



**A Reliance on Smart Power:
Reforming the Foreign Assistance Bureaucracy**

Testimony of Anne C. Richard
Vice President, Government Relations & Advocacy
International Rescue Committee

Senate Committee on Government Oversight
and Department of Homeland Security,
Subcommittee on Oversight of Government Management,
the Federal Workforce, and the District of Columbia

Thursday, July 31, 2008

Thank you for holding this hearing on Reforming the Foreign Assistance Bureaucracy. Your interest in this issue is well-timed. There is a consensus emerging that change is needed and the time is ripe for change. Many analysts agree that foreign aid is a useful tool in pursuit of US national interests overseas and that the United States needs to be more effective in running programs to help people of other countries. Moreover, there is a growing recognition that the United States needs to find a better balance between military and civilian tools of international engagement, and there is also a need for a longer-term strategic vision for US foreign aid programs.

This afternoon I would like to outline three major weak points in the foreign assistance bureaucracy – leadership, people, and coordination – and propose steps that could help address these weak points and strengthen the US foreign aid program.

My remarks are informed by my position as the Vice President of the International Rescue Committee, an internationally recognized relief and development agency operating in 42 countries to aid people and communities affected by war, civil conflict or oppression. In the United States, the IRC's national resettlement network annually helps thousands of newly arrived refugees rebuild their lives in this country. My past experiences as a senior official at the State Department and Peace Corps headquarters, and an earlier stint as an examiner at the US Office of Management & Budget have also influenced my thinking. I also should mention that I am the co-author of a forthcoming paper from the Stanley Foundation and Center for New American Security that describes how the next Administration might improve US foreign operations. I wrote this with Paul Clayman, a former State Department colleague who served as Counsel (and, later, minority counsel) for Senator Lugar and the Senate Foreign Relations Committee. Some of the ideas I will discuss in my testimony are developed in this paper, a draft of which has been shared with subcommittee staff.

**1) STRONGER DEVELOPMENT MANAGEMENT, DEVELOPMENT POLICY,
DEVELOPMENT LEADERSHIP**

There is a need for stronger leadership of development assistance, which is a key part of overall US foreign assistance. Within the community of think tanks and aid agencies that care about development, a movement has been building that supports a strengthened USAID.

The Bush Administration increased overall foreign aid but opted out of using USAID for major new initiatives and instead developed “work arounds” – creating the Millennium Challenge

Corporation as a separate new Federal agency and funneling HIV/AIDS funding through an AIDS Czar located in the State Department. A logical move would be to fold these initiatives into USAID and thus bring most of the major aid projects under one roof and, ideally, reporting to one strong leader within the Administration.

The Administrator of USAID is an important job that needs to be filled by someone who can speak with authority. The Administrator has to be at the conference tables in the White House when discussions about US engagement in foreign countries are taking place. This person should have sufficient stature that colleagues within the Administration actively seek his or her advice and involvement in relevant issues. In international meetings and summits, the AID administrator should be empowered to meet with development ministers from other governments as a peer. Put simply, the Administrator must be the point person for relief and development in the Administration.

Post-conflict transition to development – also called reconstruction & stabilization – is very much on the minds of many organizations working in the field in places that are trying to recover from war and conflict, whether these organizations are aid agencies like the International Rescue Committee, private contractors hired by the US government, UN agencies or American or foreign military troops. Many in the Bush Administration are focused on Iraq and Afghanistan, but my organization also has experience with this transition in places as diverse as Liberia, the Democratic Republic of Congo, and Nepal.

The State Department recognized that a gap existed in how the US tries to prevent crises and then respond to them. The Department created an office of the Coordinator for Reconstruction and Stabilization (S/CRS) that has sought to coordinate across civilian agencies. The Core Mission of S/CRS is to lead, coordinate and institutionalize U.S. Government civilian capacity to prevent or prepare for post-conflict situations, and to help stabilize and reconstruct societies in transition from conflict or civil strife, so they can reach a sustainable path toward peace, democracy and a market economy. This new office has suffered from a lack of resources and support. It has had to rely on borrowed personnel and it ended up dependent on Defense Department funding under special authorities in the Defense Authorization Act. This is a prime example of the resource imbalance between the Defense Budget and the International Affairs Budget.

At the same time as today's hearing, the Senate Foreign Relations Committee is holding a hearing on the militarization of foreign aid and the President of the IRC, George Rupp, is testifying. In his testimony, he sketches out the appropriate role of the US military in humanitarian assistance, but also argues that civilian humanitarian agencies are positioned to respond more effectively and efficiently than the military where we are present, operational, and knowledgeable about the populations in distress. Even Secretary of Defense Gates recently acknowledged the resource imbalance and calls for proper funding of civilian agencies. He noted that military operations should sometimes be subordinate to "measures to promote participation in government, economic programs to spur development, and efforts to address the grievances that often lie at the heart of insurgencies...."

The experience of the International Rescue Committee has been that civilian aid experts can work very effectively with local communities. We can deploy skilled colleagues – often citizens of the countries in which we work – who understand local cultures and customs, speak local languages, and need less security than an American would. We are particularly proud of programs like the National Solidarity Program in Afghanistan that help organize communities to decide for themselves how to invest small amounts of aid monies in order to have a big impact

on life in their villages. Some communities opt for small infrastructure projects like bridges to help get crops to market. Others seek tailoring classes to give jobs to widows. Some communities build schools. This kind of cost-effective program also builds decision-makers and leaders at the same time. It has the potential to have a long-term impact on building active, strong and stable communities in countries recovering from war, and thus contributes to US national security. I am happy to report that members of the House Armed Services Committee have invited aid agencies like the IRC to brief them – both in Washington and on visits overseas – to learn more about these types of programs and the constructive roles civilians can undertake.

All of these various trends seemed to have boiled down lately to a disagreement among experts about the best place to lead US development aid efforts. Some would say leadership should be at the top of the State Department, or with a new cabinet-level development department (as Interaction and some others suggest), or through a coordinator based in or around the White House.

Paul Clayman and I developed what we call the “hybrid model”, which we think combines the best of all these ideas: a new directorate for foreign operations at the NSC with staff who are knowledgeable and available to obtain input from key actors and help resolve disputes as they arise; a State Department that can coordinate and influence the overall direction of the full range of aid programs (which is more than just development aid) to address the President’s foreign policy needs; and a strong development agency – a revamped and empowered USAID – that includes all or most major development programs. Importantly, the hybrid model could be readily implemented within a short period of time by a new Administration.

A new NSC directorate would provide significantly greater visibility, accountability and coordination for the President with respect to foreign assistance. It would seek to ensure that all foreign assistance programs (across the entire US government) and the operations of the international affairs agencies were represented in White House deliberations. This directorate would heighten the profile of the work of these agencies, help make their views known at the White House and play a key role in reconciling major disagreements.

The NSC director for foreign operations would have the following to-do list:

- Working closely with the Office of Management and Budget, help to examine and identify steps to fix the resource imbalance between the defense and international affairs budgets.
- Conduct a review to determine what authorities are needed to fold significant development programs like MCC and PEPFAR into USAID. Develop recommendations about which State Department foreign assistance programs to place within USAID’s area of responsibility, and whether to expand its role in a number of global areas, including relief, disease prevention and democracy promotion.
- Examine the balance between multilateral aid mechanisms as well as bilateral assistance.
- Examine ways in which the Administration could help launch a serious campaign to expand the Peace Corps.

The State Department would continue to play an important role, through the F bureau, in coordinating aid across various organizations. The next Secretary of State will want to fully use

and expand the capabilities of this office in order to get a sense of how all the pieces of foreign aid – relief, development, economic and political support, counter-narcotics, military assistance and programs to track loose nukes, dig up landmines and combat environmental threats – fit together. State’s regional bureaus also could play a much stronger role in ensuring that aid programs are structured and then justified to Congress in a way that makes sense. In fact, I would appoint senior assistance coordinators for each region of the world, modeled on the post-Cold War aid programs for Central and Eastern Europe and the former Soviet Union. These officials could come from the ranks of USAID staff to ensure they understand how aid programs are designed, managed and implemented.

As mentioned before, USAID needs to be empowered to really lead the US government on relief and development. But it should not do this in isolation. USAID will have to cooperate in a constructive way with other agencies. It will need to share information about its plans and budgets in a timely way for review by the NSC directorate and the State Department, and build a reputation for excellence in Washington – not just in the field. It should also cooperate closely with other major donor governments.

In addition, we propose that senior officials who play roles in guiding or operating US foreign assistance programs– such as the Secretaries of State and Treasury and the Administrator of USAID – meet from time to time as a board to examine US aid programs and trends. This idea is based on the board meetings of the Millennium Challenge Corporation. Regular meetings would help inform senior Administration officials about the overall foreign aid picture and they could then speak up in support of these programs.

2) NEED FOR MORE PEOPLE/TRAINING/SKILLS

There is a need for more people, in both State and USAID, to carry out the important work of these agencies.

The Bush Administration has twice sought increases in staffing for these Departments. At the beginning of his tenure, Secretary Powell was successful in securing approval to hire more Foreign Service officers. Unfortunately, much of this increase has ended up staffing the big increases in personnel deployed to the Embassy in Baghdad. In the FY 2009 budget, Secretary Rice has sought an increase of roughly 1,100 in the Foreign Service at State and 300 in USAID.

Speaking as someone who has been lobbying for more support for the international affairs agencies since 1990, I hope you will support these more recent proposals for critically needed personnel to carry out U.S. foreign policy. And I am in good company: three dozen foreign affairs experts and 52 former Generals and Admirals have endorsed the Impact '08 platform of the Center for US Global Engagement that recommends more diplomats and development experts. The American Academy of Diplomacy’s study on “Foreign Affairs Budget of the Future” that Gordon Adams spearheads at the Henry L. Stimson Center will also prescribe remedies to the personnel gap.

But it will be important for the Department and USAID to explain the impact new personnel will have; how they will make a difference; and what tasks they will undertake.

Not just more people are needed, but more training, too. The international affairs agencies need trained and skilled personnel to match modern demands – this includes the ability to speak hard languages, appreciation for the use of technology, and a good understanding of program management. In terms of skills, there is a clear need for personnel who can respond

rapidly to crises and can play useful roles in post-conflict situations. This necessarily means that the traditional skills sought to staff the Foreign Service must be expanded to include individuals with “hands-on” experience at implementing programs. Finally, both State and USAID need contingency funds to head off and respond to crises. I know proposals for contingency funds almost never survive the budget process. But I would propose modeling a disaster contingency fund on the highly successful Emergency Refugee and Migration Account that the State Department successfully manages for refugee crises.

Secretary Rice is creating reserve capabilities – but we must be vigilant in ensuring that these individuals have the right skills or receive the necessary training. USAID is looking at ways to use regional hubs to ensure that new staff is partnered with more experienced staff so that they are mentored, rather than dropped into a far-flung location without much support.

My recommendation, therefore, is that this subcommittee speaks out in support of greater investment in the international affairs budget and the personnel of these agencies, but that you also seek good answers to the questions of what the new hires will be doing and how the workforce will be used to tackle global threats and the full range of demands. And that you work with colleagues who appropriate funds to these departments to see to it that new hires are given or have the training and tools they need to thrive in the challenging places they will work.

3) COMPLEXITY REQUIRES COORDINATION

The subcommittee had asked for an assessment of the effectiveness of the “F” bureau. While recognizing that the creation of the F bureau created tensions in the foreign assistance community—in the executive branch, with Congress and with the non-profit and private sector—there is nonetheless a need for a strong central coordinating mechanism to ensure that the President’s foreign policy objectives are supported and achieved. Joint planning, consultations on agency budgets, and efforts to pull data on foreign aid together into a single, useful and accountable system are needed and should continue.

Many of those who criticize the current way the US government organizes foreign aid complain about the large number of agencies that run aid programs and the long list of budget accounts that fund aid. Some government officials and outside analysts see the large number of objectives as well as the long list of international affairs budget accounts as evidence of confusion and poor coordination. A fresh approach would probably consolidate this large number of government actors into a smaller number of decision-makers that work more closely together.

But there will always be multiple actors because of the complexity of US interests overseas. A coherent strategy does not necessarily mean that US national security priorities, goals and objectives can be easily described or condensed into a simple catchphrase. US national interests are broad and varied; the United States has relations with, and Americans have interests in, nearly every country on the globe. US government engagement with the rest of the world should be expected to be multi-faceted and complex. It is very important to have priorities, and a new Administration must establish these, but narrowing the list to too few objectives may result in neglect of key foreign policy objectives that serve the national interest and are important to American society.

What is true is that the many US foreign aid actors, organizations and budget accounts make the entire enterprise –goals, strategies, budgets and staffing patterns – harder to explain to

senior officials, the media and the public and to justify to you, the Congress. Government leaders should do a better job communicating the importance of this work.

There is a need to coordinate across various US government agencies in order to align US foreign aid programs with foreign policy goals, avoid duplication and ensure a smart approach. The NSC, State Department and USAID all have roles to play in reinforcing coordination. The paper Paul Clayman and I wrote on the “hybrid model” also proposes ways to do this – creating a NSC directorate for foreign operations, salvaging the useful parts of the F process, and having senior leaders meet regularly as a board to discuss foreign aid and then champion it with the Congress and the public.

CONCLUSION

A consensus like the present one is rare. While a broad consensus exists among key actors, this consensus is also shallow and thus will be hard to maintain once concrete changes are proposed and decisions are made and implemented. Nonetheless, it would be a shame to squander this best chance in quite some time to reinvigorate, modernize and improve the US foreign assistance bureaucracy. This is why I am very pleased that this subcommittee has chosen to examine these issues and is holding this hearing today. Thank you very much for your interest and thank you in advance for your questions.