAMILTON Mr. Conahan is not suggesting that become a primary focus

You are suggesting AID has to be able to work with those people; is that correct?

Mr CONAHAN That is correct

Ms TAFT I think you are right, AID does have to work Whether it takes the lead, is the question We do not think AID should be involved in export promotion It should not have to be required to do tied aid AID should not take the lead in such things as structural adjustment nor is it appropriate for USAID to take the lead on student exchanges

For democracy promotion, it is a big tent There are lots of components to it It is worth additional discussion as to which executive agency can manage the programs best In the end it is mostly the NGO's who implement the programs, whether through USIA or State or NED or AID, anyway, so I think we would like to have a great role in the discussion of what we think works best and in what countries

AID—STATE DEPARTMENT RELATIONSHIP

Chairman HAMILTON Let me go to the next topic, unless there is something more on the scope of activities, and that is the AID-State Department relationship

Mr Roth

Mr ROTH I was going to say I have an opening statement I want to put in the record

Chairman HAMILTON Without objection, it will be part of the record

What is the relationship here between AID and State and what is the proper relationship? Do you have any thoughts about that?

Mr CONAHAN I will take a stab at that I think that——

Chairman HAMILTON You are not required to comment on all of these things, but I want to get your thoughts if you have thoughts on them

OK, go ahead

Mr CONAHAN I think that foreign assistance will likely continue to be a tool of foreign policy and, therefore, the Department of State should provide overall policy direction for the AID program, but I think it should pretty much stop right there I think AID should implement whatever programs it is given authority to implement and I think that where the AID agency sits in the executive branch is not as important as getting all of the players to work together

I think not only do you have to look at State and AID, but you have to look at the other players I mentioned before in democratization, and also the Treasury Department, Congress, and others, who are concerned with our economic interests

Chairman HAMILTON You have the problem with the recommendation of the Wharton Commission, which is that the AID reports to the President go through the Secretary of State.

Mr. CONAHAN I agree with that

Mr. SEWELL I agree basically, except, of course, that this has been the rule for many years, but it has been observed more in the breach than in actuality One of the strengths of the Wharton Report is that it says sustainable development, assuming we agree on what that means, is a major goal of U S foreign policy. If you accept that premise, and the administration means it, then the role of AID becomes very central

Now, two interesting issues need to be explored, which are not clear in a quick reading of the report One is the relationship of AID to political aid We are a great power, and we will have need for political aid

My argument, and it goes to your ESF question later on in the docket, that is political aid should be separated from the development aid and measured on whether we are getting the political return for it that we expected One example is peace in the Middle East, which is worth a great deal of money, probably more than we are paying for it now

Second, there is an evolving relationship between AID and two bureaus of the State Department—the Global Issues Bureau, headed by former Senator Wirth, which has substantive responsibility for a number of issues on which AID programs money, and, the traditional International Organization Bureau, which has responsibility for many of the U N programs that work in the same area

AID and the two State Department are headed by three extraordinarily bright, competent people And how these leaders and organizations work together is terribly important because in looking at the bureaucratic chart, the Global Issues Bureau has the policy, AID has the money, and the International/Organization Bureau has the responsibility for the international institutions

Chairman HAMILTON Mr Bereuter

Mr BEREUTER I have a followup question to what you said, Mr Sewell, and that relates to the economic support funds Occasionally, they have been called the international walking around funds

If, in fact, the distribution of ESF funds should be based upon the political implications and the relationship with the United States that we foster by the use of those funds, why is it appropriate for the Wharton Report to call for AID to continue to have the responsibility for administering those funds? Why is it not the direct responsibility of State?

Mr SEWELL I agree with you, it should be the responsibility of State If I understand the budget correctly, Congressman, there is not much ESF money left after you take out the Middle East

Let's assume we have another Philippines after Mrs Aquino took power If you have a democratically oriented regime, you will need fast-disbursing, nonproject money This would be a very legitimate political need in the best interest of the United States

But I would argue that such an operation has a political goal and we should be able to operate flexibly and quickly We should not have to put that money into projects or operate, as you point out in Public Law 480, as the case of Egypt in projects—a way which is not efficient

Mr. BEREUTER Those are funds used for political relationship building and it seems to me they are not AID funds

Mr. SEWELL I agree with you.

Mr. BEREUTER They are not assistance funds so the farther you move them away from AID, the better off you are.

Mr. SEWELL They have to be justified on the grounds of political interest, whatever they may be Exactly

Chairman HAMILTON The Wharton Report makes a distinction on ESF, does it not? Those ESF funds used for developmental purposes are differentiated from those used for political purposes and that is a distinction that makes sense, doesn't it?

Mr CONAHAN I think it does

Mr SEWELL My argument would be to take those funds used for developmental assistance purposes and put them into development assistance

COORDINATION WITHIN THE U S GOVERNMENT, BILATERALLY AND MULTILATERALLY, OF THE AID PROGRAMS

Chairman HAMILTON OK. Coordination

Here, I guess, the questions involve several kinds of coordination. Coordination within the U S Government, other agencies and departments, coordination between bilateral and multilateral assistance, coordination with other donors

What are your impressions with respect to coordination today and what kinds of things can be done to improve coordination? That is really the question

Ms TAFT In those areas where it is clear what the objective is, I think the coordination has been good On U N initiatives, for instance, the Summit on Children, or some of the conferences on women and population, et cetera, where there is a clear indicator, there can be good leadership In the disaster relief fields, it has been particularly good where the United States coordinate not only our strategies but actually cofund initiatives in the disaster relief field

We have also taken strong leadership, as you know, as a government, although this is not AID but the State Department, but on the whole question of refugee assistance Where there is clear assistance, it works well

The real issue, I think, is leadership and how we want to get out there Since the United States is not always the biggest funder in town, what really matters is how the United States exerts its leadership and encourages others to join forces with us

The one area where I think we are particularly weak is in the concept of cofunding With the exception of the disaster relief area, I don't think there are many instances where AID cofunds projects Maybe it is because of trying to track the money and have a certain accountability, but very seldom does AID actually cofund programs with the EC or with other entities because it dilutes our management focus on the outcome

Chairman HAMILTON Should it?

Ms TAFT I think that should be allowed It should be encouraged if we can certainly leverage the attention of other potential donors to issues

The Japanese, in particular, where their AID could use a little bit of support from our sensitivities, or the sensitivities of our AID as to how to really help in participatory programs and how to do

something more than export promotion I think that they are really willing to work on technical issues, but cofunding is one way to get a joint commitment And I would like you all to consider that as you look at both the factors in the AID program that prevent cofunding as well as those that might permit it

Chairman HAMILTON So your impression is that we don't do a very good job of coordinating our AID program with other donor countries?

Ms TAFT I think there is a lot of talk and sharing of information, but not so much as joint funding of programs to really get multiple leverage There is a lot of sectoral discussion where the United States funds one sector, another donor takes another There is seldom joint funding

Chairman HAMILTON What about the coordination within the government, AID and Treasury, AID and Agriculture, AID and half a dozen other agencies that have foreign aid programs? How does that work?

Mr SEWELL Here is where the Wharton Report is singularly silent, or muzzled, I am not sure which Because when one looks at the world, as the committee knows, it is a different world. There are very many more parts of the U.S Government involved in programs that affect the developing countries now democracies, as we heard before

The multilateral institutions are the prime policy actors in the business, and there are many more donors And at all levels, it seems to me, coordination is nowhere near what it should be if you are to maximize the use of scarce dollars

I, frankly, don't know what is happening within the U S Government I thought the committee's recommendations to Deputy Secretary Wharton were right, there should be a joint National Security Council/National Economic Council committee at a high level to look across the range of policies that affect development.

Chairman HAMILTON Do you see any indication that is happening?

Mr SEWELL No, but I am a very far outside observer of the whole process Looks opaque to me at the moment.

Chairman HAMILTON Isn't the National Economic Council the place where it should happen, in your view?

Mr SEWELL My understanding, Congressman, and it is far from perfect, is that there are a series of joint committees between the National Security Council and National Economic Council staffed by the same persons that are supposed to look at these issues. How they operate, or who is in charge, I have no idea.

Chairman HAMILTON The Wharton Report doesn't comment on that at all?

Mr SEWELL It is nowhere in the report, at least my version of the report

Chairman HAMILTON Mr Conahan, what is your answer on this whole coordination question?

Mr CONAHAN I think the National Security Council as well as the National Economic Council should be players if it is to be at the White House level I think coordination generally has been difficult within the executive branch of government.

When it comes to participation in the multilateral development banks, the Treasury leads that Other agencies comment on proposed projects, but if Treasury is not in agreement, generally the Treasury position will prevail

On other interagency boards, where a singular agency has the lead, that agency's position usually prevails There is a proposal on the table—whether it is in the Wharton Report or not, I can't say—and that is to have the Deputy Executive Director of the multilateral development banks come out of the Agency for International Development

I think very specific moves like that would be very helpful in terms of gaining the kind of coordination that is required as between our bilateral programs and our multilateral programs, for example But we have to have, I think, very specific mechanisms in place in order for coordination to be enhanced

I think the proposal for an NSC, NEC level coordinating committee at the Under Secretary level to be chaired, say, by the Deputy Secretary of State, would be a move in the right direction

I would like to say something on that, too I think that the chairmanship of any such group should be in a cabinet department and not in the White House You know, over the years we have had difficulty gaining access to information if it was at the White House level Congress can do a much better job if it is at a cabinet department level So I would be leaning toward having a cabinet department chair rather than the White House chair.

Chairman HAMILTON Mr Bereuter

Mr BEREUTER Thank you, Mr Chairman I was just going to ask the question that you just covered

What about the concept of an alternative executive director for each of the MDB's from AID? You have said that you support it

Any other comments from the other two panelists would be welcome on that report, too

Mr SEWELL It would follow the practice of many of the other donors, Congressman Many of the European donors do that

Mr BEREUTER Ms Taft brought up the subject of cofinancing, meaning financing by two governments, and I don't think the Wharton Report addresses that If so, I have missed it But I have noticed the last 3 years we have attempted to have the Japanese and the American development aid bureaucracies consult with each other

The Japanese are quite short of personnel in their AID programs stationed abroad, whereas we may be categorized as rich, despite what AID says about the staffing needs They, on the other hand, have substantially greater resources available to them that are not earmarked So it would seem between those two countries, Japan and our own, there might be a good model for development

Ms TAFT I think that is an excellent point One of the great treasures we do have is people representing AID in so many countries I think it is 99 now It will probably be less soon, but very few donors have the in-country presence and the capability that the United States has So we have leadership not only because we are the strongest world leader, but we have a network out there and an information sharing capability for donor coordination and for

conveying concerns, particularly those that the PVO's are concerned about, which are grassroots needs

So it is not just between the capitals of these countries, or in Paris at the OECD, it is really working in-country and making sure that AID people can be a resource to a number of donors.

Mr BEREUTER So that it might be a good fit with our personnel resources?

Ms TAFT Yes, sir

Mr SEWELL Congressman, we have looked at that quite closely Actual cofinancing and coadministering of projects has proven difficult not for lack of will but for the difficulties of America· two bureaucratic systems, different budget cycles, totally different organizations

One of the problems is that the Japanese and the United States are not present in large dollar amounts in very many countries One of the successes, by the way, had been the Philippines under the multilateral assistance initiative because we were both enough players to talk about serious coordination

The only way it can be arranged, I think, is on a country level, and I would urge the new administration to look at southern Africa or Central America in those terms to welcome in the Japanese We cannot approach them on the basis of our brains and their money because they have a very strong idea of what they see as development, which is not just export promotion, by the way, but looks like Japan's own development

I know there is quite a considerable interest, particularly given the political situation in Japan and much great interchange between the U S Congress and the Diet The Diet will now end up as a much more important player in Japanese aid policy There is no Japanese aid legislation at all now in this new political situation. And I know from our contacts that the Japanese would be interested in some sort of exchange with Congress on some of these issues

Mr BEREUTER I understand that the first efforts on the part of coordinating Japan and the U.S aid effort was to be the Philippines, and that came out of the first or second Hawaii meeting, I believe

I agree with you, I think it would be difficult if we cofinanced program elements But it seems to me if you are saying by using a country model you coordinate the elements, they fund A and F, we fund B, C, and D, then you might not have that difficulty in accounting and auditing and so on Is that what you are driving at?

Mr SEWELL That is right

Now, there are some examples, I think, of southern Africa or Central America, but there are probably more where you could do that and where we both have a considerable interest.

Mr. BEREUTER. Thank you, Mr Chairman

COUNTRY ALLOCATION—THE NUMBER OF RECIPIENTS, THE BASIS FOR ALLOCATION OF RESOURCES

Chairman HAMILTON Country allocation And the key question there is should we reduce the number of countries that get aid? We would like to get your impression of that.

We now have AID missions in 99 countries We have no permanent staff but we are involved in 26 other countries That is 125 countries overall. Just ask the staff here how many countries there are in the world They don't know how many there are One hundred eighty or so, is that about right?

I think Mr. Atwood said he thought we could cut down to 50 or something of that sort What is your impression?

Mr CONAHAN I don't know what the ultimate number would be, but I believe that there are a number of things that can be said for reducing the number of countries in which AID operates, and I think we can pick up on the conversation that we just had here a moment ago in terms of coordination and cooperation with other countries

It is my understanding that Japan, for example, does not have missions in Africa, that it has the British crown agents administer their programs in Africa on the grounds that it is not of a strategic interest to them They do want to provide funding, but they are willing to let it up to others to actually implement the programs

Well, in some African countries, we are very, very small players Other donor countries are very large, we are very small Our projects are not necessarily fully compatible with the leading donors in those countries, and it seems to me we would want to take another look at that

We would want to rationalize why we are at such a low level when there are some major players in those countries They may be candidates for, one, pulling out all together or, two, coming up with some sort of cooperative arrangement where someone else would worry about the implementation of that program

So, yes, I think there are opportunities for a number of reasons to reduce and to redirect our aid

Mr BEREUTER May I have a followup question, Mr Chairman?

Chairman HAMILTON Yes, indeed

Mr BEREUTER Would it be possible for us to go to a regional capacity, staff capacity, say, in West Africa, for some of the smaller countries, and just jump over this country-by-country approach? Have a country effort but really manage it out of a single location, say the former French colonies of West Africa versus the British colonies another way? Is that a possibility in this step?

Mr CONAHAN In my view, it would be. I would like to take a look at how that would play out, and I don't want to jump ahead to the management area we will cover, as I say, on our agenda here later

But in terms of taking a look at the Washington organization, I often thought that perhaps the way we would organize over there is on the basis of levels of development of country. Right now, we have functional areas and we have geographic areas, and I thought maybe we could have bureaus over there based on the level of development within a country

You would have the lesser developed countries and then this next category and the next category That would fit into the kind of scheme you are talking about

Ms TAFT With regard to the number of countries, I am not in a position to make any recommendations.

There are regional offices at this point that provide good technical outreach to countries where there are not local staffs I would assume, under any retrenchment of the number of countries in which AID operates, they would increase their regional office representation and technical skills That would be very good

For the focus, though, it would seem to me that there are new criteria other than the cold war criteria A country's level of development is one of them The intent and the interest on the host country, really trying to work with the poor, being pro poor, being in favor of participation, focusing on sustainable development, the extent to which the country is going to be willing to reduce its own military expenditures, are all indicators as to whether or not this is going to be a good environment to try to promote good development Those factors have not necessarily always been considered in the selection of AID-assisted countries in the past

If one expanded the criteria to include those kinds of measurements, that would be extremely helpful As was pointed out, there are other new kinds of mechanisms besides a regional office or an in-country mission The use of umbrella agencies, the use of endowments or special in-country foundations for the funneling of aid money, have been used in other locations, and certainly would be mechanisms worth exploring for whatever countries AID decides it wants to no longer have an in-country presence

Mr SEWELL Let me make four points, Mr Chairman Obviously, the criteria for choice are crucial, and I would push the administration to make those as clear as possible My own argument would be that allocation should be based on income levels for poverty, on the prospects of performance of the host country and host government, as Julia said, and on the commitment to sustainable development

It is important to go back to what I said earlier, because to get public support for the program, you will have to show some result orientation It is a bit hard to argue for massive transfers of AID funds to Zaire unless you are in favor of the private-sector activities of one particular individual who happens to head the country. Development assistance is too scarce to waste in that fashion anymore

I would point out, however, there is a unresolved tension in the Wharton Report between focusing on sustainable development and human rights development, poverty and global issues

If one allocates aid on global issues by conduct, then only a certain number of countries with aid are important and a certain number where there is deforestation or whatever issue you want to give priority to There is a potential tension on what criteria you use for country allocations, the crucial one

I must add, however, one additional warning Depending on which 50 countries they are, not only the executive branch but Congress is going to be besieged by the other 50 countries in trying to cut back in

Chairman HAMILTON Let's start with five Give me five countries we ought to just cut out

Mr CONAHAN I think that what is available is the kind of information that Mr Sewell just talked about and that is, you know, the stratification by levels of poverty If once we agree that is a pri-

mary consideration for assistance, then it is an easy task of looking at, you know, the 50 percent line, but I don't——

Chairman HAMILTON You cut out Israel, then?

Mr CONAHAN I can't cut out anything until I decide what is the objective of this AID program

Chairman HAMILTON Give me five countries

Mr CONAHAN He is talking to you

Ms TAFT I am speaking for myself, not for my organization. Sudan would be a country that we have stopped foreign assistance to and I think should be stopped because of their outrageous human rights records I think any country that makes huge investments in military expenditures over the requirements of their citizens ought to be in jeopardy

The human rights abuse area is one that is very important because why should AID invest in a country where there is going to be a continual upheaval and problems I think you can look at that as a criteria You can't build a civil society if there is not a will and a commitment

Chairman HAMILTON I know it is a tough question, but I am just kind of curious to get an initial reaction from you You all study this pretty carefully I have a tough time beginning to pare it down to 50 I would like to ask Mr Atwood what his 50 are

Mr ROTH Mr Chairman, by that, by Ms Taft's criteria, we cut Somalia right away.

Ms TAFT We don't have any—we are planning an AID program in Somalia to try to build the basic civil society institutions.

Mr ROTH We were talking about civil rights abuses According to your criteria, it would be easy to knock out 50 I would like to answer the chairman Here you asked for five countries He didn't get any single country from you Wouldn't you by your criteria you gave before, not to pick on Mr Conahan, but just pick the five richest countries on top?

Mr CONAHAN I think Indonesia, Thailand, Costa Rica These are all in pretty good shape Maybe they should be graduates from the AID program

Mr SEWELL I would reverse the question and consider any country in the South—in the East or Southeast Asia—not South Asia—and in Latin America They would have to prove their case to be included I am taking out Israel and Egypt, where I don't consider it development aid, but rather a political program that is important in and of itself Furthermore, income levels in both geographic areas are high enough that we should not be providing aid unless they fall well below the established poverty level, the eligibility to IDA.

ECONOMIC SUPPORT FUND

Chairman HAMILTON You know, when we have a domestic Federal program that goes out to communities, we ask those communities to come in and make a case, in effect, for aid. Should we do that in foreign affairs and say to these countries, OK, we got a nice pot of gold over here we are going to distribute, you come in here and make the case for it? Does that make sense as a way to proceed, make them come in here and state their case on why they are

a country worthy to receive U.S. aid? We make Los Angeles and New York and Chicago and Indianapolis do it.

Mr. SEWELL My argument would be that such a case should be made, which is what you are paying the heads of AID and the State Department to do

Mr CONAHAN I agree, it should be the administering agency rather than the country

Chairman HAMILTON The Ambassadors do it all the time already OK Then you come in whenever you want to here We are proceeding in a little different way here

Mr. GILMAN I find it very difficult to try to establish some priorities as you try to limit the countries The chairman has indicated that to pick the first five is as difficult as picking all of them

You mentioned human rights, Ms Taft Now, human rights is an essential element How do you balance the human rights in with the poverty issue? Suppose you have extreme poverty in an area where there are human rights violations? Do we forget the poverty and stretch the human rights?

Ms TAFT As you point out more articulately than I, when there is that imbalance, there is a lack of human rights So I mean otherwise where human rights are respected there is more equity in the economic growth of that country and that region I think this is the problem that we get into where we try to say the standard is poverty or human rights or the standard is the willingness of the country to deal with its issues of development

If you are looking for sustainable development interventions, there are areas in countries which would be more receptive to those kinds of things, but we have to look at this as a continuum There may be some interventions that are still appropriate to deal with in Indonesia Although it may be graduated from a poverty level, there still may be a lot of technical advice that is appropriate for the USAID to engage in with Indonesia

Indonesia is a success story, but it is not over the hump completely and we ought to make sure that we have enough refined approaches so that we don't just say everybody has to be treated the same. That is why you have AID missions because there are nuances for every country, and there are different requirements in different stages of development

I would be very surprised if there is a reduction in the number of AID missions overseas What we may see is a diminution of the number of people in missions because it is in the perceived interests of foreign policy The countries that are coming to testify before you believe it is important for them to have the most important superpower be present in their country even if it is only one woman or one man as an AID representative It is going to be difficult to cut back on AID missions and recommending how to do it This leads us to the question of what can AID do best in whatever countries it is present and where might it turn to other organizations, either contractors or NGO's without AID missions to perform sectoral services in countries

We would be very interested in presenting ideas to you, you work through this aspect of the legislation, ideas on what some of those alternative mechanisms for AID programs might be in some of

those countries where there isn't a presence. But I would be surprised if AID cuts out very many missions

Mr. GILMAN Mr Sewell, you had some comment?

Mr SEWELL Mr Congressman, I would like to offer a slightly different version I think that if one is talking about presence of AID in a measurable size, it should be in a strictly limited number of countries Now, there will be strong arguments for U S involvement in other countries on issues of mutual self-interest

You may have seen in the Post a few days ago a very interesting column on the need to cooperate with Thailand for testing for AIDS vaccines, probably one of the three or four countries that is scientifically ready to cooperate, because of its heterosexual population, the number of people who are HIV positive, and so on That is not AID If we find a vaccine for AIDS, assuming that is scientifically possible, it is in everybody's interest, therefore, it may put a claim on Federal money

But you don't have to run a big AID program in Thailand, which is a rich country, to cooperate with testing on AIDS vaccines AID missions should be restricted to countries where we have an interest, because the days of hands-on AID programs are diminishing and ultimately will be restricted to very poor countries because the development will have succeeded

Mr. GILMAN Shouldn't we be coordinating that effort then as we establish a priority list with some of the other major donors?

Mr SEWELL Of course There will be countries in Asia, in which Japan has considerable geopolitical interest where they will want to be involved in considerable depth, that will fall outside of the U.S area of interest for involvement in an AID program.

Mr. GILMAN What sort of vehicle would we have for developing that kind of a coordinated priority list?

Mr. SEWELL For developing a coordinated priority list? Well, there are several mechanisms I would argue this is one of the functions of overall foreign policy There is, as you know, a development assistance committee within the OACD which discusses these issues. Periodically, the Japanese and USAID administrators have met, for instance

There has been varying levels of interchange at a serious level for some years now All of the development ministers, plus the heads of international institutions, meet once a year informally to discuss these kinds of issues An international division of labor is something that should be very important

Mr. GILMAN Ms Taft, or Mr Conahan, would you like to comment on that?

Ms. TAFT I think it is a wonderful idea I mean, there are some places where the EC is now starting to develop—in-country presence because they know that there is a lot of interest in the Community to develop programs in some places, particularly in Africa If they can be the eyes and ears and coordinate on some of issues we want, I don't see why the United States needs to be fully staffed in all those same areas The OECD is the appropriate place to deal with that But I think that would be another criteria that one would look at as to how the USG is going to select or recommend the selection of the top countries If there were an in-country pres-

ence of another donor that would cooperate with us would certainly would be one criteria which would be very useful to consider.

Mr CONAHAN I think that what we need to do is to really deal now with these fundamental questions I think that this is an opportunity that we have not had in a very, very long time to deal with some of the fundamental issues

As I see the AID program over a long period of time, there were two tracks During the 1960's, we had a capital financing program During the 1970's, we had a program which was directed at the lower rungs of society in these countries And during the 1980's, we talked about private enterprise We had a program that was supposed to emphasize private enterprise During that period of time, the AID staff, direct hire staff, was reduced from about 10,000 people down to about 3,000 people currently and the number of projects increased up to well over 2,000

It seems to me that unless we make some fundamental decisions as to what we really want to do and with whom we want to coordinate, we are just going to continue an untenable situation In view of our budget situation, I don't see that we are going to give the Agency for International Development resources that is going to help them materially with respect to their staffing overseas and we have to begin making some choices

Chairman HAMILTON We have a lot of new countries that want to be on the list Is that correct?

Mr CONAHAN Absolutely, yes, sir.

THE MANAGEMENT OF AID

Chairman HAMILTON I think we pretty well covered the economic support reform item I want to get on to the management question And Mr Conahan, I suppose you are the person to lead off our discussion there

You obviously think that AID has some very, very serious management problems and so we would like your comments on what management problems need to be addressed and what your views are on some of these internal management issues.

Mr CONAHAN I think that the current administrator recognizes that he inherited an agency with a host of problems that have to be overcome He also recognizes that his predecessors have come into office with good intentions to correct some of the problems that they found Some improvements were made For the most part, the fundamental problems remain

What we have developed or evolved over a long period of time is a very decentralized agency which is all right in and of itself but without at the same time putting in place a strong centralized system of management controls and systems which would bring about accountability for this very diverse organization that we have in the Agency for International Development

First, we see a propensity to develop projects rather than to monitor the implementation of projects We see this propensity to obligate funds before the end of the year so it won't get lost That takes up an awful lot of time and doesn't leave time for project officers to monitor these projects the way they should.

Secondly, because of a reduction in the number of direct hire personnel, the Agency has now had to rely much more on contractors

and local hire people out in the field It is a different kind of function for AID folks today than it was before and AID's personnel management system hasn't caught up with Number one, they don't have good work force planning, and number two, they don't match the requirements with the folks they are recruiting, as a result of which you have good technical people in the Agency and continuing to come into the Agency when what you really need out in the field are contract administrators

And these good technical people do not have the contract administration training that is necessary to, one, negotiate the contracts with all the contractors out there and then to administer the contracts As we mentioned before, there is not a system in place to evaluate the impact, the results of these projects Number one, there are not measurable goals up front, and number two, they have not developed the methodology to evaluate

And finally, there is this friction that has developed between the principal internal auditor, the Inspector General and AID management I think that needs to be tended to I think probably we would get into that in a separate session, but I don't think we can have this discussion without noting that it exists

Ms TAFT Well, with all due respect to my colleague on my right here, when you said, "there are very good technical people in AID but what we really need in the field are contract administrators," I really think you have hit the nail on the head

The problem is we have people who are so involved in the process and counting beans literally that they forget what they are there for. And if you don't have technical people in the field looking at the implementation of programs and making sure that there is the flexibility to correct a bad program that is under way which needs to be revised but you can't do it because the beans aren't counted right, I think we have failed.

I think the whole question that we have got to look at is how do we measure results and how do you find people who can get involved in the process of measuring results, not just measuring the inputs Right now the whole emphasis is on inputs and contract accountability and reporting

I used to work in AID, and I was always surprised at how the people in the field spent all of their time not in the field They spent their time answering reports and doing reports back to Washington, answering questions that Washington had It was only when there was a real major reason for getting out in the field were they able to leave the AID mission officers

This is not a generalization This is, in fact, true They have some wonderful people in the field but they are too busy writing reports and worrying about auditing and accounting and reporting

Chairman HAMILTON Writing reports to Congress?

Ms TAFT No, sir, they are sending—well, sometimes I suppose Congress sends questions What typically happens is that the AID bureau would send the field 27 questions that need to be answered But what happens then they spend time answering questions at the same time they are also involved in trying to micromanage the programs out in the field If we could figure out a way to deal with this question of focusing on the results, I think it would save a lot of paperwork and a lot of lack of trust I think there is so much

distrust between Congress and AID and AID and its contractors because everyone is so afraid they are going to make a mistake, and they are going to get caught

Chairman HAMILTON How do you do that?

Ms TAFT Well——

Chairman HAMILTON Your comments are that an enormous amount of effort goes into planning and not enough into implementation Several of you have mentioned the necessity of focusing on results It is a good proposition I think all of us would be in accord with it, but how do you do it? How do we do it as a practical matter? Do we say to them, OK, Mr Administrator in country *x*, give us your targets in 1993 for the following programs and then we bring him up in 1994 and say how have you done? Have you hit any of those targets? Is that the way we ought to proceed?

Ms TAFT Nice start

Mr CONAHAN I would like to comment, too I would like to say I don't think there is a great inconsistency between your comments and my comments I think that the people out in the field should be doing precisely the thing that you are talking about, that they should be out there monitoring the activities and finding whether or not these activities are really meeting the targets that you are talking about or whether they are going astray and making the corrections in place

My point on contract administration is that you need people out there who can talk about and supervise this kind of activity And I am not talking about the paper pushers, I am talking about real contract administration which involves monitoring the implementation of contracts, where they are going, how the projects are going so that you can make whatever corrections that are necessary in order to bring them in where they should be brought in

Mr SEWELL It seems to me you have got a once-in-a-lifetime opportunity here to start changing the bureaucratic culture of our development agency And frankly, Congress is part of the problem. For instance, your figures or GAO figures or congressional reporting requirements change, and nobody up here has time to read them Therefore you must come to a new social contract with the executive branch on accountability

Your rough model isn't bad Tell us what you hope to achieve over the next 3 or 4 years and then we are going to ask you how close you are You have to give people enough money, otherwise they are forced to obligate each year You have got to specify a limited number of objectives that are doable, even though you know some are going to fail in a number of countries.

One worthwhile thing, which is quite different from the last time the act was written, is that a large number of very competent agencies out there in the developing countries in the NGO community are capable of delivering a service, so a better term is not a contracting officer so much as a foundation officer.

Chairman HAMILTON Give me your impressions about staffing in AID Are they way overstaffed? Do they have far too many people in Washington and not enough people in the field? Do they have far too many people in the capital and not enough people out in the country? What are your general impressions on staffing?

Mr SEWELL I will leap into that thicket. I don't think that AID is overstaffed for what it is being asked to do in terms of the paper and reporting requirements It is universally felt by the other business lateral donors that AID has the best field staff among the bilateral donors and is the real strength of the Agency And an awful lot of the time——

Chairman HAMILTON Field staff?

Mr SEWELL Field staff A lot of the time of those people is consumed with reporting requirements back to Washington Secondly, of course, you run into this ridiculous situation from time to time in countries where there is simply not enough operating money to travel within the country

I am less qualified to comment on the Washington levels because part of it depends upon what you get past the Agency to do in its new guise Too much of the Agency now, it seems to me, is engaged in accounting and reporting requirements that are unrelated to any sensible objectives

Chairman HAMILTON I am told that two-thirds of the people at AID are in Washington

Ms TAFT That is probably true I thought your configuration was a very good one with the idea of having desk offices back in Washington to back up the field missions and then to plug in the field to whatever technical resources are necessary back in—back here in Washington I think that makes an awful lot of sense and would reduce a lot of the duplication

There are some offices that are terribly understaffed The Office of Foreign Disaster Assistance is terribly understaffed and for I don't know what reasons In terms of looking at the priorities of the Agency, we ought to make sure that what it is good at, it has enough people to support those priority programs.

I did like the idea of the desk offices, in particular What that would prevent is large geographic bureaus trying to micromanage the programs from Washington, when in fact AID should rely on people in the field to oversee the programs.

Mr CONAHAN May I make a comment, Mr. Chairman?

This charge that AID folks and other agency folks for that matter spend too much time reporting back to Washington and in taking care of auditors and evaluations is a very good and solid statement of the environment there

But there is at least one reason for that and it is an important reason and something that we need to put more focus on than we have had in the past The reason that you have a lot of the ad hoc reporting, the reason that you have got a lot of audit and evaluation activities is because you don't have the fundamental systems in place to permit you to manage in the first place

AID does not have a good financial management system It has not had one for as long as I have been looking at it It doesn't have good information management systems in place.

Chairman HAMILTON Why not?

Mr CONAHAN It has not been a priority of the successive administrations over there and perhaps we—I, for one, have not been able to convince them that this is necessary.

Chairman HAMILTON. Why do you say they don't have good financial auditing or management systems in place? Give me some examples What do you mean by that?

Mr CONAHAN Well, first of all, they don't have good controls over their property For example, we are talking about contract administration A requirement throughout government is at the conclusion of a contract that the Agency, the executive agency, close out that contract And that is simply to say what is the final disposition of the statement of work, was it accomplished, was it not accomplished And for example, if the government furnished equipment for which to carryout that program, to make a determination as to whether that equipment comes back to the government or sold or goes to another project and that sort of thing

We find time and time again that AID does not have a system in place that permits it to do that routinely They just don't tend to it So what happens is the auditor goes out and finds that this is not being tended to, makes a recommendation that they do this and report monthly or quarterly back to the head of the Agency and maybe to the Congress and you have got four more reports as a result of the audit

If they had a system in place where they systematically closed out a contract when they should, these three reports coming from the auditor's recommendation would not be there

Chairman HAMILTON We get a lot of complaints here about pipelines Is this in your management practices, the large pipelines that exist with respect to a number of countries? Is that a big problem from your point of view or not?

Mr CONAHAN I don't think that the fact that there is some $9 billion in the pipeline is a problem per se The problem is that we don't have a very good handle on how much of that is really required to fund the projects for which it was obligated in the first place When we first looked at the pipeline a couple years ago, some of it was over 10 years old Not a lot of it but some of it was over 10 and a larger amount over 8 and a larger than that over 6 and so on.

How much of that is really needed? Should it not be going for more productive purposes? Well, I can't answer that question because AID can't answer that question Our recommendation is that annually AID at the mission level scrub that pipeline to see what it really is and what it is needed for and to the extent that it can be redirected to use it for more productive purposes That is the real problem with that

Mr BEREUTER Mr Chairman, I think that the congressional role in contributing to this problem has been understated here, and that is understandable, you are attempting to be helpful but also polite It seems to me we have a vicious circle in place at the moment Congress understandably, along with the American public, is very unhappy with some results of the foreign assistance programs and so, therefore, we tend to earmark and micromanage

I saw some statistics here which indicated the amount of development aid which is earmarked—it is incredible—that come to too many places, including Congress, it seems to me, but as long as we see those results, as long as we see those difficulties, we are going

to continue to earmark. I know they are making the recommendations.

Once more the chairman has made an effort this past year in the foreign aid observation bill to reduce earmarks, but we don't have the confidence at this point, some of us at least, to begin to give up earmarks altogether as long as we have such inadequate performance out there Perhaps it is because we haven't given them the kind of clear direction regarding objectives and priorities necessary for them to do the job

The second way I think that Congress contributes to this problem is that we have grantsmanship by Members of the Senate and the House in behalf of contractors, especially educational institutions I think we are all guilty of pushing some work to go to our own home State and we see that frequently as a very legitimate effort because we believe, and oftentimes at great cost, that the work that has been done on a particular program or in a country could have been done much better by resources with which we have a familiarity

Now, as long as we keep earmarking that much, then the AID people out there cannot work carefully in a systematic fashion on addressing the problems of that country And those resources are frittered away on things that oftentimes don't bring the type of results or are out of sequence with efforts that should be under way

We have had so many foreign aid reform programs over the years, the Carlucci Commission, Hamilton-Gilman, just to mention a few It is hard to understand whether we should take seriously this and really move forward and begin to say hands off, let's give them a chance to really focus on the objectives and priorities

My question is very simple, having given you that background and my own thoughts on Congress' role in contributing to the problem, how do we make a break to get ourselves spun out of that vicious circle and what kind of leeway do we give AID to show that there is a new leaf that can effectively be turned?

Mr. SEWELL That is an extremely good question, Congressman Bereuter I would argue there are two parts to the answer, which is an agreement on the priorities and what our top priority has been on generalities, but one would like to see some specifics in each of those four areas, particularly as you mentioned earlier, the relationship of hunger and poverty to each area Then you get a new social contract, as it were, between Congress and the executive branch with some specificity on targets and goals would be useful.

Mr BEREUTER A social contract between Congress and the AID?

Mr SEWELL How is that?

Mr. BEREUTER Sounds pretty good

Mr SEWELL The other is a new mechanism, and Frank can respond to this, but AID's evaluation record of its own projects varies wildly over time At times the evaluation unit was very good and produced a lot of useful information I am not sure how much of it was shared with Congress In the original Hamilton-Gilman Report, if you will recall, there was a proposal for an oversight subcommittee to monitor assistance programs and policies and some new mechanism to share AID's own evaluation of what it is doing with Congress To enable you to tell on an ongoing basis about how

things are being achieved is very useful and should be looked at again when you rewrite the legislation

Ms. TAFT. To add to that, I know the CDIE organization evaluation unit is looking at delivery mechanisms in evaluating how well they think PVO's do, how well contractors do, and how well they think universities are doing in implementing certain types of programs for AID And so that should generate additional information for us.

In terms of the priorities, I think it is a social contract If one agrees to the countries—the general program thrusts, you might try a year without having congressional holds and notifications which tie up your staff from thinking of broader issues If you did that for a year, we could see, because the burden is that the executive branch says, well, this is Congress that is putting on these, and those are the two areas which are cited the most as a problem If you stop doing those, then we could really see where the AID's side of the bureaucratic mechanisms need to be reformed

Mr CONAHAN I think, as Mr Sewell said, and I have to agree to as well, that the objectives is the key to this whole thing right up front. I have gone to this report we issued in June, which contains as an appendix the objectives in the foreign assistance legislation, and I wondered whether you know any agency anywhere that can really do justice to this listing of objectives

I have read off several on two occasions here this afternoon The one I have not read off is integrating women into national economies to enhance their status and further the development process

Ms TAFT. Put a big star there

Mr. CONAHAN She is not going to give on that one at all.

But there are others that are not going to give on some of these others, so somehow or other the Congress and the executive branch just have to sit down and decide whether they can stand the heat of eliminating integrating women into national economies

Ms. TAFT Well, then they won't have any development if they eliminate the women focus

Mr. CONAHAN I think this is what we are faced with right up front, and if we are going to address this, we are just going to have to do it.

DELIVERY MECHANISMS

Chairman HAMILTON OK. Let's go to the delivery mechanism problem and, obviously, we have hit on aspects of that as we have gone along I think maybe the question there is the PVO's and programming mechanisms that can give us flexibility in respect to delivery assistance We have had some success, I think, with the Freedom Support Funds and the SEED Program in this area, some improvement maybe I welcome your comments about that But how about the delivery mechanisms? Ms Taft, maybe you are the one to lead off here

Ms TAFT OK. Thank you One of the stars in our foreign assistance program is disaster assistance and the reason it is is because it has very clear objectives: If to move appropriate aid quickly to people who are in desperate need of it, without regard to any other categorical piece of law inhibiting quick procurement and movement

Because OFDA doesn't have to comply with all of the congressional notifications, all of the Buy America provisions, all of the certain kinds of policy planning, et cetera, it is able to move very quickly and very appropriately because it has waiver authority. It doesn't always use it, but it is there when it needs it

I think that this concept could be much more broadened in AID, not just for disaster but the disaster to relief programs There are a number of interventions which are not necessarily technically relief which are very important to start quickly after a disaster.

Chairman HAMILTON Are the PVO's heavily involved in disaster relief?

Ms TAFT Yes, sir

Chairman HAMILTON. And they are doing a good job?

Ms TAFT I think they are doing a wonderful job. They are flexible and work with locals.

Chairman HAMILTON Is the lesson there that we should try to privatize AID?

Ms TAFT I don't know whether you want to privatize it. One of the things I want to say about PVO's is they aren't the answer to all of AID's concerns We have had a number of wonderful discussions with Brian Atwood and some of his team and they are reaching out to us and they want PVO involvement in a number of different ways

I think that is great but we can't overpromise We do some things very well Disaster relief, we do very well Local development, grassroots development, empowerment, we do very well We don't do structural adjustment well and some other elements We need to make sure that we are not overpromising, and we have systems that can work

Disaster relief is one area that we do work very, very well. The problem we have with a development side is that in a country where there is a disaster, there often are development programs However, it doesn't make any sense to continue some development programs in a country that has just had a major disaster. It might be better to reprogram the money and to work in the other sector

One example in Jamaica, for instance, a hurricane-prone area, all the electricity went out because all the poles went down All the poles went down because they were all rotted An appropriate response to this disaster should prevent the country from having to go through a similar experience the next hurricane season It wasn't so shocking to say we ought to look at the electrification problems by improving telephone poles and putting some under ground But the AID program was already designed in a different way and it couldn't be adjusted to deal with communications requirements

I think we need to look at ways in a disaster prone country, for reprogramming money so it makes sense to promote recovery.

Chairman HAMILTON Mr Bereuter

Mr. BEREUTER Ms Taft, the Wharton Report says there are two policies in programmatic changes recommended here which will affect positively the new mandate and they mention sustainable development, but the second one is that they will develop—this is AID—will develop a rapid response disaster relief. Now, you are

talking about the positive way that that seems to work at the moment.

The question that I have is the second part of their recommendation there, and nation building capacity to support U S and multilateral efforts to resolve conflicts and assist a nation to transition to democracy. Do you see this nation building and transition to democracy being a part of, in some countries at least, disaster relief so that it follows with it and if it does, we have the problem of moving that function out of AID, which is what you are suggesting when it comes to democracy building, perhaps or is that only election?

Ms TAFT He was talking about election

Mr BEREUTER Do we set aside all those kinds of things and take all the rules off, too, for those situations when we want to move, like in Somalia, move with food and democracy institution building? Do we take all the rules off there and expedite it in the same fashion? That is what we are suggesting

Ms TAFT We have been talking to AID about what they are suggesting, but they are not quite ready to share their concept paper

The idea of the relief to development or relief to democracy came from the fact that if you really look at the relationship of a development program in a country to the disaster vulnerability of that country Development may not work, if the country has a locust plague or a civil strife problem AID's interest in nation building is when civil strife results in a country falling apart It is not sufficient to spend money to give disaster relief and seeds and tools when, in fact, the society is fragmented, where people are internally displaced and where there are no structures to reorganize the country

To promote nation building AID ought to be able to respond with a variety of institutional support mechanisms after a disaster without regard to all of the categorical relatedness For instance, if you are in Somalia, one of the things needed is to get the clans in charge again of some of the local development and to provide them with seeds and tools You need to have someone pay some money for training of police You need to reestablish the communications network Those would be nation building quick responses They have to happen before development can occur.

In Mozambique, we have a situation where there are a number of sectors that need some real infusion of technical assistance and resources, particularly in the logistics area if that country is going to be able to get out of this disaster Instead of funding relief programs for just 90 to 120 days, which all OFDA authorities are supposed to be for, Congress should grant AID the ability to do interventions on a quick response basis for perhaps a year or so That would help in that transition I think that makes a lot of sense until AID can design the DA or development assistance programs to be much more flexible

At least this is a transitional mechanism. I think if such flexibility were provided, it would be very good

Mr BEREUTER On page 27 and 28, they go into some detail, not as much as you and I might like, about this nation building capacity which must accompany their rapid response to disasters. To the

extent they develop it here, is this a part of the report that you agree with? Any of you?

Ms TAFT I think the concept—I mean the words "nation building" are really difficult in the context of how you are coming out of a disaster.

Mr BEREUTER They talk here about ready to deploy programs to observe elections, strengthen institutions of civil society, conduct civil education, strengthen judicial systems, undertake other nation building activities in conjunction with the U.N and other international organizations

Mr SEWELL You and I may have a different version of the report, specifically on page 27 and 28 Let me respond. I think that AID's express desire to build in capacity is very interesting, although you do raise an equally interesting question I had thought about, about where the dividing line is.

There are two kinds of disaster First, there is the literal natural disaster where you are picking up the pieces after a hurricane or earthquake, which AID and PVO's do very well. Second, there are the political, social, or cultural disasters of where you are putting back the pieces of a society where elections may be a long way off, for example, in Somalia, Haiti, and Cambodia.

It is the right thing to think about, but this is preeminently the area for multilateral cooperation It is hard to think of an area of the world where this is not going to have to be done multilaterally both because we lack the resources and others have a broad variety of talents

If we go into Haiti, I would hope that the rest of the nations of the hemisphere are deeply involved

Mr BEREUTER. They seem to answer that.

Mr SEWELL OK. I would have two caveats on this, however I may have been around too long. I would avoid the term "nation building." I would be very cautious about the assistance to police We were involved deeply in the 1960's and we ended up supporting some of the most oppressive police establishments in Latin America. It is a very, very tricky area for which the United States got targeted.

Chairman HAMILTON Should we not support police assistance?

Mr. SEWELL I would be skeptical about it.

Mr. BEREUTER The Congress has been skeptical about this point to a fault, it seems to me There are times when we really have to have some upgrading of police capacity protecting the judicial system itself, and we have been prohibited from doing that but something in the statute——

Mr. SEWELL I, for the record, will say both in military assistance and police assistance, it is a hell of a lot harder to democratize those two institutions than anyone thinks.

Ms TAFT John, I disagree with you, because I would rather have PVO's doing the police training than the military doing the police training And as I pointed out earlier with the peacekeepers, they are going to do police training because it is their only ticket out of some of these situations We need to figure out what kinds of civil society structures are needed And police are not all negative, you know.

Mr SEWELL Some of my best friends are policemen.

Ms. TAFT. I think we have to change the biases here. You can't talk about development in a place like Somalia when there is absolutely no civil government structure or police and security structure We might as well just forget it

Mr SEWELL Julie, there is no argument about it whatsoever. However, the U.S record of supporting police in the world over the last 20 years has been close to abysmal

Chairman HAMILTON That is largely because of Central America Mr Gilman

Mr GILMAN Thank you, Mr Chairman

While we talk about rapid response, I think we probably have a good example in how we respond to Haiti Do we need a new mechanism in AID to provide the rapid response or should we be bringing together the international community to provide this rapid response mechanism?

Mr SEWELL I think I would give you two answers I think AID responds extraordinarily well to disasters And when the time comes to move into Haiti, with both the direct emergency relief as well as rebuilding civic society, I think they are probably quite capable of doing that

I would urge on political grounds, however, for a variety of reasons, that the process in Haiti and elsewhere be internationalized. It is, frankly, time for other major countries of Latin America to take some responsibility both financially and technically for providing assistance, and Haiti is a very good case

Mr GILMAN Is there any rapid response team in the U N. at the present time?

Ms TAFT Well, they are not a team per se but there are about six operational specialized agencies that do get involved in one aspect or the other of disaster response The World Food Program has people that deal with the food logistics and they can go immediately in and make assessments And UNICEF has its capabilities with the maternal and child health UNHCR is for refugees

But they are not always the implementing partners and in fact, in every case they turn to the NGO's to be helpful in the direct relief responses The United Nations' new office, the DHA, Department of Humanitarian Affairs, is struggling very hard to be relevant to all of these operational agencies and we are working with them It is really tough because they don't have any money and don't have a lot of clout

I don't think the problem is emergency relief response as it is funding Last year—in the last 2 years, the United Nations has issued over $6 billion worth of appeals for real emergencies Angola, Somalia, southern Africa, Bosnia, et cetera The response rate is really very bad and the reason is that only five or six countries give all the time The United States has been wonderfully generous I think we ought to be very proud of our generosity, but if you start looking at who is really making the contributions to these emergencies, you will see the United States and the EC and a few of the EC countries at the top of the list Then way down at the bottom are a lot of other very capable countries that should be funding them.

In terms of donor coordination we ought to find some way to spread the burden particularly on these emergency situations be-

cause it is falling disproportionately on the shoulders of the most generous nations.

Chairman HAMILTON. What countries are at the bottom?

Ms TAFT Japan

Chairman HAMILTON. Any others?

Ms TAFT I will get you a list, yes, sir.

[The information follows]

Donors to UN Consolidated InterAgency Appeals as of August 16, 1993	Donors to UN Consolidated InterAgency Appeals as of August 16, 1993 Value U.S. $	GNP per capita (1990) U.S. $	GNP (1990) U.S.$ billions
USA	415,143,312	21,790	5,446
EC	236,143,132		
UK	99,045,627	16,100	924
Sweden	99,432,349	23,660	202
Japan	80,313,394	25,430	3,141
Netherlands	78,732,734	17,320	259
Canada	75,467,475	20,470	543
Italy	47,150,215	16,830	971
Germany	45,094,186	22,320	4,411
Norway	32,789,584	23,120	98
Denmark	29,396,245	22,080	114
Switzerland	26,932,571	32,680	219
France	13,552,596	19,490	1,100
Spain	5,500,335	11,020	429
Australia	5,012,218	17,000	291
Finland	4,396,245	26,040	130
Portugal	4,194,000	4,900	51
Austria	2,360,340	19,060	147
Ireland	1,941,815	9,500	33
Belgium	1,574,755	15,550	155
Poland	1,500,000	1,690	64
Greece	1,060,527	5,990	60
New Zealand	129,730	12,680	43

Ms. TAFT One of the things that is quite interesting on disaster response——

Mr SEWELL That can't be true for a country that is in arrears in its dues to the U N Certainly not true of Cambodia where Japan has put in most of the money

Ms TAFT This gets into another very interesting discussion as to what is funded out of U N assessed contributions and what is out of voluntary contributions All the humanitarian funds were special contributions The United States is very generous on the list of who gives the most

This Department of Humanitarian Affairs at a meeting last month decided that they would do a listing of which countries give the most money in response to special appeals The UNDP develops a list of who gives the most development aid per GNP, and I think the United States is going to come out very well on the DHA listing

Some of the most generous countries are those that are surrounding the disaster area and are really helping quite a lot Croatia, for instance, is bearing a heavy burden because of Bosnia Bulgaria and Hungary are too One never thinks about them as donor countries, but, in fact, they are donor countries They never get any credit for the help that they are doing, as a nation absorbing refugees from neighboring countries This is an issue requiring greater donor coordination I think it would be very appropriate for the United States to be much more aggressive in trying to push for a broader cooperation

Mr GILMAN How best do we accomplish that, preparing a delinquent list?

Ms TAFT Let's get this list and we will be glad to come and sit down with you to discuss it I would assume that part of the lack of giving is due to a lack of awareness One of the things that happens is that the countries that are most generous are the ones that receive the appeals for every disaster The International Organizations office in the State Department and OFDA receive appeals for a major disaster. There are very few sources of funds in any one of the governments and the government carves out what it is going to do. The United States will send food or money but it doesn't go beyond that, in terms of encouraging other donors, it is not really an issue that is discussed much at donor meetings.

Mr GILMAN Ms Taft, you mentioned a number of internal agencies in the U N that take part in all the emergencies Who coordinates that effort?

Ms TAFT The head of the Department of Humanitarian Affairs, Jan Eliasson, in the U N. is the coordinator.

Mr GILMAN Do they do a good job of coordinating?

Ms TAFT They have only been in existence for a year and they have had quite a struggle

Mr GILMAN I am asking do they do a good job even though they have been there for just a year Yes? No?

Ms TAFT They did a very good job in the Southern African drought which has not gotten a lot of publicity but which was really an extraordinary success The U S role there was very supportive, too It was wonderful They have been less than acceptable in

Somalia and in Bosnia Where we have the biggest problems with the U N leadership is in areas where there are peacekeepers

From my own organization, InterAction, we meet regularly with Mr Eliasson We participate in a steering group with all operational U N agencies, and we are now sitting down trying to work on a particular plan of action which will be reviewed this fall

It is very difficult because the process includes some really major agencies that need to be coordinated The coordinator, who is the head of DHA, doesn't have any money and doesn't have adequate staff it depends on donor countries to support that process and on NGO's that are participating But I think that the jury is still out regarding DHA's effectiveness

Mr SEWELL Congressman, can I go back to my point? I think one terribly——

Mr GILMAN Would you put the mike closer

Mr SEWELL One terribly important objective of U S. policy should be to build regional capacity to deal with these issues. Otherwise, we are going to get called upon to deal with it, and we are a generous country that responds very well So a Latin America capacity response to Haiti would be useful I know the Organization of African Unity is developing its own conflict resolution unit to deal with conflicts between states within Africa, and we ought to encourage those efforts as much as we can because it will take some of the burden off of us

EVALUATION OF THE IMPACT OF U S ASSISTANCE

Chairman HAMILTON Let's go to this evaluation category Now you have hit upon that, obviously, a lot I think all of us have a great interest in this question of how you evaluate the programs. And you have touched on it, I guess, rather frequently during your testimony today thus far, but do you have additional thoughts on how we improve the capability of evaluating these programs? Should we—let's say you are sitting here in the Congress Should we just say to these agencies, OK, what are your targets on food production? What are your targets on health care, mortality rate, or some other measurement? What are your targets with regard to illiteracy? And then back off for a year or two and see how they do? I mean, is that the way we ought to approach it with them?

Mr SEWELL I would argue strongly that is the right approach overall But you need, then, to build in a system that enables you to deal with the reporting on those requirements over the right timeframe I think one has to be somewhat modest in this regard because if one, for instance, set out to cut infant mortality in India, it is far beyond the capacity of the United States to think about doing that bilaterally, but any restructured, reformed AID should be able to tell you how it plans to use its resources in terms of reaching any of those social goals in any given country Some of them are quite easy to identify We have gone past immunization rates. As Julia has said, most kids are immunized around the world

Chairman HAMILTON Obviously the targets I put out there are very broad and sweeping but it is important, is it not, that they operate in each country with an idea of what they can hit?

Mr. SEWELL. Exactly.

Chairman HAMILTON Each year

Mr. SEWELL. Exactly. I would say over several years.

Chairman HAMILTON Sure But you have got to have interim targets along the way, don't you?

Mr SEWELL They should be asked to do that.

Ms TAFT I would just add one thing about this. It shouldn't be our targets, it should be their targets And until we get the idea that development has to come from within the country that is being assisted and by the people who are really going to be the ones participating in that, then we have got it all wrong

If we decide we are going to get people immunized, that is wrong. If they decide they are going to do it, then we can help them They have to show what contribution they are making

The one way we might want to look at this is, let's take the World Summit on Children which was held 2 years ago Every country came forward with what its goal was going to be for children and part of that was on immunization goals Statements were presented by all countries, even some rather repressive governments came out and said some great things about children This then can be a lever to ask the country how we can help the country immunize these kids and establish a participatory program And I think we ought to be looking for targets of opportunity like that where the countries are willing to put their leadership, their commitment, and their resources on the line Otherwise anything that we do will be our program and not their program

Mr CONAHAN Mr Chairman, I would like to just follow through on that I think that indeed it has to be their program and our program I think we have to mutually agree with the recipient that this is indeed our goals or these are indeed our goals But I think at that point we have to sit back and say, what are the measurable factors that will tell us when we have achieved that goal, and for the most part we should be able to develop those measurements up front If we don't have those measurements up front, it seems to me that we don't have a very good idea as to what we want to accomplish.

Having established those measurements up front, then we periodically, to use your word, target, when we will look at how well we are doing along this line And I think that that is a prescription for good evaluation and it gives the implementers the wherewithal and the basis for making whatever adjustments are necessary as we go down the line

Mr GILMAN Who should the evaluators be?

Mr. CONAHAN The project managers themselves, however that is set up.

Mr SEWELL But this has broader ramifications Let's take a target like female literacy, which is very important across a range of development issues In some countries it is high and in others extraordinarily low, but it is quite measurable by standard terms

But there are going to be countries that are very interested in educating their female populations, while many countries aren't and, therefore, part of the original choice is what countries do you work in if you believe, as I firmly do, that female literacy is terribly important to population growth, food production, participation, and a whole range of issues as well as intrinsically in and of itself. So

then you choose to work in countries where these goals are in some sense or another doable and you know that the government and the society are committed to them

You wouldn't, for instance, want to be evaluated on population goals in a country that had no interest in family planning services, for instance

Mr GILMAN Are you saying it is the project, the regional director that should be evaluating? Shouldn't it be some independent mechanism that does the evaluation? I would think if I were a regional director I would want to put my best foot forward and say I have done a great job

Mr CONAHAN I think you need both I think that the manager of the project has to continually monitor how well he or she is doing in managing that progress and from time to time you have an outside independent evaluation as well

Mr GILMAN Who should do that outside independent evaluation?

Mr CONAHAN That is a very good question That is an excellent question. Since we are talking about the foreign assistance program, we have to decide whether we want the Inspector General of the AID agency to do program evaluation or whether we want him to concentrate primarily on financial and administrative matters If we had an evaluation unit up and running and functioning well in AID, I would say that most of this evaluation could be done by the evaluation unit

In the absence of that, there will continue to be pressures for the AID Inspector General to do program evaluation and there will be increased pressure from my own organization to do it

I think quite apart from answering the question as between the AID IG and the program evaluation, for sometime to come there will be pressure for my organization to do it on behalf of the Congress.

Ms. TAFT I think there is a mix of options you can have, and it is not just within AID There are a lot of outside technical experts who should be brought in from time to time as resources. Foundation personnel, staff from Congress and NGO's, are all part of a mix that can be brought to bear so that AID doesn't have the mess you mentioned of having the regional director trying to save his job.

Mr. GILMAN Has AID been doing a good job on evaluation?

Ms TAFT I hope so I don't know The CDIE has just come forward with this new concept of looking at what PVO's do well, what contractors do well, and what universities do well We are very interested in this process because it will tell us a lot about the quality of their evaluations

We will be working with them on this, and I will be able to answer that in about 6 months much better than I can now.

Mr CONAHAN Mr Gilman, I am perhaps a little closer to that than others here My answer is that program evaluation in AID has historically been weak They have not done a good job on it. They have not seen it as a high priority We have tried to continue pressure for them to improve the evaluation They simply were not behind it.

Chairman HAMILTON They are not getting any better?

Mr CONAHAN It goes up and down and at the moment No, I will not give them very high marks at the moment

What is interesting, Ms Taft talks here about seeing some of it as being fairly good One of the reasons for that is because in the disaster relief area, AID itself, working through your organizations, has done a pretty good job, and the evaluation there is, number one, reflective of that, and, number two, people feel good about a good report card, and you see that The last time we did disaster relief efforts, we gave a pretty good report card on it

When you get to some of the other areas where it is more difficult to do, you find that the evaluation is not as one would want it to be and as you would expect it to be

Chairman HAMILTON OK I think we have had a good discussion this afternoon I will give you an opportunity to say anything you want for the good of the order here, if you would like We have had you here for 3 hours and that is a long session

Ms TAFT It is helpful to hear the kinds of questions and concerns that come from this committee I hope that this process is not going to end now We will be thinking of some other ways to help

Chairman HAMILTON I don't think it will We will pursue some of the thoughts you have given us, and we thank you for your contributions and the committee stands adjourned

Ms TAFT Thank you

Mr. SEWELL Thank you.

[Whereupon, at 4 55 p m , the committee was adjourned.]

APPENDIX

OPENING STATEMENT OF TOBY ROTH A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

First, let me commend the chairman for holding this hearing In the last 40 years, we have spent half a trillion dollars in foreign aid Much of that was dictated by the cold war

- Blocking the spread of communism,
- Propping up weak allies against their enemies, and
- Buying support among the nonaligned nations

But the cold war is over, and all those justifications no longer apply We also know that AID is a poorly run agency We had the Ferris Commission report last year We have had piles of GAO audits We have stacks of inspector general reports And we even have the Clinton administration saying they want reform. But day in and day out, year in and year out, the taxpayers money keeps flowing out AID's doors And if you set aside the cold war rationale, it is very hard to find where our assistance makes much difference, other than lining the pockets of corrupt foreign officials and greedy contractors, and keeping the AID bureaucrats employed

The American people may not know all the ins and outs of these programs, but they do have a clear sense that foreign aid does little or nothing for our country And with our Government borrowing $1 out of every $3 it spends, the American people want foreign aid cut back The American people deverse a top to bottom review of foreign aid, program by program, country by country

This committee should ask (1) How do these programs fit with our interests, and, (2) What, specifically are the results The kee jerk response is "this is just isolationism" Instead, it is a call for common sense, clear thinking, and a respect for what the American people want So I trust that with this hearing, we are embarking on a complete review of foreign aid And if it is, I congratulate the chairman and will work with him

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United States General Accounting Office

GAO

Testimony

Before the Committee on Foreign Affairs, United States H
of Representatives

Fo Release
On Delivery
Expected at
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FOREIGN ASSISTANCE

Reforming the Economic Ai Program

Statement of Frank C Conahan, Assistant Comptroller Ge
National Security and International Affairs Division

GAO/T-NSIAD 93 20

Mr Chairman and Members of the Committee·

I am pleased to be here to participate in this discussion of how the U S. foreign assistance program should be reformed to meet the challenges of the post-Cold War era It is very encouraging that this debate is occurring at this time, for the challenges facing the new Administrator of the Agency for International Development (AID) as he attempts to "reinvent and reinvigorate" the agency are indeed formidable

RESULTS IN BRIEF

In commenting on our general management study, Administrator Atwood stated his resolve to completely examine and reform AID's management practices, organization, and structure with a focus on improving accountability and results He has proposed that the agency be designated a "reinvention lab" as part of the National Performance Review led by the Vice President. We commend him for this and encourage his efforts He has indicated to us that he is keenly aware that other administrators have also come to the job with good intentions of reform and management improvement programs, but have left office having achieved only limited success. Changing AID's organizational culture--a culture that has resisted change--will mean the underlying assumptions, beliefs, values, and attitudes shared among AID's staff will all need to be questioned and reevaluated

My discussion today will be based largely on our general management study of AID that looked at AID's management capability and overall

effectiveness [1] The bottom-line conclusion of our work was that AID had entered the 1990s unprepared to meet the management challenges facing it, a conclusion that numerous other studies and informed observers of AID had also reached. In our report, we described numerous long-standing management problems that prevented AID from effectively implementing the foreign aid program. We documented evidence that AID's organization had become so diffused that it often appears to operate as a loose affiliation of independent mini-agencies, each with its own agenda, procedures, and management systems. We further reported that AID

-- lacked a clearly articulated strategic direction shared by key external and internal groups,

-- had historically been without the central leadership needed to establish agencywide goals and priorities;

-- was losing its traditional role as the leading development assistance agency,

-- did not have agencywide management controls and evaluation systems to hold officials accountable for implementing programs in accordance with AID policy or for achieving specific results, and

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[1] Foreign Assistance AID Strategic Direction and Continued Management Improvements Needed (GAO/NSIAD-93-106, June 11, 1993).

-- had not done enough to ensure that its employees have the skills necessary to meet new management and administrative responsibilities and are appropriately allocated within the agency.

REASSESSING THE OBJECTIVES OF FOREIGN ECONOMIC ASSISTANCE

One of the most important challenges facing the U.S. government is the advancement of a coherent foreign aid policy that redefines our national interests, balances objectives with available resources and capabilities, and establishes clear organizational accountability Over the 30 years since its enactment, the Foreign Assistance Act of 1961 has been frequently amended, often to add new objectives or to refocus old ones; however, neither the foreign assistance goals and objectives nor the approaches used for providing this assistance have been fully reexamined. As you well know, the Hamilton-Gilman Task Force, established by this Committee, reported in 1989 that AID was an overburdened agency hamstrung by too many objectives, coupled with declining resources With the breakup of the Warsaw Pact and the Soviet Union and increasing demands for assistance, the problem of too few resources being allocated toward too many objectives and among too many countries--108 at last count--is even more critical in 1993.

To successfully meet this challenge, the Congress and the administration must become engaged at the very top levels to reach agreement on the policy goals of U S assistance While policy

differences are inherent in the federal system of checks and balances, the deep mistrust that developed between the two branches of government with regards to foreign aid programs has been counterproductive It led the Congress to play a significant role in programming decisions and take an active role in AID's activities to ensure that its intentions were met. Executive branch officials, however, countered that this extensive congressional involvement added to the diffusion of foreign aid activities and hampered AID's ability to effectively manage them

The end of the Cold War provides the new administration and the Congress with a unique opportunity to "reinvent foreign assistance." One model for this task may be the Development Fund for Africa, which offers an example of the budget and programming flexibility that can result from a convergence of congressional and executive branch views on assistance objectives [2] While not the total solution to the multiplicity of management problems within the agency, the replacement of rigid sector-by-sector budget allocations for three broad spending targets improved project planning and implementation According to field officials, the fund has given them increased latitude to analyze a country's problems and devise an appropriate development strategy that considers the host government's policies, other donor activities,

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[2] Foreign Assistance: Progress in Implementing the Development Fund for Africa (GAO/NSIAD-91-127, Apr. 16, 1991).

and AID's track record in specific types of activities and projects.

The New Administration's Policy Direction

As I indicated earlier, the proliferation of foreign aid objectives that the agency is supposed to accomplish has seriously diluted its ability to satisfactorily accomplish any of them. We hope that the statements of the Deputy Secretary of State and the AID Administrator articulating only a limited number of objectives prove to be a reversal, and not a continuation, of this trend. If there is indeed to be a reversal, it will not happen without vigilance by AID management and cooperation from the Congress.

We would note that the Deputy Secretary's definition of AID's policy rationale--promoting sustainable economic development, supporting democratic values and institutions, assisting developing nations in transitioning to a market economy, building human capital in developing countries, and expanding U.S. participation in the international economy--does not by itself focus or prioritize AID's objectives. In addition, the new Administrator has stated that AID is preparing strategic approaches and clear goals in four areas that may or may not correspond to the Deputy Secretary's--the environment, population and health, economic growth, and democracy. The Administrator also is championing a new role for AID He has defined political and ethnic conflict as a

development problem to be addressed by a rapid response system for conflict resolution under AID's direction.

The appropriate mix of funds to be allocated to bilateral versus multilateral programs and the executive branch's management of multilateral programs should be part of the current policy debate. Although the United States exercises greater influence over its bilateral programs, the economic programs of multilateral donors may be more appropriate. It would appear that any effort to improve the performance of the U.S. assistance program--such as developing a rapid response system--needs to weigh the advantages and disadvantages of each type of assistance and location for the management of multilateral assistance

Providing Leadership Within the Federal Government

Various studies and task forces, beginning with the Hamilton-Gilman Task Force, have discussed options for the organizational location of foreign assistance activities In April 1992, the President's Commission on the Management of AID Programs concluded that AID's organizational location within the executive branch--as a semiautonomous agency under the general policy direction of the State Department--did not equip it to respond with the effectiveness and flexibility required by the rapidly changing world of the 1990s The Commission argued that AID had difficulty attracting effective leaders because it lacked prestige and that the agency was less able to resist the imposition of new priorities

and programs because it spoke with less than Cabinet-level influence. Concluding that the rationale for foreign assistance was to support U.S foreign policy objectives, the Commission recommended that AID be fully merged into the State Department.

The State Department's Interagency Task Force to Reform AID has since concluded that AID, as an agency, remains viable and that its problems stem less from its organizational location than from an unfocused mandate, overregulation, and poor management. We generally agree with this conclusion, recent studies, however, indicate that AID does not currently have the institutional capacity to provide an executive-level leadership role for foreign assistance Our general management study noted that AID's traditional role as the lead agency for administering economic assistance has been eroded and that other agencies have begun to take the lead in implementing new programs For example, the State Department took the lead in managing assistance to Central and Eastern Europe, and more than 15 U.S government agencies and other entities were involved. AID's role, however, was unclear State Department officials observed that some U S agencies were using their assistance programs as an opportunity to establish an overseas presence. A similar number of U.S. agencies are involved in providing assistance to the republics of the former Soviet Union, AID's role has not been clearly defined, particularly in the

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[1] Report to the President--An Action Plan, the President's Commission on the Management of AID Programs (Apr 16, 1992).

area of macroeconomic reforms In Latin America, the Department of the Treasury took the lead in implementing the Enterprise for the Americas Initiative, and AID found itself taking a secondary and poorly defined role

The dispersion of development operations among various agencies and other outside parties may simply be the wave of the future. For example, the fusion of domestic and international concerns into transnational issues may make the scope and complexity of assistance beyond the capability of any one agency to administer. We found general acceptance of this view among other bilateral donors. Some other donors' primary aid agencies are moving to a brokerage management model in which the development agencies purchase design and implementation services from the "open market," including for-profit firms, nongovernmental organizations, universities, and other government agencies. The Japanese have turned over almost all of their development program in Africa to international organizations and another government's agency--the British Crown Agents--for implementation presumably because this continent is not of strategic interest to them. In other cases, donors have responded to new demands by creating institutions with clearly distinct mandates and organizational cultures.

Regardless of which organizational approach is finally selected, we believe that it is important to translate congressional and administration directives into a coherent and integrated assistance

policy for the entire executive branch. For decades, interagency coordination of foreign assistance at the senior level has been lacking or weak. President Carter's 1979 list of development problems are still pertinent today

-- the United States lacks a comprehensive and coherent strategy for development assistance;

-- no agency or official in the executive branch is ensuring that the various U.S programs affecting development are consistent with each other or with multilateral organizations; and

-- development concerns are accorded insufficient weight in executive branch decision-making.

AID MANAGEMENT

External and internal reports have repeatedly noted persistent problems in AID's management of its decentralized organizational structure and human resources. AID often has also not provided policy leadership within the agency or among key external groups. In striving to change this situation, we would urge the Administrator to apply lessons that can be learned from his predecessor's less-than-successful effort to provide an agencywide policy direction. We found that overseas missions were highly critical of the prior Administrator's directives, and they simply

repackaged their portfolio around them to protect funding levels. For example:

-- The Barbados office placed its drug awareness work under the democracy initiative, asserting that drugs undermine democratic institutions.

-- The Ecuador mission previously called the purchase of textbooks an education and training sector project but now calls it a response to the democracy initiative, saying that informed people are more likely to support democracy.

In a 1992 report, we recommended that the AID Administrator establish a strategic management process. Such a process would help the agency articulate a clear strategic direction shared by key internal and external groups. Establishing a strategic management process would include, among other things, ensuring that the systems for making management decisions on programs, budgets, operations, and personnel levels are integrated and include accountability and monitoring.[4] The Administrator has indicated that he intends to build upon the previous Administrator's efforts at strategic planning to develop a consensus on the goals of AID's foreign assistance program. As we noted in our report, without a clear vision of what AID should be doing and why, AID's efforts to

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[4]AID Management Strategic Management Can Help AID Face Current and Future Challenges (GAO/NSIAD-92-100, Mar. 6, 1992).

reorganize, focus its program, plan for future work force needs, and measure program performance may not be complementary.

Weak Corporate Control Over Agency's Operations

AID's overseas structure has remained essentially unchanged for more than 30 years. AID maintains that its field presence is necessary due to (1) the need for policy dialogue to encourage recipient economic policy reform, (2) the political advantages of having an in-country presence, and (3) planning and design needs for assistance projects. While a continued field presence may provide many advantages, AID's decentralized operations increase programming complexity and increased administrative and program costs Moreover, AID management has maintained weak corporate control over its field offices and lacks the necessary management systems to ensure that its decentralized operations are accountable to policy positions taken at the corporate level.

A key factor limiting effective corporate control is the lack of standardized management systems. The Administrator has noted that systems do not exist to facilitate comprehensive management from the top. In other words, AID does not currently have the tools it needs to hold bureau and mission personnel accountable for properly implementing programs and achieving results.

In a 1993 report, we discussed the lack of agencywide evaluation, financial, and management information systems to ensure the

Administrator could adequately oversee decentralized field offices and hold them accountable for implementing agencywide policy [5] We found, for example, that AID's current evaluation systems do not yet (1) define agencywide goals, (2) determine measurable factors needed to meet these goals, and (3) set targets against which progress toward agency goals can be monitored and assessed. The evaluation systems do not emphasize results as much as project design and the timely obligation of funds.

According to AID, the PRISM system--a new program performance monitoring, reporting, and management information system--will help meet its need for standardized management systems. However, full implementation of this system is still at least a year away. Furthermore, the system may be designed to meet too many reporting needs. Reflecting AID's customary decentralization, missions will develop their own country-level goals and have the flexibility to revise them over time While this may be a valid mission management system, PRISM will not enable comparisons to be made between missions and over time.

AID has also been informed by a prominent budget expert that it must change its culture before it can effectively design and implement a performance-based budgeting system--a key

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[5] Foreign Assistance AID Strategic Direction and Continued Management Improvements Needed (GAO/NSIAD-93-106, June 11, 1993)

characteristic of "reinvented" agencies.[6] He concluded that AID's culture gives central officials an inordinate involvement in the details of operations, while curbing their capacity to provide policy leadership This relationship does not foster accountability for results at the top or sensitivity to centrally established objectives at the bottom

AID has also experienced serious accounting system and financial reporting problems that preclude it from (1) matching disbursements with outstanding obligations or producing auditable financial statements, (2) ensuring that it has received property it has paid for and reliably reporting on its distribution, and (3) promptly and accurately providing information on the costs of program operations.[7] These problems occurred because AID's managers had not enforced established accounting and financial reporting procedures, however, we are encouraged by the recent actions AID has taken to correct these problems

In late 1992, we reported that AID had taken steps to improve its strategic information resource management program.[8] AID is just beginning to shift its focus from obtaining information technology,

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[6] A Performance-Based Budgeting System for the Agency for International Development, Dr Allen Schick (AID, June 1993).

[7] Financial Management Inadequate Accounting and System Project Controls at AID (GAO/AFMD-93-19, May 24, 1993).

[8] Information Resources Management AID Falls Short in Key Elements of a Quality IRM Program (GAO/IMTEC-92-64, Sept 29, 1992)

with little control or standardization of data or systems agencywide, to managing information as a corporate resource Until this shift is complete, there remains no assurance that information technology acquisitions are based on identified information requirements, or that problems with inefficient and unintegrated systems will not persist.

Our work over the past several years provides specific instances where AID's failure to (1) develop agencywide information and management systems, (2) provide missions with meaningful guidance and (3) ensure compliance with directives and management procedures has led to operational inefficiencies. For example:

-- In on-going work, we note that no unit is responsible for ensuring that policies for including women in development activities are carried out. Furthermore, accountability for program design and results are hampered by AID's failure to routinely collect gender-disaggregated data and develop useful program indicators.

-- In a 1993 report, we noted that U.S.-generated local currency funds in Kenya were vulnerable to mismanagement or diversion because AID had not ensured that its mission was consistently

monitoring and documenting the programming, withdrawal, expenditure, and end use of these funds.[9]

-- In October 1992, we reported that although AID's Office of U.S. Foreign Disaster Assistance has been generally responsive to disasters, operational differences between the office and AID's regional bureaus, an outdated policy on responding to long-term disasters, and the lack of linkage between disaster relief and development activities impeded integration of these activities.[10] The lack of clear policy on long-term disaster assistance and changing AID roles in Africa have caused friction and disagreement between the Office of U.S. Disaster Assistance and the Africa Bureau and reduced the likelihood that disaster responses would be fully integrated with development programs

Human Resource Management

According to AID officials, the steady reductions of its U.S. direct-hire work force, coupled with the rapid expansion of accountability requirements, have hampered AID's administration of the foreign assistance program Another widely held organizational belief is that agency inefficiency and ineffectiveness results from "irrelevant and burdensome regulations " While the reasonableness of many accountability requirements can be questioned, our work

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[9] AID to Kenya Accountability for Economic and Military Assistance Can Be Improved (GAO/NSIAD-93-57, Jan 25, 1993).

[10] Foreign Disaster Assistance AID Has Been Responsive, but Improvements Can Be Made (GAO/NSIAD-93-21, Oct. 26, 1992).

demonstrates that operational weaknesses may arise less from the regulatory environment than from AID's ineffective human resource management.

Over the last 3 decades, AID's programs have evolved substantially, from an early emphasis on financing capital projects in the 1960s, to basic human needs in the 1970s, to greater emphasis on private sector development in the 1980s. At the same time, AID's direct-hire staff declined from over 10,000 in the 1960s, to about 3,000 today These changes, taken together, mean that AID can no longer be the hands-on implementor it once was, and instead it must supervise the work of others to carry out its programs However, AID has not restructured its work force to reflect this change, and as a result, its staff often lack the skills needed to perform their jobs While AID officials assert that they do not have a sufficient number of U.S. foreign service staff and cite the shortage as a major source of accountability problems, AID has historically lacked work force planning and management systems that would help match skills of employees with mission staffing needs and ensure that the agency is making the best use of the staff it has. Further, although direct-hire staff reductions may have increased accountability problems, AID has not assessed where it is under- or over-staffed or made the best use of the staff it has through effective recruitment and training.

Recent studies indicate the importance of determining the extent regulations or poor human resource management causes management weaknesses In 1990, for example, we tested AID's claim that the federal acquisition requirement for full and open competition was a major factor in delaying overseas project implementation.[11] In examining a sample of the longest outstanding contracting actions, however, we found that the delays occurred because of management and administrative factors, such as insufficient procurement-related training and poor procurement planning.[12] AID procurement studies also identified staff inexperience, lack of training, and unavailability of needed specialists, not procurement regulations, as the major cause of project implementation delays.

CONCLUSION

The Department of State and AID should be commended for their ongoing examination of foreign aid objectives and organization and for their extensive collaboration with Congress, other federal departments and agencies, and external stakeholders. The AID Administrator, in testimony before the Congress, has articulated many of the same issues that we feel must be resolved before AID can effectively manage the foreign aid program.

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[11] Foreign Assistance AID Can Improve Its Management of Overseas Contracting (GAO/NSIAD-91-31, Oct 5, 1990).

[12]

-- First, the expansion of program goals and priorities has spread AID's resources too thinly and diffused its impact in developing countries. We agree with the Administrator that AID must make a tough commitment to do only what it can do effectively--and that means cutting back on the number of development activities administered by AID and the number of nations in which it operates.

-- Secondly, AID, in the past, has shown little leadership in attempting to resolve these problems among its internal and external stakeholders AID must proactively manage the foreign assistance policy debate if it is to retain the role of the primary development agency for the United States.

As noted by the Administrator, AID must also accept responsibility for program inefficiencies that result from pervasive and persistent internal management problems Corporate oversight at the Administrator's level must be established to ensure the success of the "reinvention and reinvigoration" experiment. We believe this will require the Administrator to instill agency discipline through a strategic management process that encompasses all activities of the agency. As part of this process, AID should develop central controls, such as performance measurement, evaluation, accounting, financial management, and information resources management systems.

The Administrator should further assess whether efforts undertaken by the prior Administrator can be built upon to resolve AID's long-standing management problems. These efforts included a management improvement plan that focused on achieving results by emphasizing comprehensive improvements in project, grant, program management, and implementation--as well as related improvements in management control systems, contracting, and audits We caution, however, that any management improvements need to be accompanied by achievement of greater consensus on the future of the foreign aid program The full effectiveness of foreign assistance is dependent upon both.

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STATEMENT OF JULIA V. TAFT, PRESIDENT & CEO
INTERACTION
before the
COMMITTEE ON FOREIGN AFFAIRS
HOUSE OF REPRESENTATIVES
July 26, 1993

Mr Chairman, Members of the Committee thank you for this opportunity As President & CEO of InterAction I represent an association of 152 U S -based private humanitarian organizations working in 180 countries The central focus of our members' work is to alleviate human suffering and to promote local participation in designing and managing programs to promote sustainable development at the grassroots level in local communities

Our agencies handle over $600 million of government funding (about half of which is in the form of commodities) However, most of our resources come from the American people Private donations of more than 1 5 billion dollars annually is testimony to the fact that our humanitarian work is enthusiastically supported by U S citizens InterAction represents the diversity of the American people and their commitment to working hand-in-hand with people throughout the world.

InterAction members are involved in disaster relief refugee protection, assistance and resettlement, long-term sustainable development, development education, public policy, and advocacy Some organizations concentrate on agricultural outreach programs others on rural development, health care reform or environmental advocacy There are organizations with vast experience in delivering relief supplies and promoting development through the use of U S PL 480 food resources

We are Private Voluntary Organizations (PVOs) We work with local non-governmental organizations (NGOs) in developing countries to provide a sustainable means for long-term development

I would like to make some specific points about the state of foreign aid reform and the Agency for International Development.

1) For a long series of reasons well understood by this committee, trust between the legislative branch and AID broke down long ago Trust between the PVO community and AID also broke down to a remarkable degree The new Administrator of AID, Brian Atwood, and his new team, have taken a series of steps that have begun to restore the trust that is essential to a successful working relationship between PVOs and AID They are working to build a true partnership with us The importance of this cannot be overstated We believe it essential that a new partnership exist between the Congress and AID Trust is required to successfully implement the recommendations of the Hamilton Gilman Report and Deputy Secretary Wharton to reduce earmarks and simplify notification requirements

2) The conceptual basis for a new partnership is now nearly in place Deputy Secretary Wharton s definition of sustainable development corrected for its one glaring deficiency, which I'll mention next is a sound basis for the future work of AID We agree that a central part of AID s new mandate should be participatory programs leading to sustainable development and that sustainable development requires a long term participatory process to promote economic growth and eliminate hunger poverty, illness and ignorance, while protecting the natural resource base

3) The glaring deficiency in the vision of the Deputy Secretary is its lack of focus on the central role of women We strongly believe that AID activities must be centered around the economic and social empowerment of women PVO s working with grassroots organizations that involve women in the design and implementation of programs must be a key part of this effort

4) AID Administrator Atwood speaks frequently about the need to reduce the number of countries in which AID is active. He has also suggested that one way to accomplish this could be replacing the AID presence with that of PVOs. We are ready to explore this option with the Administration. However, we cannot represent the US Government in such situations. If AID plans to eliminate its presence in some countries, there may be opportunities for PVOs to assume broader management roles in designing and implementing development programs within those countries.

5) Management streamlining is critical to the success of these activities. Despite the best intentions of Congress, the PVOs, and those inside AID, bureaucratic tangles have delayed or even defeated many a PVO program. For example, the recent history of microenterprise credit promotion, which is designed to provide small loans to poor people who have no other access to credit, demonstrates how AID's own policies and bureaucratic problems have sometimes interfered with the original intent of its programs. AID's own microenterprise program has been criticized for its slow progress in reaching poor people. In 1991, AID's own worldwide program made 67,000 loans and mobilized $1,307,127 in savings. By comparison, a program implemented by an InterAction member, the Foundation for International Community Assistance (FINCA), in one country alone generated 63,000 loans and mobilized $1,228,361 in savings after only 19 months of operations. Yet, despite PVO success in reaching target populations, we have had difficulty accessing AID funds. Twenty three PVOs that implement microenterprise programming have made a proposal to the Administration and Congress for a centrally managed AID fund for microenterprise. InterAction would like to work with your Committee and the Administration to address other problems in the AID/PVO relationship as they arise.

In closing, I would like to offer a few regional suggestions.

- A model for AID's new approach for getting to the grassroots is the Development Fund for Africa (DFA). If implemented according to the letter and spirit of the law, the DFA could represent a dynamic aid program that involves the poor themselves in the design and implementation of development programs in sub-Saharan Africa. The DFA requires AID to consult and participate with local NGO's, women's groups, peasant associations, and other grassroots groups in the initial stages of program design so as to develop programs which are most responsive to the needs of the poor. Unfortunately, AID has failed to meet the requirements of the DFA statute. InterAction has monitored AID's performance and we stand ready to assist the Agency in improving its record.

- You have suggested, Chairman Hamilton, that the State Department should not be involved in "day-to-day implementation decisions of an assistance program," including programs in Eastern Europe and the states of the former Soviet Union. We are extremely supportive of this suggestion, and are working with AID and State Department officials to try to ensure that adequate attention is paid to broad-based civil society promotion. This, we believe, will be important to the success of our efforts in Russia and other neighboring states. Good relations at the top are important, but insufficient. Some of the wisdom regarding participation that is contained in Deputy Secretary Wharton's statements should be rapidly applied to the design of our activities in the former Soviet Union, and, of course, in all AID-assisted countries.

Mr. Chairman, we recognize that development is a long-term process. We believe that the new AID will earn the support from you that is required to achieve sustainable results. As part of this, we look forward to working in partnership with you and the Administration so that AID becomes an effective leader once again in promoting sustainable societies.

Thank you very much. I will be very happy to try to respond to your questions.

InterAction.

American Council for Voluntary International Action

InterAction. The American Council for Voluntary International Action is the leading coalition of U.S. private and voluntary organizations. Its diverse group of member agencies work on a broad range of international humanitarian issues: long-term development; disaster relief; refugee protection, assistance and resettlement; public policy; and building a constituency for development assistance through education of the American public. The constituencies of InterAction members comprise several million Americans who together channel over $2 billion annually in private contributions to developing countries.

InterAction members are a powerful voice in support of humanitarian assistance, Third World development, and refugee resettlement and protection. The coalition has developed significant influence with the media and the U.S. government. InterAction has been particularly effective in ensuring support for U.S. foreign assistance and has been an outspoken advocate for global environmental issues.

InterAction Member Agencies

Action International
Adventist Development & Relief Agency International
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Airlift
Aga Khan Foundation
AICF/USA (Int'l Action Against Hunger)
Aid to Artisans
Air Serv International
The Alan Guttmacher Institute
America's Development Foundation
American Council For Voluntaries Service
American Friends Service Committee
American Jewish Joint Distribution Committee
American Jewish World Service
American Near East Refugee Aid
American ORT Federation
American Red Cross, International Services
American Refugee Committee
AmeriCare Foundation
Amigos de las Americas
Anglican Mission Universal Relief Team (AMURT)
Appropriate Technology Int'l
American Assembly of America
Baptist World Alliance
Bread for the World
Brother's Brother Foundation
CARE
Center for International Development & Environment World Resources Institute
Center for International Health and Cooperation
Center of Concern
Center to Prevent Childhood Malnutrition (VILTRUTRE)
Centre for Development & Population Activities
Childhope Foundation
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Christian Outreach Appeal
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The Citizens Network for Foreign Affairs
COOTEL, Inc.
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Croatian Democracy Project
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Delta International
Direct Relief International
Doctors of the World
The End Hunger Network
Everest Associates, Inc.
The Episcopal Church of the USA, The Presiding Bishop's Fund for World Relief
Episcopal Migration Ministries
Eritrean Relief Committee
Ethiopian Community Development Council
Feed For All
Food for the Hungry
Foundation for International Community Assistance
Foundation for the Peoples of the South Pacific
Freedom From Hunger Fndn
Friends of Liberia
Fund for Democracy and Development
Goodwill Industries of America
Greenpeace International
Hebrew Immigrant Aid Society
Heifer Project International
Helen Keller International
The Hunger Project
Indochina Resource Action Center (IRAC)
Institute for Development Research
Institute of Cultural Affairs
Interchurch Medical Assistance
International Aid
International Catholic Migration Commission
International Child Health Foundation
International Center For Research on Women
International Eye Foundation
International Institute for
International Institute of Rural Reconstruction
International Medical Corps
International Medical Services for Health (INMED)
International Orthodox Christian Charities (IOCC)
International Reading Association
International Rescue Cmte
International Voluntary Services
Islamic African Relief Agency
Jesuit Refugee Service
The Kellogg Foundation
Laubach Literacy International
Lutheran Immigration & Refugee Service
Lutheran World Relief
MAP International
March of Dimes Birth Defects Foundation
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Medical Care Development
Mercy Corps International
MiniMed Institute
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The Sierra Club
Surgical Aid to Children of the World (SACOW)
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Tolsey Foundation
Trade Up Program
U.S. Catholic Conference Office of Migration & Refugee Services
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