MFAN MODERNIZING FOREIGN ASSISTANCE NETWORK

FROM POLICY TO PRACTICE:

Maximizing the Impact and Accountability of U.S. Global Development Efforts

The Case for the U.S. Commitment to Global Development

Since its origins after World War II, U.S. foreign assistance has served our national interests in three fundamental ways: enhancing national security, expanding global economic opportunities, and promoting American values.

When Congress debated the Marshall Plan in 1948, critics were quick to assail the effort to assist war-devastated Europe as akin to "pounding sand down foreign rat holes." Yet, in retrospect, the Marshall Plan stands as one of the most important successes of U.S. foreign policy in the 20th century, having helped improve millions of lives while shaping a free Western Europe as a bulwark against communist expansion.

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Similarly, U.S. assistance to countries such as India, South Korea, and Taiwan was instrumental in launching the "Green Revolution," helping to save millions from starvation and contributing to the growth of some of the most important market democracies in Asia. Eleven of the fifteen largest importers of American goods and services are countries that graduated from U.S. foreign assistance, and twelve of the fifteen fastest growing markets for U.S. exports are former U.S. aid recipients.

Over the past decade, a broad-based and bipartisan consensus has emerged among average citizens, faith leaders, business executives, military officials, non-profit organizations, and policymakers around the importance of a transparent, effective, and accountable U.S. approach to global development as an expression of American values and in pursuit of our national interest. This consensus has steered U.S. development assistance to focus on bringing about lasting reforms within recipient countries while clearly demonstrating large-scale results. Consider some important recent successes:

- In partnership with the U.S. government, the Gates Foundation, the World Bank and others, 43 countries have cut the incidence of malaria in half during the last three years alone.
- School reforms promoted by USAID and others have encouraged greater opportunity for girls and helped 42 million more children start attending school in Africa between 1999 and 2007.
- Rigorous criteria established by the Millennium Challenge Corporation in places like Georgia have helped that country make a huge leap forward in combating corruption, generating economic growth and expanding trade.
- Through the President's Emergency Program for AIDS Relief (PEPFAR), the U.S. directly supported life-saving antiretroviral treatment for more than 3.2 million men, women and children worldwide as of 2010, and prevented 114,000 infants from contracting HIV from their HIV-positive mothers in 2010 alone.
- 98 million fewer people went hungry around the world last year than in 2009, partly because of international assistance for nutrition and agriculture.
- Relatively inexpensive early volcano warning systems established with the help of the USAID Office of Foreign Disaster Assistance helped save tens of thousands of lives and hundreds of millions in property damage in twelve target countries – while also reducing future U.S. disaster response costs.
- A U.S.-supported water management project in Bangladesh more than doubled the value of three inland fisheries to $7.7 million, improving nutrition and livelihoods for 184,000 people while restoring dozens of species of fish and birds.

At less than one percent of the federal budget, U.S. development programs save and improve millions of lives that would otherwise be lost or mired in poverty. We support these programs not only because it is right, but because it is in our vital national interest. While our military provides for our national defense and our diplomats can fashion agreements to strengthen global cooperation, our development professionals help the world's most vulnerable and disadvantaged people to create their own livelihoods, build thriving communities and markets, and undercut the radicalism that emerges in places where hope is hard to find. Development assistance has been at the vanguard of our efforts to promote human rights, expand religious freedom and promote governments that are responsive to the needs of their citizens.

Many benefits of these efforts accrue directly to the United States. They combat global health threats like TB, pandemic influenza, and HIV/AIDS, helping to safeguard the well-being of the American public. They combat corruption and foster more democratic governments, bolstering global stability. They strengthen our foothold in an increasingly competitive world with fierce competition for resources and markets. And they respond to major natural disasters like tsunamis and earthquakes, demonstrating that we are a powerful nation committed to doing what is right. These efforts are driven by an understanding that it is far better and cheaper to promote development early rather than send U.S. forces into harm's way later – a point forcefully and repeatedly made by Secretary of Defense Gates and the Chairman of the Joint Chiefs of Staff, Admiral Mullen.

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Development in a Changed Landscape

As the world has changed, so too must our approach to global development. The international landscape is now dramatically different than when President Kennedy and Congress created the U.S. Agency for International Development (USAID) in 1961. We understand the need to forge dynamic partnerships with the private sector and major private philanthropies, ensuring that every taxpayer dollar is leveraged. Thriving civil societies across the developing world have greatly improved accountability and promoted local ownership, as an array of actors ranging from church groups, to international non-governmental organizations, to major educational institutions, the private sector and the U.S. government work together to promote inclusive and lasting growth. U.S. assistance can play a truly catalytic role in helping developing nations lift themselves out of poverty and provide stability and opportunity for their own citizens.

Ultimately, the full promise of this Administration's emphasis on more effective development rests with its ability to partner with Congress to enact durable, bipartisan legislation.

Our policies, however, have not kept pace with the changes around us. As we mark the 50th anniversary of both USAID and the Foreign Assistance Act that governs our approach to development assistance, we have not only seen this legislation repeatedly amended without being fundamentally updated, but we have also witnessed a profusion of new agencies and offices of the U.S. government undertaking operations overseas – from the FBI and the Forest Service to the Departments of Energy and Labor. This proliferation of actors requires strong coordination in support of a common strategy to effectively advance development in our national interest. Too often, however, the reality on the ground has been development efforts that are governed by a confusing and often conflicting array of policies and approaches.

The Emerging Reform Agenda

Both Republican and Democratic administrations have taken important steps toward reforming U.S. development policy and practice, and still more work needs to be done. President Bush established the Millennium Challenge Corporation in 2004 with strong bipartisan Congressional support. The success of the MCC model influenced a series of reforms initiated by the Obama Administration, including the September 2010 Presidential Policy Directive on Global Development (PPD), the first-ever Quadrennial Diplomacy and Development Review (QDDR) and the groundbreaking USAID Forward initiative. Bipartisan reform legislation introduced in both chambers of Congress illustrates legislative interest in – and support for – a thorough reform agenda to increase impact and accountability.

Ultimately, the full promise of this Administration's emphasis on more effective development rests with its ability to partner with Congress to enact durable, bipartisan legislation that reflects current challenges and cuts through the layers of burdensome red tape that have made assistance efforts too slow and too bureaucratic. During this time of economic austerity here at home, we must take stock of how effectively each taxpayer dollar is utilized and compel every U.S. investment to prove its mettle.

To this end, MFAN makes the following recommendations, which build on the work done by the last two Administrations and Congress, and present a roadmap for the way forward for this Administration and beyond.

RECOMMENDATIONS: MAXIMIZING DEVELOPMENT IMPACT

To achieve broad-based, sustainable economic growth and reduce poverty in developing countries, U.S. efforts must be redesigned to achieve maximum impact. U.S. policies should reflect the following principles:

Maximize Efficiencies

U.S. policy should maximize efficiencies by eliminating wasteful regulations, coordinating and leveraging efforts with partners, and demanding clear results demonstrated by consistent evaluation.

Practical Actions:

✓ Establish duty-free, quota-free status for least developed countries.

✓ Empower USAID to conduct assessments, as called for in the President's Global Development Policy, of the impact of other agencies' activities related to development in specific countries to avoid policies that work at cross-purposes.

✓ Enhance USAID's focus on partnerships by developing and expanding the use of tools that can leverage the unique skills, experience, relationships, and resources of the international and local private sector–both NGOs and businesses.

✓ Establish a coordinating mechanism to enable agencies involved in development to coordinate strategies across projects and initiatives and attract private capital and resources to USG development priorities.

✓ Improve the delivery of U.S. food assistance while cutting spending by: eliminating restrictions on the use of local and regional food procurement; repealing inefficient cargo preference provisions; and scaling down food aid monetization over a five-year period accompanied by an equivalent increase in development assistance, with the goal of ending monetization by 2016.

✓ Incorporate gender analysis into the design, implementation and monitoring of programs to ensure that both men and women benefit from U.S. interventions.

Prioritize Accountability

U.S. policy should prioritize accountability to U.S. taxpayers as well as people in developing countries, with clear objectives, better coordination with other donors and stakeholders, greater transparency, and more effective and meaningful monitoring and evaluation.

Practical Actions:

✓ Fully implement the USAID Forward reforms that move the agency's business model toward greater focus, accountability, transparency, and efficiency.

✓ Expand USAID's Dashboard, the newly-launched online resource for U.S. foreign assistance data, to include more detailed and historical data and foreign aid funding information from all U.S. agencies implementing aid.

✓ Forge a division of labor by strengthening USAID Missions to coordinate the capabilities of and leverage the resources of other private and public donors and reduce transaction burden on host countries.

Guided by Modern Legislation

U.S. policy should be guided by modern legislation that codifies a shared Executive-Legislative vision for the U.S. approach to poverty-focused development built around sound strategic planning, greater transparency, accountability for results, and the flexibility to spend resources according to needs and opportunities on the ground.

Practical Actions:

✓ Eliminate earmarks that are not consistent with country strategic plans and that reduce the flexibility to respond to emerging crises or changing political or economic environments.

✓ Allow four USAID Missions in four different regions to suspend, for a trial period of three years, the onerous conditions and restrictions layered on over the years through legislation and administrative directives. This will measure the impact of greatly reduced bureaucratic constraints and paperwork on field effectiveness.

✓ Pass a new Foreign Assistance Act – or, short of this, several targeted pieces of legislation–to set clear objectives, consolidate accounts, provide agencies with the flexibility they need to accomplish their missions, and incorporate transparency and accountability requirements to ensure adequate Congressional oversight.

Driven by Local Priorities

U.S. policy should be driven by local priorities and policy reforms that will lead to sustainable economic growth and reduce poverty.

Practical Actions:

✓ Align our own strategies in developing countries with developing country priorities as established through participatory, transparent consultations undertaken either by developing country governments or through other legitimate processes.

✓ Incorporate, as part of our strategies in developing countries:

- An assessment of the efforts of host developing country governments to establish transparent, consultative, and participatory processes in the planning, implementation, and evaluation of development policies and programs; and plans to enhance and support these processes.
- Plans to support the ability of citizens and local civil society to help drive the development process, set development priorities, combat corruption, and hold their own governments accountable.

Distinctiveness between Diplomacy and Development

U.S. policy should recognize and institutionalize the distinctiveness between diplomacy and development.

Practical Actions:

✓ Codify a process for producing a U.S. global development strategy on a regular basis.

✓ Formalize a role for the USAID Administrator to participate in meetings of the National Security Council.

✓ "Hold all recipients of U.S. assistance accountable for achieving development results," as promised in the U.S. Global Development Policy, by developing a set of minimum standards for good development practice and impact evaluation and applying these standards to any agency that controls a portion of development assistance.

✓ Rationalize funding accounts by their development versus diplomatic purposes, with USAID in charge of development.

✓ Evaluate development assistance against development goals and diplomacy against diplomatic goals.

✓ Reduce the Pentagon's footprint in post-conflict reconstruction, stability, and development aid so that it can focus its resources and expertise on its primary mission.

✓ Clarify the QDDR's "lead agency" model for crisis response to ensure that State focuses on its comparative advantage on the political and diplomatic aspects of crises, and that State's new operational role complements but does not duplicate capacities and authorities that exist at USAID.

Strong, Empowered 21st Century U.S. Development Agency

U.S. policy should be led by a strong, empowered 21st century U.S. development agency.

Practical Actions:

✓ Provide USAID with the tools it needs to accomplish its mission, including a working capital fund, the continuation of the Development Leadership Initiative begun by the Bush Administration, and more flexible hiring mechanisms that allow USAID to hire personnel with the necessary skill sets.

✓ Give USAID full authority over its policies and budget, restoring a direct relationship with OMB.

✓ Mandate that a coordinated development strategy be prepared for each developing country with a U.S. presence that: includes all U.S. agencies engaged in development policy or activities; is prepared under the leadership of USAID and approved by the U.S. ambassador; and is consistent with the overall U.S. global development strategy.

A HISTORY OF COMMITMENT: THE U.S. APPROACH TO GLOBAL DEVELOPMENT

> To fail to meet those obligations now would be disastrous; and, in the long run, more expensive. For widespread poverty and chaos lead to a collapse of existing political and social structures which would inevitably invite the advance of totalitarianism into every weak and unstable area. Thus our own security would be endangered and our prosperity imperiled. A program of assistance to the underdeveloped nations must continue because the Nation's interest and the cause of political freedom require it.

-President John F. Kennedy, 1961

> Today, I call for a new compact for global development, defined by new accountability for both rich and poor nations alike…Countries that live by these three broad standards—ruling justly, investing in their people, and encouraging economic freedom—will receive more aid from America. And, more importantly, over time, they will really no longer need it, because nations with sound laws and policies will attract more foreign investment. They will earn more trade revenues. And they will find that all these sources of capital will be invested more effectively and productively to create more jobs for their people.

-President George W. Bush in a speech announcing the new Millennium Challenge Account, March 2002

> Development reinforces diplomacy and defense, reducing long-term threats to our national security by helping to build stable, prosperous, and peaceful societies. Improving the way we use foreign assistance will make it more effective in strengthening responsible governments, responding to suffering, and improving people's lives."

-U.S. National Security Strategy, 2006

> Our investments in development—and the policies we pursue that support development—can encourage broad-based economic growth and democratic governance, facilitate the stabilization of countries emerging from crisis or conflict, alleviate poverty, and advance global commitments to the basic welfare and dignity of all humankind. Without sustainable development, meeting these challenges will prove impossible.

-Obama Administration U.S. Global Development Fact Sheet, September 2010

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For other inquiries, please contact **info@modernizeaid.net**

MFAN is a reform coalition composed of international development and foreign policy practitioners, policy advocates and experts, concerned citizens and private sector organizations. MFAN was created to build upon the bipartisan consensus that has emerged over the last decade that the U.S. should play a leadership role in achieving economic growth and reducing poverty and suffering around the world, and that we can play this role more effectively, efficiently, and transparently. In 2011-2012, MFAN will monitor and encourage the Administration's development policy reform agenda and support action in Congress to achieve bipartisan agreement and legislation in support of reform. www.modernizeaid.net