

**Testimony of Richard L. Greene  
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“A Reliance on Smart Power – Reforming the Foreign Assistance Bureaucracy”  
Senate Committee on Homeland Security and Governmental Affairs  
Subcommittee on Oversight of Government Management, the Federal Workforce, and  
the District of Columbia  
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Introduction

Chairman Akaka and Ranking Member Voinovich, thank you for calling this timely hearing. The degree of turmoil and poverty in the world right now poses both challenges and opportunities for our assistance programs. I welcome this opportunity to discuss with you the ways in which we are working to improve the delivery and effectiveness of the U.S. Government’s (USG) foreign assistance programs.

In the United States today, old divisions between those who saw foreign aid as a tool to influence strategic partners and those who viewed it as a means of doing good in the world are giving way to a new unity of purpose. Our altruistic goal of improving lives around the world is consistent with our national security goal of making the world a more secure place for the United States and its allies. Indeed, it is increasingly clear that development plays a critical role in national security. By addressing the long-term conditions that lead to despair and instability, development takes its place alongside diplomacy and defense as a key component of national security. When our programs address the problems of unresponsive governments, health crises, enduring crime and poverty, they make the world a safer place.

The President's National Security Strategy makes clear the critical role that the State Department and the U.S. Agency for International Development (USAID) have in achieving national security objectives. At any time, in many places around the world, the U.S. Government is engaged in a wide range of necessary and interconnected foreign assistance objectives – promoting long-term economic growth and development; reducing poverty; fighting disease; providing military assistance and training; promoting post-conflict reconstruction and recovery; delivering humanitarian response; improving governance, transparency, and accountability; strengthening democracy and civil society; and the list goes on. Each of our major foreign policy tools – diplomacy, defense and development – can help achieve development progress. But they can do so effectively only if we synchronize our efforts in all three areas. Today, as never before, we must ensure that our foreign policy and foreign assistance institutions – civilian and military – work together to achieve development results that promote our humanitarian and national security goals around the world.

We have recently seen several significant reports on the future of U.S. foreign assistance and the ways in which the United States organizes, funds and delivers aid programs. The consensus in these reports is encouraging; they make a bipartisan case for increasing investments and for modernizing aid structures to reflect the importance of meeting global development challenges.

We have invested considerable effort to improve the coherence and effectiveness of our foreign assistance architecture. Our overall approach has many features, including increased funding levels; the creation of a new structure to coordinate USG strategic and operational planning, integrated

budget formulation and execution, and performance management; a bigger, better trained and supported workforce; a focus on country needs in our planning and budgeting; enhanced civilian-military coordination and delivery; expanded private-public partnerships; a new rapid response capacity through the Civilian Response Corps; a renewed focus on monitoring and evaluation of our programs; improved coordination and information sharing with other donors, host countries, and partners through the Global Development Commons and other mechanisms; and increased development planning and coordination with other governments. In my remarks today, I'd like to focus on the first three key components I mentioned: funding levels, new approaches to managing foreign assistance, and the workforce needed for delivering our assistance programs.

### Funding Levels

There are numerous recent examples where the Administration and the Congress have worked closely together to provide development funding commensurate with the challenges and opportunities that exist around the world. As a result, the USG has nearly tripled Official Development Assistance since 2001. We are on track to double our assistance to sub-Saharan Africa between 2004 and 2010. Perhaps the most significant example of sustained funding focus is the President's Emergency Plan for AIDS Relief where we have already invested nearly \$19 billion in programs designed to reduce the transmission and impact of HIV/AIDS, with the goal of treating two million people, preventing seven million infections, and caring for ten million people. Yesterday (July 30), the President signed into law a bill reauthorizing a second five-year program of \$48 billion. A second major initiative launched in 2004

with strong Congressional support is the Millennium Challenge Corporation. The Corporation has now signed compacts with 16 nations based on the principle that aid is most effective when it reinforces good governance, economic freedom, and investments in people. In addition, the President's Malaria Initiative is investing \$1.2 billion over five years to reduce deaths due to malaria by 50 percent in 15 African countries. Also, we have increased our investments in post-conflict countries and countries struggling to emerge from conflict, such as Iraq, Afghanistan, Sudan and Liberia. Comprehensive reform has many facets, but clearly one of the first is securing adequate overall resource levels for foreign assistance. I think both Congress and the Administration can take pride in the significant resources and the focus on results that we have provided to important programs that are transforming lives overseas and making our world more secure.

### Reforming the Foreign Assistance Process

Two years ago, Secretary Rice reviewed the challenges of effectively delivering and programming foreign assistance. What she identified was a complex system in which responsibility for managing foreign assistance was fragmented across more than a dozen USG agencies and among multiple bureaus and offices within State and USAID. Our foreign assistance was stove-piped into numerous accounts, overseen by a multitude of offices, each with different standards of measurement and different ways of judging success or failure. This fragmentation made it difficult to plan coherently and could lead to conflicting or redundant efforts. Multiple lines of authority made accountability more elusive and impeded efforts to integrate our foreign assistance with our broader foreign policy objectives.

Secretary Rice recognized that our assistance programs must become better organized and integrated to meet the national security, development and humanitarian challenges of the 21st century. The achievement of foreign assistance goals is critically important for both the United States and our partner countries. Therefore, in 2006, Secretary Rice launched an effort to improve the coherence and effectiveness of U.S. foreign assistance. Secretary Rice established the position of Director of U.S. Foreign Assistance with authority over most assistance programs developed and delivered by the Department of State and USAID. The Director of U.S. Foreign Assistance is simultaneously the Administrator of USAID. This “dual-hatted” structure helps to ensure that our overall foreign assistance programming has a strong development emphasis and that it is also closely tied to our foreign policy objectives.

The Office of the Director of U.S. Foreign Assistance (DFA) is working toward bringing a “whole of government” approach to our foreign assistance programming. This approach is guided by an overarching goal – a goal Secretary Rice has articulated as Transformational Diplomacy: *to help build and sustain democratic, well-governed states that respond to the needs of their people, reduce widespread poverty, and conduct themselves responsibly in the international system.*

As an important first step to bringing about policy coherence, we have started to implement and refine the basic management tools necessary to ensure assistance programs across the U.S. Government are linked to our foreign policy goals. We have developed a Foreign Assistance Framework as an organizational tool to describe a broad swath of foreign assistance programs.

The Framework creates a common language for categorizing and tracking our foreign assistance activities. This set of common definitions allows us to compare partner, program, and country performance in State and USAID programs and across sources of funding. We are using this new tool to help create detailed, country-level operational plans that describe how resources are being used. Operational plans help us determine whether our foreign assistance is aligned with our goals in a particular country; with whom are we working – both inside and outside the USG; how much are we spending across the board; and, finally, what results are we achieving.

We are also implementing a more integrated budget process in Washington and at posts. We have brought a much stronger country focus to both budget and implementation decisions. For the first time in Fiscal Year (FY) 2008, and then again in FY 2009, we submitted a foreign assistance budget that fully integrated the State and USAID requests for individual countries, while taking into consideration the totality of USG resources, including the Millennium Challenge Account.

In addition, we are working to integrate the foreign assistance efforts of non-State and USAID entities. We are piloting a strategic planning process whereby stakeholders from across the USG – not just State and USAID – are working collaboratively in Washington and in the field to develop country-specific foreign assistance strategies. This interagency-approved Country Assistance Strategy (CAS) process is being tested in ten countries around the world. A CAS will articulate the USG's top four or five foreign assistance priorities in a given country within a five-year period. The CAS process provides a forum for USG departments and agencies to discuss their current and

planned programs in a given country so that each agency's programs can be fully leveraged and maximized and brought into closer alignment with the host country's conditions and its own definition of development needs and priorities. The CAS will be a public document to communicate the top USG foreign assistance priorities to our host country government partners, other donors, key stakeholders in civil society, including the private sector, and others. As the pilot phase of the CAS wraps up this fall, we will be working with our interagency colleagues to refine the concept.

We are also developing tools to help us measure the success of our programs and compare results across countries and accounts. We are implementing a set of standard performance indicators that allow us to aggregate results and learn lessons about which programs work best in which conditions. This effort to more robustly manage our performance is an important step toward greater transparency and accountability in our assistance programs.

We are two years into this major effort to reform foreign assistance. It is fair to say that the initial implementation of the reform effort was met by some serious criticism. However, I think it is also fair to say that over the past year, we have seen significant improvements in many of the key areas of concern. So while we have made many important strides, we also recognize that there is much more to do. We approach the foreign assistance reform process conscientiously and constantly strive to improve our systems so that they enable us to manage aid more effectively while giving the necessary latitude to our staff in the field, who must respond to local realities in the delivery of our programs.

## Development Leadership Initiative

Finally, successful foreign assistance reform depends upon our ability to rebuild USAID's core development capacity. Department of Defense Secretary Robert Gates recently delivered an important speech at a U.S. Global Leadership event. In it he stated, "It has become clear that America's civilian institutions of diplomacy and development have been chronically undermanned and underfunded for far too long – relative to what we traditionally spend on the military, and more importantly, relative to the responsibilities and challenges our nation has around the world." Simply put, we need many more better trained and supported people to work in new ways to support the achievement of USG development objectives. Staffing has not grown commensurate with the tremendous growth in programs and funding levels; USAID's workforce and infrastructure must keep pace.

Consequently, Administrator Henrietta Fore launched a three-year plan to significantly increase the size of our development corps. The Development Leadership Initiative (DLI) aims to strengthen and invest in USAID's critically important permanent Foreign Service Officer corps. Not only do we need to ensure the size of USAID's workforce keeps pace with the significant increases in USAID program management responsibilities, but we also need to make sure the workforce has the necessary expertise and skills to tackle 21<sup>st</sup> century problems. To launch the DLI, our FY 2009 budget request includes \$92 million, which will allow USAID to hire an additional 300 Foreign Service Officers, a 30 percent increase in the career Foreign Service workforce.

DLI will address critical staffing shortages in program management and technical areas, which will provide increased accountability in U.S. foreign aid programs. USAID needs more officers with technical skills in education, agriculture and the environment, economic growth, democracy and governance, and health. It needs more contracting officers, legal advisors, and financial managers to strengthen host country institutions as well as stewardship of our funds. USAID needs more talent on the ground, in more countries, with the resources and skills to help build the capacity of people and institutions. We are most appreciative of the strong Congressional support for these efforts reflected in the recently passed supplemental and the initial FY 2009 House and Senate appropriation marks.

The overall request for USAID administrative accounts also includes a significant increase in the resources for training and information technology from the FY 2008 enacted levels. Agency leadership recognizes the importance of a well-trained workforce. Efforts are underway to expand technical and leadership training, modernize delivery mechanisms, including broadening e-learning opportunities, and greatly increasing the number of officers conversant in Arabic, Chinese and the languages of South Asia, Southeast Asia, and East and West Africa. USAID needs to modernize antiquated business systems to improve procurement and financial management processes, continue e-government initiatives, and improve the Agency's ability to report results.

## Conclusion

So where does that leave us? We now have a greater development focus and sense of USG unity about how, why and what we are doing to accomplish

our foreign policy and foreign assistance goals. Our foreign assistance reform effort, while still in the formative days, has made significant progress in bringing U.S. foreign policy objectives into closer alignment with resource allocations and in creating coherency across country programs. We have taken the first steps to reinvigorate USAID's development corps.

However, reform and institutional change take time. We need more flexibility in funding streams. We need programs that are demand-driven, not ones that are dictated by the type of funding available. We need to recruit and retain a robust work force, with strong operational and technical skills. We need to further streamline our planning and allocation processes. We need to fully implement a whole of government approach that achieves better coordination of USG foreign assistance programs.

These steps are essential to develop, implement and sustain a coherent USG foreign assistance program that can more effectively link with the efforts of many countries and organizations to successfully impact the lives of millions of people around the world.

And to be successful, we need the active engagement of Congress, public and private partners, and the international community.

In closing, the one word that captures where we are in our efforts to help better achieve development goals is "More." There are more issues to consider, more complexity, more aggregate resources, more information about what works and what is important, more understanding of the impact of not coordinating defense, development, and diplomacy goals and more international

focus on improving our collective foreign assistance performance. But most importantly, there is more promise and more potential for achieving long-term sustainable development goals around the world. Progress can only be made if we have a sense of shared community goals and efforts. There are clear signs we are heading in that direction and I salute the members of today's second panel for their leadership role in this effort. Modernizing foreign assistance is necessary. It's urgent. And, it's essential to our national security.

Thank you very much. I would be pleased to respond to questions at this time.