

Talking Points

Foreign Assistance Reform and Strengthening USAID

for the President-Elect's Transition Team for Foreign Assistance – December 2008

USAID Alumni Association members bring practitioners' perspectives informed by decades of experience in implementing and assessing foreign assistance programs across continents. We are troubled by progressive deterioration of USG civilian capacity to manage development and humanitarian assistance programs.

- Severe under-funding of USAID has led to downsizing of country missions, exodus of senior managers, and steady decline in staffing levels;
- the agency's technical expertise has deteriorated and in restructuring, USAID is becoming little more than a "contracting agency";
- centralization of program design and implementation authorities has weakened partnerships with host countries, diminishing local 'ownership';
- the Agency's policy planning and budget control functions have been virtually eliminated;
- coherent, country-driven strategies have been pushed aside by burgeoning unfunded presidential initiatives and narrow earmarks and directives;
- planning and delivering foreign assistance has been fragmented amongst many USG agencies.

To reverse these trends and rebuild America's foreign assistance program into a more effective instrument of U.S. foreign policy we urge the new Administration to take the following actions at strategic and operational levels:

- 1. Achieve agreements between Congress and the Administration on the importance of long-term development objectives to securing America's vital strategic interests.**

Activities that promote long-term development are essential to achieving US foreign policy goals and securing vital strategic interests. This reality needs

to inform a new foreign assistance policy, and should undergird an agreement between Congress and the Administration on the purposes and priorities of foreign assistance. We urge the administration to initiate this dialogue without delay and to conclude it within the first year of the administration.

We support the idea of a national development strategy as a useful framework for reaching consensus on development and humanitarian assistance priorities.

2. Restore USAID to be the premier international development agency

To be an effective player on the international stage the US needs a permanent development agency that has the mandate, resources, and professional staff to manage foreign assistance in a world vastly more complex than in the past. Properly constituted, this agency would provide the strategic focus, serious research and analytic capability, and the institutional clout to influence policy and practice both within our government and internationally. In past years USAID stood out for the quality of its expertise and leadership, and provided the USG with an effective planning and implementation mechanism, as well as a credible voice that commanded respect in international fora. Restoring this capacity should be an urgent priority of the new administration.

We endorse the President-Elect's intention to consolidate PEPFAR and MCC under one agency help improve coherence in US foreign assistance. A cabinet level agency responsible for foreign assistance will better inform US policy and further our national interests.

3. Rebalance the allocation of foreign assistance resources among security and civilian agencies of the USG

The new administration should re-establish the primacy of civilian foreign assistance in planning, delivering, and managing development and humanitarian assistance, including programs specifically for conflict and post-conflict settings. This should be a key feature of dialogue with Congress and other USG agencies.

Actions Needed at an Operational Level:

1. Deepen and accelerate the Development Leadership Initiative

We applaud USAID's recent Development Leadership Initiative but believe it needs to be accelerated and strengthened by bringing in mid and senior level development professionals to quickly boost capacity and to serve as mentors and coaches to a new generation of development professionals. USAID also should offer competitive terms of service to recruit and retain Foreign Service Nationals (FSNs) who constitute an essential element of the Agency's capacity.

2. Re-establish a robust policy planning and budget management function in a revitalized USAID.

No USG agency can be strong or effective without the means and authorities to formulate and execute policy for the programs it is responsible for, participate effectively in inter-agency discussions, and manage its budget. Rebuilding USAID means restoring the planning, budgeting, and evaluation authorities and rebuilding the staff, including senior professional FSNs, to carry out these functions.

A specific action needed to increase USAID's ability to manage to budget would be the elimination of the Operating Expense account. The OE account, which is unique to USAID, has the effect of distorting resource allocation decisions and limiting the ability of the USG to respond to pressing development and humanitarian situations. It also implicitly treats the USG's cadre of development professionals as an "overhead" expense.

This is an erroneous view of the role and value of providing in-house expertise to allied governments and development partners.

3. Increase USG flexibility and responsiveness by strengthening decentralized management through a strong country presence

The historical strength of America's foreign assistance effort has been its country presence. USAID country field missions have intimate knowledge of local conditions and unparalleled ability to respond to local needs, ensure local ownership, and effectively monitor programs. The new administration should reverse the downsizing of USAID missions in order to provide the

professional resources necessary to effectively design and deliver foreign assistance. This will require restoring USAID Mission Directors the delegations of authority for preparing long term country strategies and authorizing programs under the authority of the Chief of Mission that have been progressively stripped away, particularly over the last 8 years. It will also require support from the Department of State to authorize new positions, something State is increasingly reluctant to do as agencies are consolidated in New Embassy Compounds. As long as State sees itself in competition with other USG agencies for office space and services, it is unlikely that USAID missions will be able to grow.