U.S. FOREIGN ASSISTANCE PRIORITIES:

RECOMMENDATIONS BY
THE ADVISORY COMMITTEE
ON VOLUNTARY FOREIGN AID

DECEMBER 2000

ACVFA

The Advisory Committee on Voluntary Foreign Aid (ACVFA) was established by Presidential directive after World War II to serve as a link between the U.S. Government and private voluntary organizations (PVOs) active in humanitarian assistance and development work overseas. Comprised of 22 private citizens with extensive knowledge of international development, ACVFA helps provide the underpinning for cooperation between the public and private sectors in U.S. foreign assistance programs.

As stated in its charter, the Advisory Committee's mission is:

- To consult with, provide information to, and advise the Agency for International Development (USAID) and other U.S. Government agencies on development issues relating to foreign assistance in which the U.S. Government and PVOs interact;

- To provide information and counsel to the PVO community on issues of concern regarding their relations with USAID and other U.S. Government agencies; and

- To foster public interest in the field of voluntary foreign aid and in PVO activities.

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FOREWORD

"Globalization" has become a well-worn term in a very short time. In fact, globalization is neither the holy grail nor international menace that observers of various stripes make it out to be. Rather, it represents many new realities that need to benefit as many people as possible, bringing information, opportunities, and resources to maximize our interdependent world.

Now is the time to craft a new and dynamic U.S. foreign aid program, in full partnership with market and civil society actors, to represent our values and to promote our national interests. The Advisory Committee on Voluntary Foreign Aid (ACVFA) has prepared this short paper for the new administration to highlight priorities that we see as central to the effectiveness and impact of our country's international cooperation efforts.

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The ACVFA tracks its lineage back to 1941 when Franklin Roosevelt first appointed the President's Committee on War Relief Agencies. At that time, churches and private welfare agencies agreed to collaborate together, and with our government, to provide assistance to suffering people. Then, as now, U.S. foreign policy decision makers saw real value in linking America's independent, or third, sector with our government's programs to promote U.S. interests and demonstrate U.S. values.

Consistent with its federal charter, ACVFA has advised and counseled recent USAID Administrators, bringing to bear the perspectives of nongovernmental organizations and businesses seeking to work more effectively with government. In that spirit of partnership, we offer the recommendations outlined on the following pages.

Beyond the specific issues in this paper, ACVFA believes it is timely—indeed, urgent—for the nation to undertake a comprehensive review of development cooperation. The basic purposes and long-term goals of America's foreign aid program require new definition and clarity consonant with our values and national interests. Think tanks, Congressional committees, leaders of both major parties, and members of the business and non-profit communities, all of whom have a stake in America's world leadership, have put forth proposals that range from minor tinkering to major institutional overhaul. Building on these efforts, ACVFA urges the President to appoint a Bipartisan Commission on International Cooperation. This Commission, we believe,

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should review our fullest range of global opportunities and challenges and propose a new paradigm that will be embraced by both parties and the public at large.

A Bipartisan Commission appointed by the President would provide the visibility and leadership needed to expand the debate, choose among the options, and create a national consensus for American leadership abroad. As a federal advisory committee, ACVFA stands ready to participate in this important national dialogue.

William S. Reese
Chair

U.S. FOREIGN ASSISTANCE PRIORITIES

The Advisory Committee on Voluntary Aid (ACVFA) is a federal advisory committee of U.S. experts on development and relief, chartered to advise the Administrator of the U.S. Agency for International Development on maximizing USAID's collaboration with the nongovernmental sector. Established by Presidential Directive after World War II, ACVFA connects the U.S. Government with the full array of U.S. nongovernmental organizations (NGOs) active in development and humanitarian assistance—private voluntary organizations, cooperatives, faith-based groups, foundations, and universities. The USAID Administrator appoints ACVFA members, who serve without compensation. Through public meetings that draw hundreds of participants, and ongoing subcommittee work, the Advisory Committee is an expression of democracy in action: ACVFA members help inform the U.S. foreign assistance program while providing a vital link to the U.S. public.

Over the past decade, the context for U.S. foreign assistance has changed dramatically. Globalization, the rapid spread of communications technology, the blossoming of civil society, and the proliferation of humanitarian crises are some of the forces that have altered the framework on which foreign assistance rests. New development challenges, from democratization to the growth of free market economies, to the spread of HIV/AIDS and other infectious diseases, impinge directly on U.S. national interests.

In contrast to the increasing opportunities and demands facing USAID, cuts in the foreign affairs budget (the "150 Account") have forced the Agency to reduce its staff and overseas presence. Conversely, the number of organizations seeking USAID funds has increased dramatically, with an estimated 37% of U.S. bilateral development assistance now programmed through hundreds of U.S. and indigenous NGOs. At the same time, interpretations of the 1993 Government Performance and Results Act are still evolving, with profound implications for foreign assistance strategy and operations.

ACVFA believes that these trends require a number of policy, program and organizational adjustments to effectively support U.S. foreign policy interests, and to more clearly express U.S. humanitarian values. Exercising its mandate as a federal advisory committee, ACVFA recommends seven steps that should be taken:

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There is no better time than the present—a new Administration in a new millennium....

- Establish a Bipartisan Commission on International Cooperation to set priorities for U.S. leadership in development cooperation, and to engage the public in this effort.
- Increase the Foreign Affairs Budget.
- Shift USAID's role further from that of implementer to enabler.
- Expand programming through indigenous civil society organizations and invest in the skills and capacity of these organizations.
- Design USAID programs to achieve the full integration of gender concerns and equitable participation of women.
- Link humanitarian assistance more integrally to development through USAID leadership in the U.S. response to humanitarian crises.
- Launch a more comprehensive and better-funded assault on HIV/AIDS.

Establish a Bipartisan Commission on International Cooperation

Given the changed context for foreign assistance, and the new challenges these changes portend, a healthy debate on the priorities and purpose of foreign assistance is indicated. The Advisory Committee recommends the immediate creation of a Bipartisan Commission on International Cooperation, under the leadership of the President and joined by members of Congress, as a start toward building a national consensus around foreign aid. There is no better time than the present—a new Administration in a new millennium—for such an effort. The Commission would engage policymakers and the public alike in reviewing and reinvigorating U.S. policy toward developing and transitional countries. The U.S. voluntary community will be a powerful ally in this undertaking. ACVFA looks forward to joining in the work of a Bipartisan Commission, whose proceedings will not only help clarify U.S. priorities, but also enhance the public's understanding of and support for international affairs. Our wisest investments in the ensuing decades may involve helping countries to solve their own problems before they fester to the point where we must make decisions about the commitment of U.S. troops.

Build the Constituency for Foreign Assistance

U.S. policy suffers from a trend of marked inattentiveness to foreign affairs by the Congress, the Executive Branch, and the American public. In contrast to assumptions held by some in Congress, however, opinion polls show that a substantial majority of Americans consistently support an internationalist foreign policy. Polls from the RAND Corporation to the University of Maryland Program on International Policy Attitudes demonstrate that most Americans believe the United States should do its "fair share" in foreign assistance. The public thinks of America as a generous nation. They support activities designed to meet human needs, respond to disasters, and

promote democratic values. But Americans grossly overestimate the foreign aid budget. They are seriously uninformed on the magnitude, nature, and objectives of aid, and the fact that a major part of U.S. foreign assistance is provided through private voluntary organizations, cooperatives, and universities funded by USAID.

In this global age, much is at stake for American prosperity, health, and humanitarian values. The President and the Administration must persuade the American people to pay more than lip service to internationalist beliefs, and to go beyond what has been termed "apathetic internationalism." The non-profit sector, and increasingly, the corporate world, offer effective avenues to educate their constituencies and the public on foreign assistance and how it relates to national interests. The education community is focusing more on international education and content, providing a useful congruence of interests. And USAID has supported successful public education programs by NGOs, schools, and universities. These include Development Education partnership grants and Operation Day's Work, which involves middle and high school students in community service to raise funds for projects benefiting their peers in developing countries.

These are all useful approaches and should be fully supported and expanded. Nonetheless, considerably stronger Executive Branch leadership will be required to educate the public and especially a future generation of citizens enlightened about—and proud of—America's place in the world.

Increase the Foreign Affairs Budget

The FY 2000 foreign affairs budget represented a 40% drop in real spending from the mid-80s. At a time of unprecedented U.S. economic power and global dominance, this is seriously inadequate to serve U.S. interests. Nor does the budget represent American values: at a time when one-fifth of the world's people live on less than $1 a day, the United States ranks lowest among donor nations in percentage of GNP devoted to foreign assistance. The United States has fallen from first among donors even in absolute magnitude of foreign assistance funding, although the U.S. national budget exceeds all others, and the budget is in surplus for the first time in decades.

Development assistance comprises only about one quarter of the U.S. foreign affairs budget. Funds for long-term development are further compromised as emergencies and disasters increase in number and magnitude. These natural and man-made crises require USAID to re-program funds to meet shorter-term humanitarian and political needs. Yet the decline in development assistance dollars has direct implications for the scope and prevalence of future crises. Without adequate funding, development programs that focus on the root causes of instability and disasters cannot help mitigate future, more costly crises.

While ACVFA recognizes that international trade and foreign investment are essential to long-term economic development, their role in many developing and transitional nations has not reached

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a level that can meet basic needs and support equitable growth. Adequate development and humanitarian assistance funds are indispensable, particularly in the poorest countries that have been unable to attract high levels of trade and investment. Increasingly marginalized and unable to reap the benefits of globalization, these countries require our help to develop the human and institutional capacity required to attain higher levels of economic growth.

Congressional earmarking to support specific programs further compromises the volume and effectiveness of the foreign assistance budget. USAID's budget is increasingly replete with individual line items. By limiting programmatic flexibility, Congressional directives and earmarks restrict the Agency's ability to coordinate and maximize programs. Earmarks also reinforce a bureaucratic mindset focused on narrow strategic objectives, and limit the Agency's ability to fund programs that are addressed to crosscutting and inter-sectoral issues.

Increasing the foreign affairs budget is a bipartisan challenge.

Increasing the foreign affairs budget is a bipartisan challenge. It must be viewed on both sides of the aisle as a prerequisite to using taxpayers' money effectively to serve U.S. national interests in peace, economic prosperity and a healthy environment, and to promote U.S. humanitarian and democratic values. Presidential leadership is vital to help build this bipartisan agreement. The Advisory Committee urges the new Administration to support a significant increase in the foreign affairs account, doubling it to 2% of the national budget. Multi-year funding for foreign assistance is also required for sound development programming that is less subject to short-term vicissitudes. ACVFA encourages the new Administration to take an activist role, working with members of Congress on both sides of the aisle to free the budget from current constraints that limit effectiveness and impact.

Revise USAID's Role

Today's USAID cannot respond to the changed foreign assistance context, including budget and staff cuts, without changing itself. USAID has found it difficult to implement the number and types of programs that characterized its mission in the past, and has reduced its in-country presence. As noted above, USAID now carries out its work to an increasing extent in collaboration with U.S. and local non-profit and for-profit partners. The potential for new partnerships with private business has similarly been recognized. Within the U.S. Government, moreover, a wide array of Executive Branch departments now play significant foreign assistance roles. In sum, while USAID's capacity for implementation has diminished, the capabilities of its partners have increased.

ACVFA believes that the trend of increased USAID programming through NGOs should be accelerated. This would enable the Agency to reduce management-intensive procurement practices, leverage more financial and popular support for development, and elevate the people-to-people character of U.S. foreign assistance. The non-profit sector is best able to respond to humanitarian

crises, build civil society, strengthen democratic advocacy, improve local institutional capacities, and conduct grassroots economic development. In contrast, USAID is better adapted to bilateral government dialogue, international donor cooperation, and working with other U.S. agencies.

USAID should also intensify the trend toward enabling, rather than managing and implementing, development. The new Administration has an historic opportunity to change the culture of USAID in this regard. As a development enabler, USAID would focus more on capacity and institution building of its U.S. and foreign partners, rather than on micro-management. USAID would become a center of knowledge, technical expertise, and coordination. Mission staff would be charged with financial oversight and evaluation of results, rather than remaining office bound with paper work.

Radical restructuring of USAID to assume this enabling role may not be necessary. Instead, the change can be accomplished through new leadership with a new vision. It will also require a revised mission, new management attitudes and personnel, simplified procurement practices, and redefinition of the Agency's field presence, as well as a new operational relationship with U.S., local, and international partners. At the same time, USAID's coordinative and leadership role with other Executive Branch agencies, as well as with multilateral and regional institutions, would need to be strengthened to assure coherence in support of policy and program objectives.

This evolution calls for USAID presence in a smaller number of high priority countries. Working with its partners, USAID would act principally as the source of policy guidance, program coordination, and technical leadership. In most countries, USAID partners would assume broad program design and implementation responsibilities. Partners would be called on to expand their support of grassroots projects and to carry out global programs through rapidly expanding international networks.

USAID is well placed to play this transformed role as facilitator. It enjoys strengthened relationships within the State Department and the Executive Branch. Its partners are growing in numbers and effectiveness, and they are prepared for a heightened level of responsibility and accountability for results. An enhanced partnership role with USAID would also compel U.S. NGOs to increase their efforts to broaden the constituency for official assistance programs.

USAID has already made significant progress in establishing the policy and administrative framework for this needed evolution. USAID enjoys strong comparative advantages through its relationships and experience in developing and transition countries, through the relationships it enjoys with U.S. partners and their domestic constituencies, and through the Agency's extensive programming and operational capabilities. USAID is well equipped to bridge the particularized concerns of the other federal agencies with which it works, and it is in the strongest position to gather and share successful methodologies and

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program models. As noted, however, USAID's facilitative potential has yet to be realized. This will require forceful Agency and Executive Branch leadership. The Advisory Committee believes that support for such an evolution in USAID's role is critical to the Agency's future effectiveness.

Increase Civil Society Programming

ACVFA believes that building the organizational and institutional capabilities of vibrant civil societies should be a centerpiece of U.S. foreign assistance.

ACVFA believes that building the organizational and institutional capabilities of vibrant civil societies should be a centerpiece of U.S. foreign assistance. Experience demonstrates that neither governments nor markets alone can accomplish broad-based development. Development that is truly sustainable is most likely to be achieved where strong civil society institutions exist in healthy balance with government and business.

Because of their scale, grassroots ties, and reputation for trustworthiness, civil society organizations are uniquely positioned to achieve results. They can mobilize citizen involvement in pursuit of a wide range of development and humanitarian objectives, from economic growth to natural resource management, from health and nutrition to gender equity, and from agricultural growth to democratic development.

USAID has been at the forefront in supporting the development of civil society. This support greatly increased in the 1990s, particularly in countries in transition to democracy and market economies. The USAID Strategic Plan acknowledges the importance of supporting civil society in each of the Agency's goal areas—economic growth and agriculture; population, health, and nutrition; education and training; environment; democracy and governance; and humanitarian response. USAID often works with civil society organizations to achieve objectives in environmental preservation, microenterprise development, and other sectors.

In practice, however, strengthening civil society across sectors has not been a clear USAID priority. Beyond programs dealing with human rights and democratic governance, where emphasis on building civil society has been integral, the Agency's approach has been fragmented and diffuse. At a time when the strength and potential of civil society organizations have never been greater, and when there has never been more opportunity for cooperation among governments, civil society organizations, and the private sector, USAID planning and operations have failed to maximize linkages and synergies. Strategic objectives tend to focus narrowly on individual technical sectors, to the detriment of building the cross-cutting institutional capabilities needed for long-term sustainable development: local organizations' management, policy, operational, administrative, advocacy, and networking capacities without which specific technical objectives cannot be accomplished.

ACVFA considers it critical to make strengthening civil society a USAID priority in its own right. This will entail the development of new quantitative and qualitative indicators, as well as broad-scale investments in

capacity-building, the promotion of accountability mechanisms, the creation of an enabling legal environment, and the promotion of public understanding. It also will provide further incentive for trans-sectoral partnerships involving civil society, government, and business.

Enhance Program Effectiveness by Focusing on Gender

Gender-related concerns influence program success in virtually all aspects of development and humanitarian assistance. Targeting interventions to women, in a way that recognizes their needs and constraints, is proven to yield results in raising family incomes, improving child survival, protecting fragile ecosystems, expanding popular participation in civil society, and ameliorating humanitarian crises. Women and children are most vulnerable to natural and man-made disasters, and are disproportionately represented among refugee and internally displaced populations. USAID's Strategic Plan notes that "gender equality is emphasized for both efficiency and equity reasons. It is important in both maximizing the economic development potential of a society," and in ensuring the full participation and rights of all its citizens. Empowering women as economic actors, natural resource managers, food producers, care-givers, educators, community leaders, political actors and mothers ensures greater impact on family, community, and national well-being. At the same time, development programs that understand and respond to distinct gender roles ensure that development resources effectively improve the lives and livelihoods of women and men.

ACVFA has been closely involved in increasing the Agency's emphasis on gender in development policies, operations, and procedures. Recent progress in addressing gender-related concerns has been substantial, particularly in establishing an Agency framework for programming. In 1996, the Advisory Committee and USAID began work on a plan of action to integrate gender considerations into all Agency programs and policies. The Administrator announced the resulting USAID Gender Plan of Action in March of that year at the ACVFA's quarterly public meeting. There is now consensus on mainstreaming gender in Agency goals and objectives, and the revised USAID Strategic Plan better reflects the key role of gender in development. Staff orientations and technical training now address gender issues, and management systems have been put into place to assure the full integration of gender considerations.

Yet, a May 2000 Advisory Committee-sponsored assessment of USAID's implementation of the 4-year old Gender Plan of Action found that despite impressive advances in achieving gender equality, implementation of the Plan is incomplete. Certain sectors, such as environment, still lag in the extent to which women's empowerment and gender-based program design have been adopted. This may entail allocating funds to pilot new approaches that integrate gender-specific interventions in all USAID technical sectors. Given USAID's results orientation, the Agency is in a strong position to require all

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operating units to focus on women's empowerment and gender-based activities, precisely because these have been proven to yield the best development results. Such a fundamental change will require the demonstration of clear, consistent senior leadership in Washington and the field, including a commitment to gender equality throughout the Agency and its development programs.

Link Humanitarian Assistance to Development

It is no longer possible to separate U.S. humanitarian concerns from other key foreign policy objectives.

Over the past decade, the number of complex emergencies—those related to man-made factors such as civil strife—has trebled. Their magnitude and cost have similarly risen. Annual U.S. humanitarian assistance commitments are now estimated to exceed $2.5 billion. We can anticipate additional complex crises and continuing demands for humanitarian assistance, posing critical questions for political, economic, and military policy-makers, and for U.S. values.

The nature of complex emergencies and our understanding of their implications, have changed substantially. Today, many humanitarian crises stem from internal ethnic wars in which combatants generate mass flows of refugees and internally displaced persons as a deliberate strategy. It is no longer possible to separate U.S. humanitarian concerns from other key foreign policy objectives. We have gained the lessons of hard experience, e.g., in Somalia, Rwanda, and the Congo, when humanitarian issues are not adequately taken into account in political and military decision-making. Yet difficult issues involving how to facilitate the peaceful transition from meeting immediate humanitarian needs, to physical and social rehabilitation, to longer-term development must be resolved.

In this new context, strengthened and more coherent U.S. leadership is needed to better integrate the humanitarian agenda into senior policy deliberation, to coordinate humanitarian and transitional programs across U.S. organizational boundaries and with other donors, and to link emergency and transitional assistance with long-term development and crisis prevention. In mid-1999, the Secretary of State commissioned an interagency review of this issue, which was recently completed. The various organizational and policy options now await decision.

The Advisory Committee considers it critical that the link between emergency response and longer-term development solutions be preserved and strengthened. This calls for a strong—if not dominant—USAID voice at the table. There are compelling reasons for USAID to play a leadership role: through its field presence, USAID has unique expertise in, and sensitivity to, the programmatic realities of crisis-prone environments. It has the needed program design and implementation capabilities, and maintains close relationships with the non-profit community, whose role will always be central. This collaboration, in turn, provides USAID access to the domestic non-profit constituency whose support is so important to the success of U.S. humanitarian undertakings. And finally, USAID understands the humanitarian/development linkages that are vital to

longer-term peace and stability in troubled environments. No other Agency is similarly equipped to bring this set of skills and experience similarly to bear.

Launch a More Comprehensive and Better Financed Response to HIV/AIDS

The spread of HIV/AIDS in developing countries is one of the most urgent crises facing Americans and the world. The numbers are staggering, but they must not obscure the individuals and families who are facing this tragedy. The majority of them live in poor countries that are ill equipped to provide prevention and care. Of 34 million people with HIV worldwide, nearly 23 million live in Africa, and rates of infection in developing countries far outpace those in the industrialized world. Globally, there are 15,000 new infections daily, the vast majority through heterosexual transmission. At least 50% of new infections are among women.

HIV/AIDS is not solely a medical issue, but a crosscutting challenge that affects all sectors of society. It is dealing crushing blows to agriculture, education, mining and other industry, government and administrative systems, and other sectors as well. The pandemic, so-called because of its global reach, is wiping out decades of development progress, doubling and tripling infant and child mortality rates, reducing life expectancy by 20 years or more in many countries, and creating untold millions of orphans. It is devastating the ranks of the skilled and educated, as well as the poor, depriving communities and nations of their current and future leadership, and ultimately threatening the economic and political stability of entire nations and regions.

Civil society has a key role to play in responding to the pandemic, through community level education and prevention, advocacy, and care for direct and indirect victims. In many nations, community-based organizations are the first to respond, and remain at the forefront of HIV prevention and care. In countries such as Uganda, they have helped create a political space for the enlightened national leadership that is essential to successful efforts. Community-based organizations have also proven their effectiveness in serving vulnerable and hard-to-reach populations. Yet, to date, the potential of the civil sector has been seriously underutilized in the fight against AIDS.

If this battle is to be effective, it must be carried out not only through programs that are health-defined, but are gender-specific and comprise education and training at all levels and in all sectors, including humanitarian crises. While this may seem self-evident, ACVFA's September 2000 public meeting drew attention to serious concerns about programmatic and funding constraints that would limit USAID's ability to respond cross-sectorally and comprehensively to the pandemic. These constraints derive not just from USAID strategic planning strictures that make it difficult to program multi-sectorally, but, in particular, from Agency concern with negative Congressional reaction if HIV/AIDS-earmarked funds were used for programs in sectors other than health. With increased funding levels now designated

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for HIV/AIDS, these Congressional limitations threaten to prevent using funds precisely where they are needed the most and can be used most effectively: in addressing manifold AIDS-related preventive, as well as treatment, needs regardless of sector.

The Advisory Committee considers this an urgent issue that must be addressed collaboratively by USAID, its non-profit partners, and the private sector. USAID is now engaged in preparing a rapid and comprehensive response to the pandemic. There is need for an educational effort directed to members of Congress and within the Administration concerning the implications of current funding and programming strictures, the need to permit more flexible use of HIV/AIDS resources, and the possible requirement to modify USAID strategic guidelines so that HIV/AIDS can be dealt with as a crosscutting issue.

Conclusion

The issues outlined in this paper are critical for assertive action by U.S. policymakers. ACVFA believes that positive response to the recommendations set forth would significantly increase the effectiveness and impact of U.S. foreign assistance. By working forcefully toward a national consensus on a new foreign aid paradigm, the next Administration has the opportunity to make an indelible imprint on international cooperation that rests on U.S. leadership, interests, and values. ACVFA stands ready to assist.