USAID FROM THE AMERICAN PEOPLE KNOWLEDGE MANAGEMENT

2008 USAID Summer Seminar Series

July 29: Foreign Assistance Reform: Challenges, Accomplishments and Lessons Learned (Also known as: Experience of Foreign Assistance Reform)
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Panelists: Dirk Dijkerman, Chief Operating Officer, Department of State, Office of the Director of U.S. Foreign Assistance; Paul O'Brien, Director of Aid Effectiveness, OxFam America
Materials: Presentation appended

Seminar Summary

Dirk Dijkerman's presentation
There is a lot of confusion over what the F Bureau is doing and why they are doing. How much money was going to the things we were doing? What are we getting for money we are spending? Are we fragmented? The reform effort was intended to answer these questions. The reform effort is not done.

Core Functions of DFA
The Office of the Director of Foreign Affairs was created by taking a large amount of people from various constituencies, such that, now monetary authority resides with the Director and the Administrator. We control the budget. We function to facilitate coordination and communication. We have the ability to call meetings, get people to the table so we can figure out solutions. We are the ones that propose the options of the Secretary if people cannot come to an agreement. No longer was it a bureau budget submission-it was a regional submission, i.e. having a single proposal and having State and AID work out their differences. This creates a better overall product and ameliorates fragmentation. We've gotten them to ask each other "What are you doing?" We also ensure that there is a level playing field. Strategy and policy refers to the management and use of foreign assistance. It intends to answer the question "How does everyone play?" We want ideas coming in from the bottom but also, we want rightful feedback from top leadership. We try to make the rules of the game more clear. In the F process, AID presented to the Secretary for an hour and a half meeting to discuss the entire program. We now sit in front of the Secretary for every regional meeting and all the functional meetings.

Before Reform
We provide management functions to know what's in the budget, evaluate, and analyze. Before the F process, it was impossible to go to the Congressional Budget Office of Justification to determine how much the Agency was going to spend on a sector. Therefore, there was no way to do evaluation or hold people accountable. Basic management principles for foreign assistance were simply not in place.

Accomplishments, Improving, Refining and Streamlining
F has started to focus on having a more effective prioritization of resources to foreign policy objectives. A framework-not a strategy-can be used in anyway. Frameworks establish organization to what we are trying to accomplish. We started creating our objectives based on what is being done in MCC in terms of Investing in People, looking at Democracy, Humanitarian Assistance, Economic Growth & Development, and we've added Security because a lot of the State Department's resources go to the that end. We took advantage of USAID's White Paper and created country categories to emphasize that we truly operate in different settings. Consequently, we had teams flesh out what are doing in those areas.

The country, the Secretary of State averred, is the unit of analysis we ought to start from for country-based programming so that countries can respond to the needs of their citizenry more effectively, allow for more citizen participation, and cooperate better with the international community. Part of improving transparency and coordination is examining the program structure. What do we believe we are doing with the money? Lead by a DAA or DAS, combined with people from intra-agency but largely State and AID, we fleshed out the program structure. However, by going through his process, our short comings quickly became evident. We do not have a consensus on how to measure performance. The standardized frameworks have been placed on websites in the CBJ for everyone to see, along with the budget for each country and each bureau. People from the outside can analyze and evaluate what we are doing. We need to be challenged so we can rectify problems. We need to move towards more evidence-

based decisions from independent actors. We are having trouble getting the balance right. We try to look at what the mission is doing in the field and whether or not it is detracting from their ability to do management oversight.

Common Myths
When people say “It’s a State take-over of USAID or…USAID take-over of state”, they’re probably right. F Bureau tries to act as an honest broker, making sure that everyone is in the room. We are often called to make recommendations or broker a solution because we can clearly see the larger objectives. “Well F-did it!” is another common myth. The truth is that a lot of recommendations that are made, we accept. Again, we try to make sure that issues are bought to the table. However, we do get involved when decisions need to be made between sectors. That’s how we take people’s money and move it around. We tell sectors “This is going to be your level. Tell us how to allocate the cuts. Justify it.” If it makes sense, we’ll proceed. If not, we’ll notify them and have them flesh it out.

“Overly-centralized”. It is easy to say that we operate in this way because of all of the attention that has been on the office. I would argue that we’ve done a pretty good job with keeping the eye on the operating unit. We start the process at the bottom. If you don’t ask, it won’t happen. The biggest constraint I find is that people don’t ask but make assumptions instead. There are very few things that are inflexible. If there needs to be a change and it’s logical, we’ll make it.

Challenges for the Next Administration
We do not have a sense of prioritization among our objectives. We do not have full agreement on what is the purpose of foreign assistance. For the F office, it creates a lot of effort to create new patterns of behavior. Nevertheless, the United States has made some great commitments on collaborating with other donors and great steps in the Office of Development Partners. We need to do a better job of collaborating with The Hill, particularly appropriation committees and international assistance committees. Finally, we need to find a way to characterize how we are going to implement the Paris Declaration.

Paul O'Brien's presentation
OxFam sees its role as contributing usefully to this discussion. We’re an NGO. We don’t take U.S governmental funding precisely because we aim to be a useful partner who has singular motives. We have the best interests of people living in poverty and not our own business interests at heart. The United States spends 1 in 4 aid dollars globally. Many NGOs who try to do great work try to acquire more resources for their work so they can do more assistance. OxFam is more concerned about the quality. How do we make sure the money we are spending is spent as effectively as possible? We will talk about how OxFam has approached the challenge to getting people up to speed on where the aid reform discussion is. There are three big process challenges in moving the aid reform discussion forward.

1. **Building Momentum**
   There’s a book called Security by Other Means by Lael Brannard from Brookings that documents seven different reform efforts since the Kennedy administration and they have all failed. We have failed in making a “grand bargain” between the congressional branch and the executive branches of government, a grand bargain that agrees on a common vision for whole-scale reform. People need to recognize that foreign assistance reform is essential if the United States wishes to introduce a broader foreign policy strategic agenda.

   However, we have made some progress. There is interest generating on the Hill. We need to capitalize on this momentum while not regressing to the challenge of narcissism of minor differences. Policymakers are always talking about the cacophony of interests, not what should be part of the main discussion. The realization that there is a movement towards foreign aid reform materializing. We need to be strategic on what we fight for, what we agree upon, and what key differences need to be brought to the table and require serious discussion so that policy makers can perceive this discussion as worth their time. F Bureau has made some strides. We should not solely place blame on past administrations and not move forward. Instead, we should focus on what worked, what hasn’t, and use this to our advantage.

2. **Getting the Right Reforms**
   After building the momentum and attaining that grand bargain, we must focus on what were the best reforms that occurred during this administration and capitalize on them. Also, we must identify which reforms did not occur as a result of not getting that shared vision in the first place. Although pertinent to involved actors, “organizational boxes”, who is in charge of what, and whose organization is being undermined, should not compose the entirety of the aid reform discussion. Instead, it should be “What does the costumer want?” “How do we get a form that follows function?” All actors should agree that getting people out of poverty is our main objective.

3. **More Effort Implementing**
   There are leadership and management challenges when creating a new foreign aid agenda. We have failed in creating space for development in a political climate of competing interests. We have failed in getting management the resources to the people who really need it. As a result, Congress has lost faith in our efforts.

Similarly, there are three essential challenges to doing foreign assistance reform that has a meaningful impact:

1. **Getting the purpose of development right**
   To generate momentum, you need to elucidate to Congress how reforming foreign assistance is absolutely essential to the broader security agenda. If it's considered just relevant, it hurts you. We are getting away from what ought to be the purpose: getting people out of poverty. There is always a fissure between our intentions, how the project is actually implemented, and the way the product is received. If we use development to achieve our own goals, we are not going to get the purpose right. When we use foreign aid to shore up political allies, win on security issues, and win over hearts and minds, we are getting away from the purpose. Communities become sympathetic when they see that you are working in their interest. When we go in to "flip villages", communities are very skeptical and can be unsympathetic to our foreign policy agenda. At OxFam, we believe that people will trust our purposes when they're in their interests and then we will get that security. But when we put short-term security as our interest, we don't. The paradox is that if you care about security, don't focus on security. If we really want results, stop caring about results. Based on the work of the F process, we were enabling a pathology of inputs and outputs; not about impacts and outcomes. If we develop the capacity to make frameworks, the frameworks should not drive us. Just because we can count it doesn't mean it counts as value. Measuring the "long-term intangibles" will show if we are really getting people out of poverty.

2. **Modernize our machinery**
   In 1961, our Foreign Assistance law was a tight fifty pages. Now, it's more than 2500 pages with 23 different laws. It is stated 252 times that you can only understand this provision not withstanding the provision of the existing law. The law has become unmanageable. It gives different authorities of different tasks to the same people with different goals, directives and structures. The F process has done a laudable job in making the structure fit under a single framework. Yet, we still have not established that "grand bargain". We need a national development strategy much like we have a national defense strategy. OxFam is confident that we will see a group of actors come together in the future. We hope that USAID and other actors will work together in consolidated development.

3. **What should the functions be?**
   We want to exercise smart power. We have hard military power and soft diplomacy power. We should want to use our soft power more effectively if we want to be smarter in development. OxFam believes that development is not about us. Instead we should works towards getting states to take on their responsibilities and getting citizens engaged in the process. There has never been a success story where there were was an effective state without getting citizens involved in the state-building process. How do we empower government to manage their own affairs responsibly? You have to have a strategy for building an effective state. You may end up taking more steps to get there. "Responsibilize" the state over time. How can the U.S take a more long-term developmental approach? Funding more predictably, which can allow states to form an agenda. But how can we give them more control but also report back to a Congress that is expecting results? We have to find a balance between long-term and self-responsibility and space in the political agenda; they can restrain us if they don't see results they can measure.

Question and Answer

I'm very curious to hear your concept of the role of the military in development especially in places like Afghanistan and Iraq where you have to have to team the security role of military with the civilian side of development but now you also see the military getting involved.

O'Brien: Couple of quick comments. Here is a quote from Secretary of Defense Gates, this month. Broadly speaking when it comes to America's engagement with the rest of the world, you probably don't hear this often from a Secretary of defense. "It is important that the military is and is clearly seen to be in a supporting role to civilian agencies." That's fairly visionary for a secretary of defense.

Dijkerman: That was at the Global Leadership Council dinner. Actually, that was one thing I was thinking about. But to get beyond that, he's been in Washington for a very long time. He's been the Secretary, he's been head of the CIA and others. I think it is extremely visionary. And I don't think it's fully shared.

One thing I would share as we think about the role of the military and development, is that the military is not monolithic, and that there is just a tremendous amount of variability in their perspectives, their roles, their expectations. It's kind of like AID (but we're very small) or even the State Department. Starting with that premise, I do believe that what we ought to be working with the military on is to share lessons we have learned over 40-50 years. Very painfully and with difficulty. And some of the points that were made earlier, fundamentally I think, the value of USAID is to drive home the message that the best investment for security is the long-term investment. The best investment is deeds. Now, you've heard a lot about that and I bet that we can demonstrate our moral value as citizens working for this government by deeds. You prove your deeds over time. You don't prove it in a 35-minute

job where you come in, repaint the school, drill a borehole, and you leave. It's inherently long-term development. And I also believe that development long-term requires face-to-face, on the ground presence because part of deeds is proving your person, your personal worth, your personal values. And that can only come across in situations in which you are on the ground over time.

Again, I would agree that the best way to secure security is to focus on the long term. And that is the role that we ought to be playing with the military. The military does have experience working in reconstruction and development; George C. Marshall, for instance served in the Philippines. They went through a learning process as well. And where they started coming out were longer-term investments, sustained investments, that engaged and worked with the people and tried to find that right balance between what we have to do for the higher ups if you will (like Congress for example), versus what is needed on the ground. If you're able to lengthen that perspective, you're able to start demonstrating really a shared vision about what we want to do. But that's the way I think AID ought to be interfacing with the military. I don't think we ought to be worried about the structure so much.

There's an interesting article I read about Vietnam, when people were trying to evaluate when the military started making some progress in getting a longer term perspective. And it was when we embedded the civilians into the military. When the civilians were embedded in the military structures and were made part of the chain of command, and wrote people's evaluation reports, then you started seeing a fundamental change in perspective on how we ought to be able to fix this place and what we ought to be doing. There was a sense that we were actually starting to make progress in flipping villages, if you will, but it was taking slow, patient reforms, long-term efforts.

The HELP Commission report recommends two options in terms of streamlining the overstretching and often times, overlapping USAID programs. One is to create a strong, central development agency at the cabinet level so that they can oversee more foreign aid programs effectively. And the other is to further strengthen the function of the State Department so they can coordinate more foreign aid programs more effectively. So, which option do you buy?

The second question is about DLI (Development Leadership Initiative). I think USAID has budget appropriations for promoting DLI. How does this initiative tie into foreign aid reform?

O' Brien: My answer to your two options is yes. Because we're desperately concerned that the whole reform effort is actually going to lose all of its oxygen over this structural debate. We want structural reform and we want to see the voice of development be able to hold its own with competing concerns. That's how decisions get made effectively-when people are at the table negotiating for different interests and they can make the case to the decision maker. OxFam is part of a modernizing foreign assistance network, that has embraced the idea of giving USAID department level status so it could hold its own in those discussions. Why OxFam embraces that is that it's the form follows function argument. We're less concerned about organizational charts and boxes. We need to put development at the top of our agenda. We see the discussion evolve into who is going to be in charge of what, and how is this actually going to play out in terms of people's careers. For OxFam, that's less of our concern because frankly, we don't have that kind of expertise. We just want to make sure it is an elevated voice reflected in the structure and putting development and fighting poverty first.

Dijkerman: I'll agree with what Paul said in terms of the objective of focusing on poverty. But the one thing I would refer you to is the Secretary's statement on smart power, which focuses not only on people but also on the government.You need both. My concern is with the focus on poverty is that people forget the state.

The second part of my answer goes back to some of the process challenges we mentioned earlier. The debate can get off-base because we get focused on getting the right reforms or not. It's a challenge. It's also going to die eventually on implementation. What we really need to be careful of as we start working through these two options. Again, keeping the eye on the prize here, is what are some of the things-and I've been challenging the Wye River group and other groups, the second order of analysis that they need to do. We're trying to do it. We've done some of it. But, we make our own presentations to the Hill. But the second order of analysis in some of these issues like the ideal is how long did it take the State Department and the AID budget to get to one committee? Because doesn't that make sense? Well, it took a long time. And it only happened because the two committee chairmen were leaving about the same time. If you're talking about these things, you have to look at the experience of Homeland Security. Because that's where change came and it came very quickly.

How many oversight committees do they have to report to? How many different appropriation committees do they have to report to? It's well over 23. That was just the twenty-three agencies originally comprised Homeland Security. But just like AID, by itself it has to report to at least to 4 committees regularly. You can figure out how many out of the oversight committees and appropriate committees that none of them wanted to give up their authority. Recall how many organizations he mentioned are involved in foreign assistance? There is a congressional committee that goes for each one of those. On the authorization side and the appropriation side. Is congress ready to reform to bring some alignment here? So if you think about a new department, think of homeland security. Think about how that's really being held up as a success story for management. Not. Let's not be confused. So I think what the real challenge is figuring out what the ideal is but have to start thinking about the second order changes that have to accompany it. You will begin to die on the implantation side.

The Development Leadership Initiative: AID not only got it in the '09 budget and had a favorable readout from both the House and Senate on that (many thanks to Sean Mulvaney's work and his staff), but also received additional funds in supplementals to get it going. And I think what it is a reflection of is that momentum is building. And one of the points that there is phenomenal consensus on is the fact that if we are going to get a better balance of being diplomacy, development, and defense, that you've got to have the basic assets in place. One of them are the processes. We won't worry about that but the other assets are people. In a way, we

are a service industry. We cannot produce a widget that you can sell. We are the product. We are what delivers assistance. We work with other people and contractors and what not but we are the fundamental asset. A recognition is taking place in Congress on both sides of the aisle, all parties, House and Senate, that we've got to build up the asset that can actually deliver the goods later. And that's people. That's great-we haven't been there for a very long time.

This may be more of getting back to the purpose of development and then the form following function. Dirk, you talked a little bit about the F framework and we're talking about the short attention spans sometimes of Congress and the dissonance-you said it yourself-measuring intangibles, which I thought was an intriguing grammatical statement but how do you program and how are we going to program increasingly if we think that poverty is that and we think that government is part of reducing poverty. We have to look at economic growth and enabling environments for that. Increasingly, that is not a country specific issue. It's a regional issue. With trade, with HIV/AIDS, with terrorism (because that is a factor), and with basically economic growth at this point, you can't talk about how a country bordering another country is going to grow without talking about the commerce going across. I was just wondering if both of you could address how do we begin to program for that? The Paris Declaration doesn't really think about it very much. And then, how do we report to Congress that we're achieving results if we do that.

Dijkerman: Bottom line, this agency has historically prided itself on doing great strategic planning and budgeting. In many ways, it's very uneven and inconsistent. It came up on the Town Hall Meeting we had. We said "Well in the old days, we used to put five year budget numbers into a strategic objective agreement." And we're not doing it now. The real point is that when we put those numbers in, in the first place, did they mean anything? Did anybody really use those numbers? When we put in those five years of numbers did the bureau aggregate them and see what kind of numbers it suggested for certain sectors? The answer's no because they couldn't aggregate them because everyone was doing their own thing.

But that really gets me to my bigger point. AID has been very responsive to being customer driven. So, what I find so amazing is that AID has never had a regional strategy for bureaus. And neither does State. So, if you don't have a regional strategy, other than the once-a-year presentation done by the Secretary, how do you really start to debate these issues that tie countries together. There's a lot of work out there that suggests that we ought to be looking across borders. But we don't even have a vehicle for doing that.

Historically, the only time AID focuses on regional is when they're short of cash because they view it as a management solution. "Well, we're going to go regional because we can really leverage what little money we've got!" And when the money gets plentiful everything's bilateral again and we forget the regional. But there's no thought in coming up in Africa: What ought to be our regional objectives? As a mission director in Africa, I tried to get intra-regional trade programs going. I used my bilateral money to start intra-regional trade programs. The contortions I had to go through with my contracts officer and my lawyer were incredible to justify that. But it's the lack of even having a regional focus which I think is AID's biggest problem.

O'Brien: I agree with that. I think it's an ends and means dilemma. I think Administrator Fore is correct: The best ends to measure is at the country level. Why is that? OxFam has written a book on this called *Poverty to Power*; the basic argument is ultimately, the resources for development come through the economic compact between the state and its citzenry. So the reason US doesn't need development aid is because we can generate those resources ourselves and provide the basic services that development aid has to provide when that economic compact doesn't exist. But the means of getting to an end where the state can actually do that is increasingly across borders.

That's both an opportunity and it's a threat. It is a problem and you're spot on with this. It is a problem. We charge more in trade tariffs to the countries that receive money from Millennium Challenge Corporation (MCC) than we give them in MCC grants. So we're trying to generate economic growth through the MCC and yet we charge them more money in tariffs to our trade policies. We've got to reconcile our overall economic growth strategies in these countries and that is all about understanding what's happening across borders. There's also both the opportunities that come through trade and there's the increasing understanding that most of the threats we face in this world now cross borders much, much more easily than they used to. In terms of means, we've got to think in the way your question suggests.

Both of you have talked about the importance of achieving momentum and the importance of having the legislative branch as a partner. Yet, previous attempts at re-writing the Foreign Assistance Act have floundered on the question of earmarks. I'm thinking of Bush 1 and the Clinton administrations. How do you get Congress to be a partner yet also give up that power that they have and create a more coherent foreign assistance policy?

Djikerman: I think it starts fundamentally from the point we don't have an agreement about what the overall purpose and use of foreign assistance is supposed to be. In that vacuum, something is going to fill it and it makes it easy to do it when you have hundreds and hundreds of priorities and objectives. I am not naive enough to think that if we get an agreement on the purpose of foreign assistance then directives and earmarks will go away. They won't. But what we hope is if we get a greater agreement on what we want to do with foreign assistance then the overlap between the earmarks and what we want to do increases and becomes less of a problem. A directive or earmark only becomes a problem when we want to do this and they want to do that. They can earmark 100 percent of the budget, but if we're all in agreement, it doesn't matter. But the fundamental way to lessen the impact of an earmark or directive is to try to get that agreement on the purpose of foreign assistance.

O'Brien: Two quick comments. I couldn't agree more. The first is a philosophical challenge. We've got to get members of Congress to understand that long-term developmental investments that measure impacts and outcomes are in the long-term

interests of the United States. There are some skeptics on whether or not development has delivered any real, meaningful change and often, that's because we haven't been as focused in our purposes as we ought to have been. This is going to be about educating people on all the good stuff that development has done and can do. It's a constant exercise. We're all in it. We have to keep up that drumbeat on the Hill so people actually get a sense, philosophically, of what can be done if we dedicate ourselves to this effort.

There is a more mundane, perhaps, political challenge: we have to garner the true trust of Congress in terms of delivering results that they can translate back to their constituencies.We need to find thoughtful ways to doing long-term development work and be able to translate that for a member of Congress whose constituents are questioning what they fight for. We need to be able to deliver something so they can make the case. The only way we're going to a Congressional grand bargain is if we have two dozen Congressional leaders on the House and Senate side, that agree on some core principles.

Djikerman: I think some of the other efforts that have taken place failed in not being inclusive enough. Some of the efforts were House led, and didn't take into account people in the Senate. It's hard to get the community, the Hill, and an Administration going down in the same direction. It's also tough because we're a democracy.

My question is relating to showing results. It seems that be that AID is always in a bind because this presentation is done in the annual appropriation process. It's basically "What did you do with the money I gave you last year?" when the fact is that money is still working through the allocation process and they haven't done anything with it. It seems to me that they could have a much more interesting conversation if they would follow the model of the Highway Bill or the Farm Bill and have a five- year authorization bill and talk about what you are going to accomplish in five years, then appropriate money for it annually. In this discussion, is there any effort to put more emphasis on the authorization bill as opposed to the appropriation?

Dijkerman: Yes, and multi year. Can I take it a little different way? I was waiting for someone to mention results so I could echo something Paul said. I agree with everything he said about results in terms of the indicators that we have. What I've been talking about in terms of the indicators is that they're tools. Don't let the tool use you, don't let the tool define you. My frustration over the years with AID is a two-fold thing.

One, we do hold ourselves to a very high standard. We're very academic. We really want to achieve the ideal. Then we let the ideal drive out the good. That is a problem that we have because we're always focusing on those details and "is that really the best indicator?" and as a result, we have nothing to talk about. Remember that these are tools are for us to use and don't let them drive you.

On the results side, multi-year budgets are great ideas. Another thing that we as an Agency are really failing on is we've done a lousy job on evaluation for many years. Not just with this administration. The problem is, we have not taken the some of the lessons from one of our sectors that has better evaluation and that's health. Frankly, they've invested a boatload in funds, relatively speaking, on measurement and evaluation. They have a created a culture of evidence-based decision making. Frankly, there's no reason we can't do it in a lot of other areas. It was difficult to do in the past.

When I started in this work in F (and I'm an ag-economist), someone told me in the Africa Bureau that they were using 22 different definitions of farm income. When I worked with the Micro-enterprise Bureau to come up with a definition of new employment, after two years we failed because we just couldn't come to an agreement. We couldn't get to something that was workable versus an ideal. Evaluation and creating a culture of evidence-based decision making is something we've got to do as an agency. Business does it much better than we do.

If you look at the Global Leadership Council and the way they operate, they say "Okay, you want to do that? Where's the evidence? What do you have to prove it?" Somebody says "Well, the military really loves working with development. They understand the benefits of it". The question is "Yeah? Prove it. Where's the evidence?" They say "Well, I talked to a lot people. I worked in Afghanistan". And they say "Here's $700,000. Go do a study." And then, for the Global Leadership Council, they roll our the results of their study and I think it was 700 or 800 active military officers were asked "have you experienced development and what did it do for you lately?" They started getting the evidence on the table. It was overwhelming and there are a lot of military officers out there that are active now and have said "I have experienced development. It's done good things for me. And I'd like to see a lot more of it."

O'Brien: One quick vignette. 2002, the Afghan government asked the international community to give them a sense of how much money they could expect to have in their bank either directly managed by them or by donors so they could start to plan the reconstruction agenda. The major donor was the European Union at $2 billion. In third place was Iran who committed $560 million. In sixth place was the United States that committed $297 million to Afghanistan. Now think how much money the United States has spent in Afghanistan. More than 50 percent of the reconstruction budget is funded by the United States. The reason why they could not come to the table and say here's how much you should expect to have is because of this problem that your question implies. They are legally prohibited from saying this is how much we can commit to you over five years. We can only tell you what we can give you in the next appropriation cycle. As a consequence, for more than twenty years now, since 1985, there hasn't even been an authorization process for the Foreign Assistance Act. The entire decision making process at a legal level is managed by the appropriators, not by the authorizers. Your question is a very good one and we hope this is going to be taken on front and center and it's very good to hear Chairman Berrman, whose an authorizer, say the one thing that is absolutely going to

happen next year is that we're going to reinvigorate the authorization process and hopefully that will the pathway for the long-term and the more predictable as well.

Are there lessons that you feel could be drawn into this discussion from other donors? How does JICA face this, DFID anyone else. Is there anything useful that you feel could be pulled in?

O'Brien: I think it's essential. If we're going into a learning process for reform opportunity I think it is absolutely critical that we don't repeat the mistakes others have made and capitalize on what they've done well. We have to recognize at the same time that at DFID, they work with the parliamentary system. They don't work with a Congress. We've got to be savvy about the differences that these different donors have. But there's a lot of learning out there and the US should be playing a leadership role in framing the best possible lessons. I do want to give you one other shameless plug but it's a plug back to you folks. I think one of the critical dangers is that our whole AID reform discussion could take place without key players. There is a real risk that the discussion could take place without the key constituencies in that discussion and that is U.S. development professionals. There are people in this room that can count their AID development experience in decades and there is a real risk that a new administration is going to engage in AID reform discussion without having a serious process for getting the best possible learning from our development professionals. One of the things that OxFam is doing is going out and asking US development professionals what ought we to do in different contexts if we're going to get this thing right in the next reform process. You'll find on our website a series called Smart Development in Practice: Views from the Field. These are the views of US development professionals, NGOs, and recipient governments about what ought to happen. It's a small thing but it makes a bigger point. We've got to ask the more experienced folks in this room and the folks who care about development if we're going to reform this, how ought we do it?

Djikerman: Just to reiterate and as we look at the other donors, one of the key things and this is something I see even within the OECD, is our democracy is different from other peoples' democracies. Even though they recognize that when they make recommendations, they seem to ignore it, fundamentally. It's not going to be simple just to take these lessons. It's going to take a fair amount of thought.

Foreign Assistance Reform

Office of the Director of U.S. Foreign Assistance

July 2008

Presentation Objectives

- Assess the experience of the foreign assistance reform efforts
  - challenges faced
  - adaptations required
  - major accomplishments and
  - value added
- Understand current streamlining/improvement efforts
- Discuss reform challenges for the next Administration

Before Reform: *Lack of Strategic Focus & Decision-Making*

- Lack of clear goals and a way to measure progress against that goal
- Opaque, duplicative budgeting process
- Overlapping roles in Washington and the field
- Lack of accountability

Core Functions of DFA

- Strategy and Policy
- Convening Authority, Coordination and Communication
- Budget Formulation and Justification
- Budget Execution and Reporting
- Bureau/Country Program Planning and Approval
- Performance Management
- Information Management

Accomplishments

- More effective prioritization of resources to ensure that U.S. policy objectives are met
- Emphasis on a country-based focus for planning and programming resources
- Greater input into resource decisions
- Working with others in State and USAID, improved integration of program and operational resources

Accomplishments

- Increased transparency and coordination in allocation of foreign assistance resources
- Agreement on common definitions; foreign assistance framework
- Standardized program structure
- Improved access to information—FACTS-INFO, http://collaboration.state.gov/fbureau/

A Work in Progress: Improving, Refining and Streamlining

- Internal Assessments/After Action Reviews
- Communication, communication, communication…
- Continuing roll-out of/access to FACTS-INFO
- Linking systems and processes
- Getting the balance right
- Updating the strategic hierarchy

Common Myths

- It's a State Take-Over of USAID or…USAID Take-Over of State
- "F Took My Money!"
- Overly-Centralized
- Inflexible
- Role of F: Advocate vs. Honest Broker

Challenges for the Next Administration

- Strategic focus for Foreign Assistance
- Continued Foreign Assistance coordination
- Aid Effectiveness
- Strengthen relationships with Capitol Hill and the Foreign Assistance community

Resources

- www.state.gov/f (public website): available to non-USG partners
- http://inside.usaid.gov/A/F (USAID Intranet) or http://f.state.gov (State Intranet): contains USG-only materials and Operational Plan and Performance Report Guidance
- http://collaboration.state.gov/fbureau/