

## Advisory Committee On Voluntary Foreign Aid

### EXECUTIVE SUMMARY

**Quarterly Meeting  
December 12 and 13, 1991  
Washington, D.C.**

**"Effective Development Strategies for the 1990's and Beyond"**

#### Introduction

The Advisory Committee on Voluntary Foreign Aid (ACVFA) met on December 12 and 13 in Washington, D.C. This was the first in a series of five meetings devoted to the theme **"Defining the Partnership: The Policy Implications for Private Volunteerism in America's Foreign Assistance Programs"**. The purpose of this five-meeting series is to develop a better understanding of the role of private volunteerism in a changing world and how the partnership between the Agency for International Development (A.I.D.) and private voluntary organizations (PVOs) can be adjusted and strengthened to maximize its effectiveness.

The nature and content of the A.I.D./PVO partnership will be examined from three alternate perspectives. In the first series of two meetings (December, 1991 and May, 1992) the new development strategies which are likely to emerge from altered global conditions will be examined. The second two-meeting series will deal with the evolving capabilities of the private voluntary sector; while the third will examine the A.I.D./PVO relationship in light of material developed in the previous sessions.

The December meeting looked at overall global trends, and was structured by the planning committee around three themes: Foreign Assistance and American Public Opinion; the Changing Development Strategies of Multilateral Donors; and, How Foreign Assistance Policies and Priorities are Established.

**This summary is divided into four main sections:**

- I. Foreign Assistance and American Public Opinion**
- II. Changing Development Strategies of Multilateral Donors**
- III. Establishing Foreign Assistance Policies and Priorities**
- IV. Implications for Private Voluntary Organizations**

## I. Foreign Assistance and American Public Opinion

The following three central questions were addressed in this session:

1. What do public opinion polls tell us with regard to the changing attitudes and composition of support of Americans toward foreign assistance and U.S. relations with developing nations?
2. What do they tell us with regard to changing support for private volunteerism?
3. How will these changing attitudes influence and shape the content and substance of the foreign assistance program and the role of PVOs?

Key findings from a number of recent polls show a growing insularity and increasing preoccupation with domestic economic issues, a disenchantment with foreign aid, and a belief that aid funds are not wisely spent. At the same time there is a continuing preference for economic assistance rather than security assistance, and solid support for programs of a humanitarian nature.

Against this backdrop of shifting public opinion, a number of fundamental realities emerge:

1. The end of the Cold War has undercut the traditional rationale for programs of foreign aid and has created a vacuum which will necessitate articulation of a new vision and strategy for foreign assistance. With the growing preoccupation of Americans with domestic economic issues, foreign aid is likely to become a political issue in the upcoming election. This could have critical consequences for the content and direction of the program in the future.
2. The definition of a developing country has broadened; the traditional view of the Third World is much more complex and differentiated than before.
3. While there are multiple and diverse constituent groups which have an important stake in foreign aid -- ranging from security assistance to the environmental lobby -- they are not coordinated in a manner which maximizes their overall effectiveness.

**Three general conclusions emerge from this analysis:**

1. Support for traditional forms of foreign aid are eroding. It would be illusory to continue to present foreign assistance to the American public in the traditional manner.
2. The strongest pillar of support for foreign assistance appears to be based on humanitarianism, although it is difficult to take the humanitarian rationale much further than it has already been taken by trying to use it to build a broad base of support for the long-term developmental aspects of the foreign assistance program.
3. The rationale for foreign assistance must deal directly with the concerns implicit in the "America First" syndrome -- the domestic economy, commercial benefits to American business and job creation. The long-term economic benefits to the U.S. economy of a vigorous economic aid program need to be clearly and forcefully articulated.

## **II. The Changing Development Strategies of Multilateral Donors**

The following concerns were addressed in this session:

1. How will the balance of emphasis between bi- and multilateral development assistance shift over time?
2. Toward what types of development strategies will multilateral agencies move? (Is the trend toward the types of problems where PVOs and NGOs have a comparable advantage?)
3. Will multilateral development institutions increase or reduce their reliance on local NGOs, and what will be their role?

In addition to the Committee members, this discussion included Timothy Cullen of the World Bank and John Blackton, Executive Assistant to the Administrator of A.I.D. The following summarizes the **key points which emerged:**

1. The World Bank, while continuing with the strategies it followed in the 1980s, is placing increased emphasis on programs of poverty reduction, environmental issues and natural resource management. In broad terms, this suggests increasing World Bank cooperation with NGOs which work on these issues.

2. Cutting across these programmatic initiatives is greater acceptance of the role of the private sector and greater emphasis on the importance of governance issues by the Bank, the Development Assistance Council (DAC) of the Organization of Economic Cooperation and Development (OECD), the European Community (EC) and the Japanese.

### III. Establishing Foreign Assistance Policies and Priorities

The following concerns were addressed in this session:

1. What are the primary pressures which will shape the content and direction of the U.S. foreign assistance program in the future?
2. How will America's foreign economic assistance program change as a consequence of these pressures and changing priorities?
3. Are there specific implications with respect to the role and function of private voluntary agencies?

Ernest Preeg from the Center for Strategic and International Studies, Robert Bauerlein from the U.S. Department of State, Richard Bissell from A.I.D., and George Ingram from the House Foreign Affairs Committee joined the Advisory Committee in this discussion. The following principal points emerged:

1. Despite the opportunities presented by the crumbling of communism and the positive worldwide trends toward conflict resolution, democratization and open market systems, the United States' ability to respond to these opportunities with financial resources is sharply constrained by the severe budgetary situation. Even if raids on funds for international affairs are deflected, there are new demands which must be accommodated and which will place budgetary pressures on on going activities. Severe budgetary constraints will be a reality for the foreseeable future and will influence both the level and manner of the U.S. response to international developments of all types.
2. The policy making process for foreign assistance will be influenced by four sets of tensions which will determine the shape and direction of foreign aid. They include: 1) balancing new opportunities against ongoing needs; 2) dealing with the pressure to demonstrate short-term results against the reality that development is a long-term process; 3) the tension between domestic imperative and international demands; and, 4) our capacity to find the balance between a focus on

country-based development programs and cross-cutting global issues.

3. The political climate for foreign aid in Congress is difficult to easily categorize or describe. The concern that foreign aid will lose support because of the end of the Cold War is overstated. It doesn't take into consideration the fact that there are many constituent groups which have an interest in seeing it continue.

#### IV. Implications for Private Voluntary Organizations

In reviewing the material which had been presented and discussed, the Committee discovered a number of important implications for PVOs and private volunteerism in general:

1. While foreign aid may be in a state of malaise, those programs which directly affect the PVO community appear to be popular. The trend of organizations such as A.I.D., the World Bank, DAC and the EC toward an increasing reliance on PVOs/NGOs to implement their programs is likely to continue.
2. At the same time, the increasing insularity of American opinion, the growing disenchantment with foreign aid and the erosion of support for the Foreign Aid Bill which was in some degree rooted in a Cold War rationale, all suggest that the basic structure of the aid program is in serious trouble and that a new integrating theme will have to be fashioned to keep it viable.
3. The alteration in the constituent support structure for foreign assistance creates a fluid situation which provides an opportunity for the PVO community to establish new alliances and to influence the thinking of policy and other decision makers. This underscores the importance of fresh, creative and flexible thinking. Therefore, the role of PVO as catalyst, coordinator and facilitator -- rather than as implementor -- is likely to accelerate.
4. The struggle between static or decreasing financial resources and growing need is likely to continue. This suggests increasing tensions between A.I.D. and the PVO community as difficult allocation decisions are made. This in turn suggests the importance of finding mechanisms to ameliorate these tensions and encourage constructive collaboration.

Panel presenters included Ernest Preeg from the Center for Strategic and International Studies, Robert Bauerlein from the U.S. Department of State, Richard Bissell from A.I.D., and George Ingram from the House Foreign Affairs Committee. The following principal points emerged from the presentations and subsequent discussions:

O Despite the opportunities presented by the crumbling of communism and the positive worldwide trends toward conflict resolution, democratization, and a turn toward open market systems, the United States' ability to respond to these opportunities with financial resources is sharply constrained by the severe budgetary situation. Although funds for international affairs are protected under provisions of the Budget Enforcement Act, with the resurgence of isolationism and in the current political atmosphere, efforts to raid the so called 150 activities are inevitable. Even if these are deflected, there are new needs (e.g. Cambodia refugees, Eastern Europe and the former Soviet Union, the environment) that must be accommodated. These and other will place budgetary pressures on on-going activities. Severe budgetary constraints will be a reality for the foreseeable future and will influence both the level and manner of the U.S. response to international developments.

O The policy making process for foreign assistance will be influenced by four sets of tensions. The interplay between these will determine the shape and direction of foreign aid. These will include: balancing new opportunities which arise outside of the regular, systematic programming process -- such as Central Europe -- against ongoing needs identified by established A.I.D. Missions; dealing with the pressure to demonstrate short term results and a "return on investment" against the reality that development and social and economic change is a long term process, not easily reduced to short term payoffs; the tension between domestic imperatives and international demands; and, finally, our capacity to find the right balance between a focus on national, country-based development programs and cross-cutting global issues. Finding these balance points in a rational and systematic fashion is complicated by the multiplication of constituent groups, the abundance of policy makers and the consequent difficulty of finding consensus.

O The political climate for foreign aid on the Hill is difficult to easily categorize or describe. The concern that foreign aid will lose support because of the end of the Cold War is overstated. Foreign aid is a collection of many different programs, each with their own supporters. Some programs may suffer (Philippines, Pakistan) but others are emerging to take their place. While the end of the Cold War may change the overall atmosphere toward foreign aid, individual pieces of the program (e.g. child survival,

microenterprise, PL 480) are likely to remain popular. On the other hand, there is a general malaise toward foreign aid. A concern regarding the absence of an integrating objective, a feeling that funds don't reach intended beneficiaries, and a disenchantment with the U.S. government acting as a check writer (as in the case of cash transfer programs), all suggest that the momentum toward a rewrite and rationalization of the basic foreign aid authorization will continue.

○ The fundamental problem that economic aid faces is that the constituent alliance of conveniences which have supported the program over the years (humanitarian plus security issues) are eroding. An alternative structure may be an alliance between the humanitarian/development group on the one hand and the business and commercial interests on the other. But this demands a shift in program content toward a more explicit focus on commercial objectives, and, in particular, a shift toward capital infrastructure projects and away from cash transfers.

#### **F. Implications for Private Voluntary Organizations**

In reviewing the material that had been presented and discussed, members of the Committee identified a number of important implications for private voluntarism and for PVOs.

○ While foreign aid may be in a state of malaise, those programs which directly affect the PVO community increasingly appear to be reasonably popular. The trend toward increasing reliance on PVOs to implement the Agency's portfolio of humanitarian assistance projects is likely to continue.

○ The inclination of the World Bank to turn toward greater emphasis on poverty alleviation, governance and the private sector is also a positive and encouraging sign which suggests an expanding role in helping indigenous NGOs to develop the institutional capacity to take on these new responsibilities.

○ The explicit DAC and EC policies of relying on NGOs and the programmatic emphasis on open markets, democratic systems and institutional pluralism are similarly encouraging.

○ At the same time, the increasing insularity of American opinion, the growing public disenchantment with foreign aid and the erosion of support for the Foreign Aid Bill that was rooted in some degree in a Cold War rationale all suggest that the basic structure of the aid program is in serious trouble and that a new integrating theme will have to be fashioned to keep it viable. Because PVOs are generally associated with the elements of the foreign assistance program which are popular, the situation which they face seems less dire.

O All indications are that the foreign assistance program will shift toward greater emphasis on achievement of commercial objectives (trade, investment and jobs) and away from short term security interests. By and large, this is a positive trend from the point of view of private volunteerism because many PVOs work directly in this area and because it may be easier to fashion an effective coalition with business interests.

O The alteration in the constituent structure of support for foreign assistance creates a fluid situation which provides an opportunity for the PVO community to establish new alliances and to influence the thinking of policy and decision makers. This underscores the importance of fresh, creative and flexible thinking.

O It is likely that A.I.D. will become increasingly targeted in its work of responding to specific sectoral or geographic problems and opportunities. As the program becomes increasingly differentiated, it will be important to establish mechanisms which bring PVOs into the program and project planning process.

O The struggle between static or decreasing financial resources and growing need is likely to continue. This suggests increasing tensions between the Agency and the PVO community as difficult allocation decisions are made. This in turn suggests the importance of finding mechanisms to ameliorate these tensions and encourage constructive collaboration.

O The role of PVO as catalyst, coordinator, and facilitator, rather than as implementor, is likely to accelerate.

O Finally; because PVOs are so dependent on A.I.D. support, there may be an understandable disinclination to engage in policy debate over sensitive issues such as the relative emphasis on urban industrial priorities versus rural community concerns or poverty alleviation. This points to the importance of designing mechanisms that can facilitate a candid exchange of divergent point of view in an atmosphere which separates these discussions from funding decisions.