Testimony of

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A Reliance on Smart Power - Reforming the Foreign Assistance Bureaucracy

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Introduction

Chairman Akaka, Ranking Member Voinovich, and other members of the subcommittee, I welcome the opportunity to testify today on a topic of major interest to U.S.-based nonprofit nongovernmental organizations (NGOs). I also want to thank you and the members of the subcommittee for your interest in the U.S. foreign assistance bureaucracy and in possible ways to make it more effective.

InterAction is the largest coalition of U.S.-based international relief and development nongovernmental organizations. With more than 165 members operating in every developing country in the world, we work to overcome poverty, exclusion and suffering by advancing basic dignity for all. Our members include service delivery and advocacy organizations, focusing on health, hunger, economic development, the environment, refugee crises, and humanitarian emergencies.

In addition to my role as President and CEO of InterAction, I am also a member of the Modernizing Foreign Assistance Network (MFAN), a bipartisan group of experts from think tanks, universities, and NGOs who have come to a consensus on several key recommendations for improving and elevating our country's foreign assistance programs. Today I will focus my comments on four key areas: the mission of U.S. foreign assistance; the U.S. Government's capacity to be an effective partner in development; protecting the "humanitarian and development space," within which InterAction's member organizations work; and the need to elevate international development as a component of U.S. foreign policy – namely by creating a Cabinet-level Department for Global and Human Development.

The Mission of U.S. Foreign Assistance

Foreign assistance plays a critical role in advancing U.S. national interests overseas. It represents our humanitarian values, and puts the best face of America forward to the

world. By demonstrating our commitment to these values, we advance our own economic and national security interests. By promoting economic growth in the developing world, we help people thrive and open new doors to partnership with American businesses and consumers. By restoring respect for the United States as a force for positive change in the world, working to prevent and resolve conflicts, investing in democratic institutions and civil society, promoting community development, and responding to humanitarian emergencies, we create a safer and more stable world, which is clearly in our national interest.

At the heart of America's broader foreign assistance portfolio lies poverty-focused development assistance, which is America's most important tool for reaching the poorest and most vulnerable people in the world. **InterAction believes that the chief goal of U.S. development assistance should be to reduce poverty and help countries and people achieve their full potential, which reflects the American values of humanitarianism and equal opportunity for all.** This effort extends beyond the much-needed task of addressing the basic needs of the poor, such as access to food, water and sanitation, and health care. It involves protecting the most vulnerable from shocks, cycles, and trends that threaten their survival, equipping the poor with the capacity and tools to advocate on their own behalf, enabling them to be stakeholders in the systems and structures that govern their access to resources, and improving their ability to participate in their own livelihoods. These steps are critical to helping the poor to lift themselves out of poverty.

Poverty reduction and sustainable development must be cornerstones of U.S. foreign assistance, and therefore top priorities of U.S. foreign policy on the whole. The problem today is that too few development dollars are spread over too many federal agencies, leading to a watered down and incoherent jumble of programs. U.S. foreign assistance is fragmented across twenty-six departments and agencies in our government, and our aid programs are often poorly coordinated at best or, at worst, working at cross purposes.[1] This fragmentation has been exacerbated by recent initiatives like PEPFAR and the Millennium Challenge Corporation (MCC) that were designed to work around, rather than with, existing development capabilities at the U.S. Agency for International Development (USAID), the lead U.S. development agency.

The State Department's recent efforts to unify all its foreign assistance programs with USAID's under a single strategic framework (the "F process") was an attempt to decrease fragmentation, but the fact that it didn't include either PEPFAR or MCC hampered its success from the start. In fact, the Congressional Research Service reports that the Office of the Director of Foreign Assistance (the F Bureau), the bureau in the State Department that managed the "F process" and serves as the coordinating body for all State and USAID assistance, only manages about 55% of the U.S. foreign assistance budget.[2] Therefore, there is no single overarching framework that articulates the mission and objectives for the entire set of U.S. foreign assistance programs, much less one that puts long-term development at its center – where it belongs.

This lack of coherence leads to confusion and inefficiency here in Washington and in the field. Host governments and indigenous civil society in the developing world are unable to relate their priorities to so many points of contact at U.S. embassies, and the result is that development programs are not responsive to the needs of the very people they are intended to serve. El Salvador, for instance, has at least eleven agencies delivering foreign assistance and, as our member organization Oxfam America found in its research in that country, U.S. government development staff find that "'It's difficult to keep everyone happy,' when each agency focuses on the challenges of development through a different lens."[3] Unfortunately, El Salvador is not an isolated case, and this same lamentation can be heard echoing throughout the developing world.

For this reason, InterAction and its members, as well as the experts that comprise the Modernizing Foreign Assistance Network, believe that the United States should adopt a National Development Strategy, similar to the high-level strategic documents produced by the Department of Defense (DOD) or the National Security Council (NSC), which should be implemented by a Cabinet-level Department for Global and Human Development.

In his recent paper, "Modernizing Foreign Assistance for the 21st Century: An Agenda for the Next U.S. President," Steve Radelet argues that such a development strategy should "lay out broad guidelines for assistance programs in different kinds of recipient countries; failed, failing, and fragile states; and middle-income countries with much less need for development assistance. It should describe how foreign assistance programs will be coordinated and integrated with other policy tools for working with low-income countries (e.g., trade, immigration, investment, etc.), and should summarize the budgetary requirements necessary to achieve those goals. It should lay out how our bilateral assistance programs can work with important multilateral initiatives at the World Bank, African Development Bank, Global Fund, and other key multilateral organizations. Developing this strategy should not be a one-time process: each administration should be expected to renew and revise the strategy as a Quadrennial Global Development Review, much like DOD's Quadrennial Defense Review Report."[4]

Furthermore, the National Development Strategy must clearly articulate the mission of development assistance outlined above – to reduce poverty and help countries and people achieve their full potential, which reflects the American values of humanitarianism and equal opportunity for all. It should also adhere to InterAction's principles for effective foreign assistance reform, which include:

- Poverty reduction must be a primary objective of U.S. foreign assistance;
- Achieving the long-term objectives of global prosperity and freedom depends upon sustainable development as a long-term process, which should not be sidetracked for any short-term political agenda;
- Cohesion and coherence, in place of current fragmentation, are necessary to achieve the effective use of foreign assistance resources;
- Building local capacity promotes country ownership and leads to self-sufficiency;

- Humanitarian assistance programs should continue to be a core part of foreign aid and be guided by the principle of impartiality;
- U.S. foreign assistance programs should be under civilian control and run by development professionals.

Finally, and just as importantly, the National Development Strategy must recognize the role of women in reducing poverty and expanding economic growth. It should commit the United States to advancing women's empowerment and gender equality, especially in the area of basic education.[5] This is not only because women comprise half of the population and the majority of the world's poor, but also because more than 40 years of international development experience have shown that investments in women lead to substantially higher payoffs for reducing poverty and growing economies. For example, the World Bank has found that during India's economic transformation over the last 15 years, states with the highest percentage of women in the labor force grew the fastest and had the largest reductions in poverty.[6]

The U.S. Government's Capacity to be an Effective Partner in Development

Because of the fragmentation described above, and because of staffing and funding constraints at USAID, the capacity of the U.S. Government to be a good partner with civil society in development has declined considerably from where it was twenty years ago. It was not that long ago that the U.S. NGO community received about 50% of its funding from grants and cooperative agreements with the U.S. Government. Now, InterAction members receive more than $6 billion annually in the form of private donations from the American public, twice as much as they receive from the U.S. Government. This shift in resource flows has occurred at the same time as a significant decline in staffing levels at USAID.[7] The decline in staff, in turn, means that the agency has less capacity to effectively manage small and medium-sized grants and has been forced turn to larger and larger "umbrella contracts" or Indefinite Quantity Contracts (IQCs) as foreign assistance implementing mechanisms. As USAID Deputy Administrator Jim Kunder noted at an Advisory Council on Voluntary Foreign Assistance (ACVFA) meeting last year, "Federal guidelines indicate that the average [U.S. Government] contracting officer should manage around $10 million in contracts per year; in USAID each contracting officer oversees an average of $57 million in contracts. At some point, the system's management and oversight capabilities are simply overstressed."[8]

What we are left with is a situation in which the NGO community is looking to work in partnership with USAID, while USAID is looking for organizations to exert control over through the use of rigid contracting mechanisms. The result is that our government is becoming less and less relevant to the community of nongovernmental organizations that actually implement development programs overseas. Furthermore, USAID's operating expense and human capital constraints compromise its ability to coordinate effectively with other bilateral and multilateral donors, as well as its capacity to do meaningful monitoring and evaluation work. Shortcomings in these areas mean that

United States is not leveraging its development spending as effectively as it could, nor is it effectively capturing lessons learned about what works and what does not.

Moreover, USAID's recent efforts to impose a sweeping new terrorist screening program on grantees further strains its relationship with the development community. The so-called "partner vetting system" (PVS) was developed with little consultation with NGOs or appreciation for the impact on implementing partners around the world. Under the proposed PVS system, grantees would be put in the untenable position of collecting and sharing the personal privacy information of thousands of implementing partners with USAID, and potentially, U.S. intelligence agencies. The system inexplicably does not apply to contractors or to State or Defense Department implementing partners, nor does it take into account actual threat levels in particular countries, that it will likely place the lives of American humanitarian workers in jeopardy, and that the collection of such information may actually undercut U.S. foreign policy objectives. The system also fails to account for the fact that grantees are already required to conduct rigorous screening of grant recipients. Rushing ahead with such a system will only serve to undermine an already fragile and frayed relationship with the development community, and puts further strain on USAID's management and oversight functions, while not ultimately serving our shared interests in seeing that U.S. taxpayer dollars are well protected from diversion to terrorist organizations. To its credit, USAID has begun to reach out to the community of implementing partners to find an agreeable way forward, and that dialogue should be supported and continued.

Given that USAID is our government's lead development agency, and that the fragmentation of our foreign assistance over the last two administrations is due to a lack of confidence in the agency by both Congress and the executive branch, it seems that the logical place to start re-capacitating our government's development capability is by reinvigorating and empowering USAID. I commend current USAID Administrator and Director of Foreign Assistance Henrietta Fore, and Deputy Director Rich Greene, for their leadership in addressing many of these concerns. Their commitment to increasing funding for training, along with the new Development Leadership Initiative (DLI), for instance, will rectify some of the human capital problems that have plagued the agency over the last fifteen years.

I have several concrete recommendations that I believe will improve the effectiveness of USAID, which accounts for a significant share of the U.S. foreign assistance bureaucracy. Many of these proposals could also be applied when designing a Cabinet-level development agency:

- Eliminate the operating expense (OE) line item from USAID's budget. The OE line item puts an unnecessary bull's eye on USAID's administrative costs that other government agencies are not subjected to. Furthermore, the bipartisan HELP Commission found that Congress has allowed, if not encouraged, USAID to use program funds to support administrative costs, undermining the original intent of the OE account and eroding its usefulness.[9]

- Change the definition of OE (if the account cannot be eliminated entirely) so that Foreign Service Officers who are serving in USAID missions overseas are counted against the agency's program costs and not its OE budget.[10]
- Boost training funds for agency staff and Foreign Service Officers, which would create consistent doctrines and approaches to development (to be guided by the National Development Strategy). Administrator Fore deserves credit for taking significant steps in the right direction in this regard.
- Expand language training to include languages beyond the typical Spanish, French, and Russian, for up to 44 weeks of instruction. Unfortunately, current staffing constraints mean that even if such language training programs were in place, the agency probably could not afford to keep its Foreign Service Officers in Washington, DC for 44 weeks at a time. Achieving this recommendation will require increases in both financial and human capital.
- Prioritize monitoring and evaluation so that we can know what works and what does not. The U.S. Government should fund evaluation costs for NGO-implemented development programs, which are too often the first thing to be stripped from project budgets in order to reduce total costs. In addition to mid-term and final evaluations, impact assessments should be conducted a few years after programs have been completed so that we can measure their sustainability. Furthermore, assessments should systematically disaggregate data by sex in order to assess whether programs are benefiting women as well as men. Again, Administrator Fore deserves credit for reinvigorating USAID's monitoring and evaluation capabilities.
- Improve the agency's willingness and capacity to listen to the people whose lives it hopes to improve through a particular intervention, especially during the needs assessment and project design phases. This should include doing gender analyses, which look at the different roles, rights, responsibilities and resources of women and men and how they impact a proposed policy, strategy, or project. When the Foreign Assistance Act is rewritten and reauthorized next year, as House Committee on Foreign Affairs Chairman Berman has committed to doing, Congress should prioritize "listening" when it is drafting language related to local consultation. The MCC provides a useful model, but does not go far enough in defining the extent to which the agency must consult with aid recipients.
- Urge USAID to withdraw the current PVS screening program and allow the agency the time and space to work with the development community in improving and strengthening vetting systems to protect U.S. tax dollars, without undermining critical U.S. foreign policy and development objectives around the world.
- Ensure that USAID staff understand the distinctions between Acquisitions (contracts) and Assistance (grants and cooperative agreements), and adhere to federal guidelines regarding how the funding mechanisms should be applied. Unfortunately, due to factors including the staffing shortages described above, the U.S. Government has demonstrably moved in a direction that would suggest it prefers contracts rather than grants for implementing foreign aid. This is problematic for the nonprofit NGO community, which is better suited to the latter type of funding instrument, usually characterized by a "people-to-people" transfer

of skills and assistance from NGOs to local groups. While there are certainly instances where the contract instrument is appropriate, we believe that all too often contracts are now being chosen by USAID as a way to assert rigid and counterproductive control over development programs.

- Develop high-level leadership on gender by increasing the number of gender experts in the agency's regional and functional bureaus.
- Ensure that USAID is able to attract and retain quality personnel, and that Foreign Service Officers receive pay that is equitable with what they would receive for a similar job in the private sector, or even at a similar post in Washington, DC. Foreign Service Officers at USAID and the State Department serve our country, often at great personal sacrifice, in some of the most dangerous corners of the world, and their contributions to U.S. national security and global stability are to be commended.
- Shift what remains of the Bureau for Policy and Program Coordination (PPC) from the Office of the Director of Foreign Assistance back to USAID, and re-capacitate the bureau, which performed critical policy, planning, and priority setting functions for the agency prior to the onset of the "F process."

Overall, the U.S. Government generally – and USAID specifically – must take steps to rebuild its capacity to partner with the community of U.S.-based international relief and development NGOs. Channeling foreign assistance through NGOs, both international and local, is one way to ensure that aid ultimately benefits those most in need. NGOs play a critical role in partnering with local communities, ensuring that programs reach the poor and effectively address the unique needs of those they are intended to benefit. NGOs also play a significant role in reaching marginalized groups, including women and girls, and involving them in decision-making. Furthermore, the long-term relationships that NGOs build with communities that receive foreign assistance are unparalleled. Because of their private funding, NGOs can keep operating in a country even when they no longer receive U.S. government funding. For this reason, InterAction has members who have been operational in places for decades before *and after* the U.S. Government has come and gone in some developing countries. USAID, and the Cabinet-level Department for Global and Human Development that will hopefully succeed it, must take advantage of these strong relationships at the community level that NGOs have built over many years of humanitarian and development experience.

Maintaining the Boundaries of Humanitarian and Development Space

Improving human development in the far corners of the world is a complex task, and not one that should be controlled or undertaken by the Departments of State or Defense. People in the military are trained to be warriors, those in the State Department to be diplomats, and the men and women at USAID, MCC, and similar agencies are trained to do development. These are three very different skill-sets, and the three agencies have very different cultures.

In their book "Organizing Foreign Aid: Confronting the Challenges of the Twenty-first Century," Carol Lancaster and Ann Van Dusen discuss the distinction between aid

allocated for diplomatic reasons and aid allocated to achieve development goals. They rightly point out that "development work is quite distinct from the core activity of the [D]epartment [of State]," since "[d]evelopment implies a long-term engagement in bringing about social change in other countries, requiring a set of skills and a consistency over time that can prove a poor fit with the skills and more short-term time horizon and modus operandi associated with traditional diplomacy."[11] This is an important distinction, and one that we should remember when people suggest merging USAID into the State Department. As we noted in the Modernizing Foreign Assistance Network's "New Day, New Way" proposal, giving too much control of development programs to the State Department "subordinate[s] development to diplomacy, risk[s] allocating larger amounts of funding to meet short-term political and diplomatic objectives at the expense of longer-term development objectives, and place[s] responsibility for development policy in a department with only limited expertise in development."[12]

The "F process" was a failed attempt by the State Department to exercise undue influence in the development space. While some of its goals were admirable – attempting to clarify the objectives of U.S. foreign assistance and improve tracking and reporting of results, to name a couple – its implementation was a trying experience for the NGO community and for USAID missions overseas. It focused on "country-based" planning without adequately consulting with recipient governments or USAID missions in the field; relied on a top-down, hyper-centralized planning model; excluded the input of key stakeholders, including Congress, the NGOs that actually implement foreign assistance programs, and its own staff; instituted a new set of indicators that measure outputs rather than outcomes; and lacked real authority over foreign assistance funding streams that are not controlled by the State Department, like MCC and PEPFAR. Furthermore, it conflated development assistance and political assistance (Economic Support Funds) in the FY 2008 budget request.[13]

Gordon Adams, who sits on the panel with me today, proposes that the next President ought to fix the flaws in the "F process" but keep it largely intact. While I agree with Mr. Adams' concern that the Department of Defense's role in delivering foreign assistance not be increased, I respectfully disagree with him with regard to the F Bureau. He describes as "real progress" the fact that State and USAID had a common set of goals and objectives under the "F process", and commends the common performance framework that was established to measure results.[14] The problem though, is that the common set of goals and objectives failed to truly prioritize poverty reduction, and thus were the wrong goals and objectives. The same is true of the performance indicators, which measured a long list of outputs rather than impact or outcomes. Given that the F Bureau was measuring performance by the wrong indicators, I think its fair to say that the "F process" should not be called progress. Rather, it was a big step backward for U.S. development assistance programs, and it is the wrong choice for our next President. President Bush deserves credit for major increases in foreign assistance to Africa, for creating PEPFAR and MCC, and for the President's Malaria Initiative, but the "F process" is one of his development initiatives that should be set aside in the next administration.

Just as we resist intrusions in the development space in the name of short-term strategic or diplomatic interests, we also maintain that they should be autonomous from military control or encroachment. The fact that the Department of Defense now implements about 20% of U.S. foreign assistance is troubling, and Congress and the executive branch must take necessary steps to re-capacitate our government's civilian capacity to manage post-conflict reconstruction and stabilization programs.[15] The NGO community is not alone in this assertion either. Secretary of Defense Robert Gates has repeatedly remarked that we must improve U.S. civilian capacity in these areas. Just two weeks ago, in a speech before members of the U.S. Global Leadership Campaign, he stated that, "To truly harness the 'full strength of America,' as I said in the National Defense Strategy, requires having civilian institutions of diplomacy and development that are adequately staffed and properly funded." He went on to say that, "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 spend on the military, and more important, relative to the responsibilities and challenges our nation has around the world."[16]

This appreciation for the use of "non-military tools" exists throughout the military's officer corps as well. A recent survey of 499 active duty military officers, and more than 100 officers who retired after the September 11, 2001 terrorist attacks, found that 84% of officers say that "strengthening non-military tools such as diplomacy and development efforts should be at least equal to strengthening military efforts when it comes to improving America's ability to address threats to our national security."[17] There is clearly recognition of the value of civilian-led development programs within the leadership of our military, and we must work with the military to ensure that humanitarian and development programs have the autonomy from military control that they require to be truly effective.

The following key points should guide our government's approach to civil-military cooperation:

- Relations between the military and humanitarian organizations should follow the *Guidelines for Relations between US Armed Forces and Non-Governmental Humanitarian Organizations in Hostile or Potentially Hostile Environments*, which were jointly developed by InterAction and the Department of Defense.[18]
- There must be recognition that, like the military, NGOs adhere to a strict set of principles and standards of behavior, which are based on the *Code of Conduct of the International Federation of Red Cross and Red Crescent Societies and NGOs Engaged in Disaster Relief*. According to the code, NGO signatories are bound by the principles of independence, impartiality, and the imperative that every human being has the right to humanitarian assistance when affected by a natural or man-made disaster.
- The military has a clear advantage over civilian agencies when it comes to logistical, air and water transport, and engineering capacities. These are most effective when coordinated with the civilian expertise of USAID, the UN, and

NGOs. In other disaster contexts, however, the military's involvement in emergency relief, stabilization and reconstruction is deeply problematic because of its security focus and lack of specialized expertise. Well-intended projects may have negative consequences and are often unsustainable due to the military's short-term goals. Relief activities by the military also compromise the security of NGO staff in or near conflict areas by blurring the lines between humanitarian and military personnel.

- When the military does engage in humanitarian and development activities, involvement should be approved by civilian agencies and activities should be civilian-led and coordinated. In-country coordination between agencies should be led by the ambassador, and USAID should be consulted to ensure that the "do no harm" principle is respected. Finally, uniforms should be worn at all times, without exception, by members of the military when they are engaging in humanitarian and development activities.
- Finally, I would urge Congress to exercise oversight over the military's activities in the humanitarian and development sphere, especially as the Department of Defense begins playing a larger role in Africa and seeks to expand authorities like the Commanders Emergency Response Program (CERP) to fund humanitarian and development projects globally.

In sum, the space within which NGOs, USAID, and other development agencies function must be protected from harmful intrusions in the name of short-term strategic and political interests, or efforts by the military to engage in development or humanitarian work. The fencing off of these programs can be done by taking the steps I have outlined above, by creating a National Development Strategy that articulates the unique importance and contribution of development relative to diplomacy and defense, and by elevating foreign assistance to the Cabinet-level, which I will discuss in more detail below.

Elevating U.S. Foreign Assistance

For a number of years, InterAction has called for re-capacitating and reinvigorating USAID, and since early 2007, has supported the creation of a Cabinet-level department focused on international development and humanitarian response. While there are a number of other proposals for streamlining and rationalizing American foreign assistance programs, InterAction, like the Modernizing Foreign Assistance Network and the earlier Commission on Weak States and National Security, has determined that a Cabinet-level department is the best option for elevating development assistance in a way that prioritizes people-centered, sustainable development and can best achieve the objectives of the poverty-focused mission described above.[19]

A Cabinet-level department would solve many of the problems related to our government's lack of coherence when it comes to development. As my colleague Anne Richard, who joins me on today's panel, has noted, we must consolidate the number of actors and objectives in our foreign assistance programs, and I agree with her that we need strong leadership on behalf of these issues at the NSC. But I also believe that we

need a voice for development at the Cabinet table alongside the Secretaries of State and Defense. The administration identified development as one of the three pillars of U.S. national security in the 2002 National Security Strategy, and reaffirmed the idea in the 2006 strategy. I've already described the perils of encroachment on the development sphere by the State Department and the military, so if we are serious about relying on development as a pillar of national security that is equal to defense and diplomacy, we must elevate development to the Cabinet-level so that it has the independence and authority to be effective.

InterAction has published a paper that describes how such a Cabinet-level department might be organized, which I have submitted for the record along with my testimony. We envision that a Department for Global and Human Development (DGHD) would replace USAID altogether, and MCC, PEPFAR, and the President's Malaria Initiative would be shifted to the new department as well. According to our paper, "the DGHD would manage programs in key development sectors, including agriculture, civil society, economic growth, education, environment, good governance, health, and rule of law…All functions relating to development and humanitarian assistance presently under the Department of State's Bureau for Population, Refugees and Migration (PRM), including all non-domestic funding for migration and refugee affairs would be housed within the DGHD. Programs in the Department of Agriculture (USDA) relating to food aid would also move to the DGHD as would smaller programs in the Departments of Commerce and Labor and elsewhere. The U.S. Government presently runs six poorly coordinated food aid programs, some of which have conflicting objectives. While USDA would retain a role regarding food aid, these programs would be coordinated and rationalized under the DGHD, and would be run by the new department."[20]

We also propose creating a new, joint office for International Financial Institutions (IFIs) with personnel from the DGHD and the Department of Treasury. "The DGHD would lead on issues concerning the World Bank and other Multilateral Development Banks (MDBs); Treasury would lead on issues concerning the International Monetary Fund (IMF). "The two departments, along with other relevant U.S. Government (USG) entities, would jointly manage debt relief and debt financing issues.

"The DGHD would have a voice on U.S. Government trade policy towards developing countries. More than one dozen U.S. Government departments, agencies and other entities currently have a role in trade issues. This list includes: the U.S. Trade Representative (USTR); the Departments of Agriculture, Commerce, Health and Human Services, Justice, Labor, State, Transportation, and Treasury; USAID; and EPA. The DGHD would have a seat on all major interagency groups working on trade issues."[21]

In contrast with the "F process," which over-centralized foreign assistance programs and failed to elevate development, a key principal of a new Cabinet-level department should be "elevate and streamline, but decentralize." We must utilize, rather than alienate, the technical development experts in the NGO community and in USAID missions around the world. To those who would argue that separating development from diplomacy would weaken the former by removing it from the strong political support

provided by the Secretary of State, I would say that subordinating development to diplomacy, as is currently the case, undermines its effectiveness anyway. The missions of a Cabinet-level Department for Global and Human Development and the State Department would be complimentary, but they are fundamentally different. One focuses on changing lives and building civil society from the ground up, the other on the politics of state-to-state relations.

Conclusion

It is clear that the 21st century presents us with foreign policy challenges that our current development infrastructure is ill equipped to handle. We are also at a point in our history when respect for the United States abroad is at an all time low. At the same time, the next president will take over a country with a large constituency that supports international development, as well as a military that supports improvements in our "non-military tools." He will face difficult challenges and incredible opportunities when it comes to changing the way America relates to the rest of the world, which makes it vitally important that he work with Congress to reach a "grand bargain" that prioritizes these issues, gives the executive branch the flexibility it needs to respond to a rapidly changing world, and ensures comprehensive legislative oversight.[22] The United States must elevate development within our government and give it the space it needs to be effective vis-à-vis defense and diplomacy, focus our foreign assistance and development programs on a streamlined set of objectives by creating a National Development Strategy, and improve the capacity of our government to partner effectively with U.S. NGOs, with other donors, and with aid recipients.

Thank you, I look forward to your questions.

[1] According to information provided by the U.S. Government to the OECD's Development Assistance Committee for its 2006 Peer Review of U.S. development assistance, there are 26 departments and agencies providing Official Development Assistance. See page 20 of the review here: http://www.oecd.org/dataoecd/61/57/37885999.pdf
[2] Nowels, Larry and Connie Viellette, "Restructuring US Foreign Aid: The Role of the Director of Foreign Assistance," Congressional Research Service, June 2006. http://www.nationalaglawcenter.org/assets/crs/RL33491.pdf (p3)
[3] "Smart Development in Practice: Field Report from El Salvador," Oxfam America. http://www.oxfamamerica.org/newsandpublications/publications/research_reports/field-report-from-el-salvador/SDP-FieldReport-ElSalvador.pdf (p6)
[4] Radelet, Steve. "Modernizing Foreign Assistance for the 21st Century: An Agenda for the Next U.S. President," March 2008. http://cgdev.org/content/publications/detail/15561 (p13)
[5] Selvaggio, Kathleen; Mehra, Rekha; Sharma Fox, Ritu; and Geeta Rao Gupta, "Value Added: Women and U.S. Foreign Assistance for the 21st Century." http://www.icrw.org/docs/ForeignAidReform_Gender08.pdf
[6] Besley, Timothy; Robin Burgess and Berta Esteve-Volart, "Operationalising Pro-Poor Growth: India Case Study," Washington, D.C., 2005.
[7] In the 1990s, 37% of the agency's workforce (including direct hires and FSOs) left without being replaced, or was laid off in the 1995 reduction-in-force (RIF), and the current attrition rate is outpacing new hires by more than two-to-one. In 2006, 65 FSOs retired while only 29 were hired, and about half of all FSOs have been recruited in the last 6 or 7 years. Even when new officers are hired, it takes two years to fully train them for entry-level jobs. Source: Zeller, Shawn, "On the Workforce Roller Coaster at USAID." The Foreign Service Journal, April 2004, and the American Foreign Service Association (AFSA).
[8] ACVFA Public Meeting. May 23, 2007
[9] "Beyond Assistance: The HELP Commission Report on Foreign Assistance Reform." http://helpcommission.gov/portals/0/Beyond%20Assistance_HELP_Commission_Report.pdf (p40)
[10] InterAction would like to thank all the experts who provided input into this section, especially Andrew Natsios, former USAID Administrator, who provided valuable comments about the agency's OE, staffing, and training needs.
[11] Lancaster, Carol and Ann Van Dusen, "Organizing Foreign Aid: Confronting the Challenges of the Twenty-first Century."
[12] "New Day, New Way: U.S. Foreign Assistance for the 21st Century." http://modernizingforeignassistance.net/sitebuildercontent/sitebuilderfiles/newdaynewway.pdf
[13] More information about the "F process" is available in the InterAction report, "Foreign Assistance Reform: Views from the Ground." http://interaction.org/library/detail.php?id=6312
[14] Adams, Gordon, "Don't Reinvent the Foreign Assistance Wheel." *Foreign Service Journal*, March 2008. http://www.afsa.org/fsj/mar08/dontReinvent.pdf
[15] In CY 2005, DOD disbursed about $5 billion in foreign assistance – nearly 19% of the total foreign assistance budget – mainly for reconstruction work in Iraq and Afghanistan. For more information, see the Congressional Research Service Report cited above.
[16] Secretary of Defense Robert Gates, in remarks at the U.S. Global Leadership Campaign Tribute Dinner. July 15, 2008 http://www.usglc.org/images/stories/events/2008_tribute_dinner/usglc%20remarks%20by%20secretary%20of%20defense%20gates.pdf
[17] Survey of Military Officers conducted on behalf of the Center for U.S. Global Engagement by Geoff Garin and Bill McInturff, July 15, 2008. http://www.usglobalengagement.org/Portals/16/ftp/Military_poll_highlights.pdf
[18] InterAction-Department of Defense "Guidelines for Relations between US Armed Forces and Non-Governmental Humanitarian Organizations in Hostile or Potentially Hostile Environments." http://www.usip.org/pubs/guidelines_pamphlet.pdf
[19] See "New Day, New Way" report cited above, and the Center for Global Development's Commission on Weak States and National Security report, "On the Brink: Weak States and US National Security." http://www.cgdev.org/doc/weakstates/WeakApp.pdf (appendix III).
[20] "Proposed Major Components and Organization of a Cabinet-level Department for Global and Human Development," http://interaction.org/files.cgi/6306_Cabinet-level_org_paper.pdf
[21] *Ibid*
[22] See "New Day, New Way" report cited above