

Remarks by Henrietta H. Fore Administrator, USAID and Director of U.S. Foreign Assistance

Foreign Assistance: An Agenda for Reform

The Center for Global Development
Washington, D.C.
February 1, 2008

Introduction

Thank you, Nancy. And thank you to all of the advisors, staff and associates of this ground-breaking group.

In six short years, this Center has set new benchmarks for thinking -- and acting -- on aid effectiveness, globalization, trade, health and a range of critical development efforts.

CGD sets the standard for how developed nations take the measure of their foreign assistance and development work. All of us in the broader development community are deeply grateful for your insight, and your guidance.

I have three objectives for our time together today. First, to set the context for recent trends in the international development environment. Second, to share with you an aggressive agenda to revitalize foreign assistance. And third, to lay out a vision for the future worthy of the people we serve.

As I was thinking about joining you today, and reflecting on all the issues we face, what struck me is the degree of turmoil - political and economic - in the world right now:

The violence in Kenya. The tragic assassination of Benazir Bhutto in Pakistan. The safety concerns that so many of our staff and the staff of our partners face on a daily basis. The humanitarian crises in Iraq, West Bank Gaza, Darfur, Chad, Burma and Democratic Republic of Congo...to name a few. The challenges we face in supporting the Iraqis and Afghans to build peaceful and functioning governments. The humanitarian and development challenges of climate change, of rising food and oil prices.

I look to you to help us find pragmatic, workable solutions. As Secretary Rice recently said at the World Economic Forum, it is American Realism that informs our pursuit of a just economic model of development. Despite the wealth of many, the amount of deprivation we see still remains unacceptable. Half of our fellow human beings live on less than \$2 a day. But we know what works: We know that when nations embrace free markets and free trade, govern justly and invest in their people, they create a prosperity of their own that supports social justice for all their citizens.

We must treat developing nations with dignity as equal partners in our shared endeavor. We must support leaders and brave citizens in developing nations who are transforming the character of their countries - through good governance and economic reform, investment in health and education, the rule of law and a relentless fight against corruption.

In recent years, the United States has put these principles into practice in our core development policies. Indeed, under President Bush, and with the full support of Congress, the United States has launched the largest international development effort since the Marshall Plan.

We have met, or are on course to meet, all of our international commitments to increase official development assistance: Since 2001, we have doubled our assistance to Latin America, we've quadrupled it for Africa, and we've nearly tripled it worldwide.

This unprecedented investment calls on us to focus - more than we ever have before -- on setting clear goals. Managing performance. Demanding accountability. And generating results.

Today, I'm going to offer you an aggressive agenda to modernize and revitalize foreign assistance. Getting it done - an extraordinary complex and challenging task - demands that we garner the active support of our partner countries, other government agencies, the Congress, implementing partners, and most importantly the American people. The task we collectively face will require sharper focus and better coordination - by and between all of us. Our shared purpose transcends politics. I believe, that our shared next step is to agree on a blueprint for action that is jointly owned by all stakeholders, and supports our work and the next administration from day one.

We've recently seen several significant reports on the future of foreign assistance. I am encouraged by the consensus that's emerging. Every one of them called for an elevation of development and diplomacy in our nation's foreign policy and our nation's budget policy. Collectively, these reports make a bipartisan case for increased investments and a modernized aid structure to reflect our current world. We agree that it's critical to increase the USAID operating budget -- to expand and better train the direct hire workforce, and reinvent hiring and retention practices.

We are ALL accountable for being a part of the solution -- focusing less on defending specific regions, specific sectors, and specific programs - and more on reform priorities that meet the most critical needs at ground level. I believe we have an opportunity, right here and now, to build a new American constituency for "global development." Looking ahead, I believe this year provides that opportunity.

I believe, as I know you do, that foreign assistance -- above all -- must create sustainable economic progress, rather than permanent economic dependence. That is how people move up the path from poverty to prosperity.

Profound Change

To support us in this work, we have more broad-based wealth in the world than has ever been seen in human history. While we've tripled official development assistance in this decade alone, American private capital flows to the developing world have tripled over the last three years -- and now represent over 80 percent of financial flows to developing countries. This is a profound - in fact, radical change in the relationship between institutional and private foreign assistance flows.

Across the broader development landscape, I envision USAID making a unique contribution, by using its convening influence within each country integrating the public and private sector resources and programs that support human progress in the developing world. We will devote more of our management, technical expertise and financing resources to coordinating international development -- to avert duplication of effort, break down silos, and build partnerships that accelerate the pace of progress.

We are creating, and becoming part of, a Global Development Commons: A community of continuous and real-time information exchange, coordination, partnership and action between public and private donors, agencies, NGOs, host governments and civil society - all in constant collaboration. A Global Development Commons gives people in the developing world the tools they need to lead their own development.

To support this ideal of a more cohesive development network, we must enlist technology. I've directed USAID to assemble an information platform -- one that is pragmatic and affordable, leverages what's already up and running -- to connect people on the ground with partners and solutions that can help us all work smarter.

To give you a concrete example of the Global Development Commons in practice, USAID's Southern Africa Sustainable Tree Crops Program is a public-private partnership among industry, growers, researchers, agencies and conservation groups. By building a web portal and intranet, this program created a "meeting place" to access information, collaborate on effective practices, and drive better coordination of field activities among all the players involved. The result was a more stable production and distribution system for tree crops such as coffee and cocoa.

Similar approaches can be applied to any of the vital work we do. An effective Global Development Commons will encourage global knowledge management, promote empowerment of individuals, communities and more responsive institutions are the globe.

Has Policy Kept Pace

Now -- while we push to advance technology - it's clear we have more to do in policy, as well. Today, there is broad consensus that our official diplomatic, development and defense efforts are not as coordinated and coherent as they should be. We must synchronize these efforts to leverage each discipline's comparative advantages. An integrated National Security policy in no way compromises a serious moral commitment to development. Rather, it recognizes the critical role that development plays in counterterrorism and stabilization efforts.

As I am consistently reminded by the military, a relatively small amount spent for development purposes and conflict prevention -- now -- can save us from spending much larger sums in the future. It is another reason that we are committed to ensuring that development is an equal and essential element of our national security strategy and budget.

I know that there are many positions on the various options being discussed to address the structure of foreign aid in the future. As you know, the Secretary and I strongly believe in a strengthened USAID; and I can assure you that my dual hatted position gives me great leverage in achieving that goal. An essential element of strengthening USAID and increasing the coherence of our foreign assistance is improving our coordination between USAID, State and other agencies.

So: With the support of Secretary Rice and the National Security Council, I am leading the interagency Development Policy Coordination Committee. As technical as it sounds, this committee is a vitally important way to align our efforts, make policy decisions on critical development issues, and to forge strong collaboration to deliver greater impact from the US government's development efforts around the world.

The Development Policy Coordinating Committee has agreed to focus on intra-government coordination in a select number of countries. Lessons learned from this pilot will then be adopted on a broader scale. We will better integrate the work of our non-government partners for a comprehensive development approach in each country. With the National Security Council, we are intensifying our engagement in the international dialogue on the Millennium Development Goals.

In October, I asked the Mission Directors to know about -- and help -- every U.S. government program on development, and every public and private donor program in a country. We must enlist the comparative talents and strengths of all of the development and assistance donors and players, public and private. Only then will we minimize gaps, overlaps, and intramural competition -- and make our efforts truly transformational and self-sustaining.

An Agenda for Reform

It is that mission - delivering on the promise of truly transformational and self-sustaining foreign assistance - that inspires all of us, moves us forward, and makes a difference in the lives of millions. So I would like to share with you an agenda for foreign assistance revitalization.

First of all, any time anyone in this town uses the word "reform," it implies something is broken. In fact, we are building on decades of remarkable progress already made. Rather than "reform," we are re-forming, as in, reshaping, reinventing and modernizing the delivery of foreign assistance.

I know there is consensus among this group that it is essential to expand the resources that support development, while we work to improve the coordination and efficiency of those resources across multiple agencies and accounts. We must improve transparency in the allocation and use of foreign assistance resources. We must improve performance and accountability for results. Secretary Rice launched the Foreign Assistance Reforms to begin to address these challenges.

I also know you understand that there are many facets to comprehensive reform and revitalization. Here I'll highlight five key areas: First, adequate funding; second, rebuilding USAID capacity; third, building consensus across the Global Development Commons; fourth, leveraging public-private partnerships; and finally, applying lessons learned and best practices to guide our efforts.

So given that construct, let's talk about where our focus has been and will continue to be in the coming months. First, I am focused on getting the program funding we need to support the achievement of our overarching foreign assistance objectives. I know you know that there is a great deal of competition for the tax dollar. I have been working vigorously within the Administration supported by the Secretary and the Deputy Secretary to make the

argument for increased foreign assistance resources. On Monday, when we roll out the President's FY 2009 budget I think you will see our hard work reflected. The budget will also reflect some of the issues and concerns that you've discussed with me over the past nine months. But at this point, it is three days too early to talk about the budget. Timing of sending funding to the field is often as important as the amounts, and together with Congress, we will be working to get the Missions their FY 2008 funding quickly. I would like to note the unwavering support that so many groups provide for increasing the foreign assistance budget - we appreciate your efforts and we will need you in FY 2009!

Second, I am focused on getting the operating resources we need to revitalize and reinvest in the critically-important capacity USAID needs to carry out our core mission. I can tell you that the FY 2009 budget request will include an historic shift - the largest personnel increase USAID has ever requested and a doubling of our capital investment fund as we launch the Development Leadership Initiative. This will begin the restoration of the technical expertise and the people USAID has been famous for. We need more USAID talent in the field, in more countries, to help build the capacity of people and institutions - and engage more broadly with development partners. And I want to see career tracks opened up for all employees - foreign service, civil service and our foreign service nationals. Across USAID I have placed renewed emphasis on training, core competencies, and diversity training, private sector alliances and management training for all staff - doubling the overall training budget.

We are making overseas staffing adjustments, such as working to increase U.S. direct hire staff in Africa and elsewhere -- and have transferred (not closed) the regional platform from Botswana to South Africa. And thanks to significant and successful efforts in-country, we are closing USAID missions in three Eastern European countries that are moving to a new level of sustaining development partnership. We make these decisions based on objective criteria. It is a pleasure to see when a country's dependency on foreign assistance ends, and our relationship changes to being strong partners in new ways in the international community.

To anticipate societal losses and setbacks that occur when conflict disrupts our partner nations, USAID and State must have the same capacity to "surge" that other parts of the U.S. government have, so that together, we can place enough of our conflict prevention and reconstruction assets in the right places at the right times. The budget request will therefore include significant investments in post-conflict capacity.

Third, we are streamlining our foreign assistance budget and planning processes. Over the past nine months, I've made significant changes based on specific feedback from our colleagues in USAID and State - particularly those in the field - and from you, our partners. This includes: Shifting the emphasis to the field by providing more opportunities for field input into the budget formulation and distribution processes. We have eliminated the Washington approval process for certain program and financial adjustments and are reducing the data required and the times Washington requests the data from the field.

We are in the process of implementing a number of changes to streamline the FY 2008 Operational Plan preparation and approval processes. We are pleased that these changes will reduce the amount of field time required to prepare the Plan and reduce the volume of materials submitted to Washington by between 20 and 80 percent. We will make the approval process significantly shorter with increased transparency and improved feedback to the field. We are also starting a new competitive procurement for the Operational Plan database - putting a premium on user-friendliness, performance and flexibility in the system.

Fourth, we need to reclaim the mantle of foreign assistance intellectual leadership. This will include activities such as developing a multi-year Global Assistance Strategy, developing multi-year country strategies and developing the first Economic Growth Strategy for USAID. Through the Development PCC we are working with other U.S. Government agencies to see how we together can align all our foreign assistance programs. Using the National Academy of Public Administration we have launched a consultative process with NGOs, policy experts and with key Members and staff in Congress, to drive a consensus on the common language for foreign assistance. A common framework and definitions supports better program coordination, clearer communication as to what we budget and plan to achieve across agencies, and a more productive discussion over competing priorities. And ultimately, I believe that foreign assistance leadership requires effectively and passionately telling the story of what a generous people and nation we are -- and the life changing work that we do all over the world. Only then can we truly start to build a constituency for global development.

I've also challenged USAID to focus more on performance and accountability. So I am establishing a senior evaluation position at USAID. And I am looking for your engagement to identify and deploy simple, clear, high-quality outcome measures. We have them in healthcare. We need them now in areas like agriculture, education, and economic growth.

While we are far from finished, there is no question that we are making progress. We have benefited from the specific suggestions and ideas from groups such as ACVFA, BIFAD and the HELP Commission. We are working to be transparent and accountable -- and to deliver results. Indeed, I take this mandate very seriously.

The revitalization agenda I've just laid out is aggressive - but entirely achievable. And working together, I want to capitalize on the tremendous energy and enthusiasm in play in the development community right now. I hope you all feel what a moment of opportunity we have together.

The Future

Most important, I hope you share my conviction that there must be a sense of perspective in all of these efforts. While the art of institutional change is in the specific brush-strokes, the imperative of revitalization and modernization demands a shared sense for the larger picture.

So I would like to close by offering you a proposition that transcends the immediate agenda I've offered you today.

If we were to define - together -- a vision for the future of foreign assistance and international development... how would we shape it?

We would agree on a common development language, and a shared information system to see what is being done by the U.S. Government, other donors, public corporations, and private foundations in order to leverage our work and place the power in the hands of the partner country.

We would develop clear lines of authority with budgets aligned to interagency strategies -- with the agility and flexibility to move quickly when we are called to respond, without compromising commitments made.

We would have a continuous monitoring and evaluation program, to let us track our progress, continue to learn what is most effective - and encourage a climate of experimentation and collaboration.

We would have rebuilt and revitalized USAID's capacity with the flexibility to readily respond to urgent and unanticipated needs around the world with adequate funding - and without compromising long-term plans.

We would effectively leverage corporate and private sector skills and capital in every program to assure greater returns and more far-reaching results.

We would have integrated country-based plans -- both from a development perspective, and from the standpoint of U.S. and other donor governments' strategic interests - but this is key - focusing on the host government first, and creating alignment, collaboration and partnership with every player on the ground.

And we would operate, effectively, as a Global Development Commons - in real time - putting the power of information, knowledge, transactions, and best practices into the hands of development partners and people on the ground.

Conclusion

I hope you share many elements of this vision -and I hope you will push it further. We have to find new ways of doing business together. This in no way obviates the progress of the past. But it does call for significant change.

Reform that truly revitalizes takes time. The path from poverty to prosperity is a long one. I've seen enough to know that a shared vision can not be realized in a matter of months, or by any one administration, or any one generation of development leadership. Instead, what I offer -- what every one of us has to offer -- is simply a step in the right direction. Today, tomorrow, and every day thereafter.

Should you ever lose your bearings in the complexity of how we do this work -- the surest, truest compass point I know is to stop and remember why we do it. And the people we serve. The Peruvian farmer in the highlands, the Malian girl who just attended her first day at school, the Sudanese family who fled to an IDP camp for safety, a youth activist in Ukraine, a young trafficking victim from Vietnam, a landmine victim in Lebanon, a Kyrgyz business woman

looking to expand her business. We serve the people who have the least hope, opportunity and prosperity, and who want to build their lives, their nations and their futures.

I know you share with me a sense of urgency equal to the importance of this work. It will not wait. And I'm proud to do it with you.

Thank you.