

## **S. 1524 – Foreign Assistance Revitalization and Accountability Act of 2009**

### **DRAFT**

#### **I. Purpose**

The purpose of S. 1524 is to strengthen the capacity, transparency, and accountability of United States foreign assistance programs to effectively adapt and respond to new challenges of the 21<sup>st</sup> century.

#### **II. Committee Action**

S. 1524 was introduced by Senators Kerry, Lugar, Menendez, Corker, Cardin and Risch on July 28, 2009. It is cosponsored by Senators Shaheen, Casey, Merkley, Johnson, McCaskill, Kaufman, Gillibrand, Lautenberg, Hagan, Feinstein, Dodd, Durbin, Schumer, Snowe, Bond, Johanns and Collins. On November 17, 2009, the committee ordered the bill with an amendment in the nature of a substitute to be reported favorably by roll call vote.

#### **III. Discussion**

The Foreign Assistance Revitalization and Accountability Act (S. 1524 – FARAA) of 2009 authorizes legislation to strengthen U.S. foreign assistance efforts in three areas: rebuilding policy and strategic planning capacity at the U.S. Agency for International Development (USAID); increasing accountability and transparency of U.S. foreign assistance programs across all government departments and agencies; and strengthening personnel and human resources at USAID.

Over the course of two years, beginning in the 110<sup>th</sup> Congress and continuing through the 111<sup>th</sup> Congress, the committee has undertaken an in-depth examination of U.S. foreign assistance and development efforts. This has entailed significant staff research, consultations and deliberations with country missions, country team officials, senior government officials, key NGO, civil society, private sector, academic and think-tank stakeholders, and numerous fora, discussion groups, and roundtables.

One of the first analyses undertaken by the committee was to examine key trends and assumptions that will affect U.S. foreign policy in the next 10-15 years. The committee notes the following:

- **Emergence of multi-polar system.** A continuing process of depolarization and fragmentation of power in the international system is taking place. A global multi-polar system is emerging that now includes China, India and others, underlying an unprecedented transfer of wealth roughly from West to East. The relative power of non-state actors is also increasing, concurrent with the decreasing influence of state power in certain areas.
- **Transformation of global economy.** Emergence of a multi-polar global economy in which developing countries' growth and stability matters, especially, but not only, to

Asia, to the U.S. economy and to U.S. national security. The global economy is far more interconnected and interdependent than many Americans realize.

- **Non-state actors.** The behavior of non-state actors (from drug and criminality across borders to terrorism) puts U.S. security at risk and tends to operate in more than 50 weak or fragile states: this includes not just Somalia and Afghanistan, but also Colombia, Mexico, Pakistan, the Philippines and other stronger states. In certain areas, state monopoly is declining and has resulted in greater insecurity.
- **Environmental trends.** The world is facing catastrophic environmental trends and key systems are under pressure: deforestation is being driven by demands for food for an increasing world population, our oceans face increasing dead zones and are being damaged by overfishing, and all of these environmental pressures are exacerbated by global warming. Human activity has disrupted three major biological cycles: the nitrogen cycle, the hydrologic cycle and the carbon cycle. The effect has been to decimate oceans (2.5 billion people depend on fish for nutrition and sustenance), cause severe water scarcity (1.8 billion people at-risk), and rapidly increase carbon in the atmosphere to unsustainable levels.
- **Scenarios for 2025.** As stated in the National Intelligence Council's "Global Trends 2025: A Transformed World" report, four possible scenarios are likely to develop by 2025: 1) consortium of power shared between collaborating nations; 2) fragmentation of power; 3) rise and supremacy of non-state actors; or 4) return to a polarized international system led by 2-4 superpowers.

The committee examined the state of U.S. foreign assistance and development programs and identified the following constraints:

- **Lack of high-level visibility and resources for development.** It is becoming an article of faith in the foreign policy community that development is a third pillar of U.S. national security, but in resources and stature, our assistance programs are poor cousins to diplomacy and defense. Senior U.S. policymakers, including the President, have not had direct access to an international development voice with a long-term perspective when considering foreign policy issues. At Cabinet meetings, at senior OMB budget meetings, at senior National Security Council meetings, the development focus has been missing. The absence of senior USAID officials from the current White House discussion on Afghanistan policy is the latest manifestation of this arrangement. In particular, many note that the Administrator's relevance in the interagency is contingent on participation in three areas: (1) attendance at Cabinet meetings; (2) direct access to OMB for USAID budget matters; and, (3) attendance at all relevant NSC Principals and Deputies meetings. Even at the country team level, the committee notes with concern new structural models in Iraq, Afghanistan and Pakistan, where the USAID mission director reports to the Chief of Mission through a special Ambassador for assistance, and informal reports of alternate structural models in larger embassies where the mission director reports to the Chief of Mission through a regular State Department officer for assistance. The committee firmly believes that the USAID mission director should be the senior officer in the field

overseeing all U.S. development and humanitarian efforts and that modifying this role is leading to confusion and potentially undermining U.S. development and foreign assistance objectives. To clarify this situation, S. 1524 includes a provision that mandates the USAID mission director as responsible for coordinating all U.S. development and humanitarian assistance efforts in a given country, under the guidance of the Chief of Mission.

- **Role confusion between short-term priorities and long-term objectives.** The U.S. needs to strike a better balance between the respective objectives of the State Department and USAID — including how best to reconcile State’s shorter-term diplomatic priorities with USAID’s longer-term development goals. It is also important to consider whether USAID’s growing national security mission is compatible with its development aims. For example, can USAID participate effectively in counterinsurgency and stabilization operations while maintaining a credible humanitarian presence, or do these functions demand a new approach altogether? There is justification for aid programs that have both short-term strategic value and long-term development objectives, but the line between these two goals is often blurred. At a minimum, foreign aid accounts need to be rationalized so that they support U.S. priorities and the missions of the agencies in which they are located.
- **Fragmented and diffuse programming – lack of coordination in Washington and in the field.** U.S. foreign aid programs have become fragmented, spread out among numerous agencies, and lack a coherent strategy. USAID - the leading U.S. government development agency – has been weakened through a slow erosion of manpower, resources, and authorities. In the past, the Administration has responded to this problem not by strengthening USAID, but by weakening it further by creating new programs and operating entities in other departments. The current administration is actively promoting the concept of “whole-of-government.” The committee cautions that a “whole-of-government” approach runs the risk of further contributing to fragmentation in the aid structure. A viable whole-of-government approach demands a lead actor who is able to tap into a wide range of capabilities and expertise, but ultimately has the authority to make final decision about programs, resources, and implementation objectives. The committee believes a more optimal way to ensure whole-of-government expertise while providing for proper coherence and coordination is to consider a “centers of excellence” approach, which would house specialized capabilities and resources focused on a discrete set of objectives in a specific institution.
- **Ensuring an appropriate distinction and separation between diplomacy and development.** While it is critical that U.S. development programs are closely connected to foreign policy priorities established by the Secretary of State, there must be an element of independence for development programs. We are encouraged by the Administration’s dual efforts represented by the Presidential Study Directive (PSD) on Global Development Policy and the Quadrennial Diplomacy and Development Review (QDDR) to review all assistance programs in the government, and we urge the Administration to consider consolidating as many programs as feasible under the guidance and coordination of a single development agency. The committee hopes these studies will include

reviewing development programs that have migrated over to the Department of Defense, as well as offices and programs such as the Bureau of Population, Refugees and Migration, Office of the Coordinator for Stabilization and Reconstruction, and programs in the Departments of Agriculture, Health and Human Services, Justice, Labor, etc.

- **Improving the policy, evaluation and human resources capacity of USAID.** While broader reform questions are deliberated, the committee believes there is a strong consensus and imperative to rebuild the agency's policy, strategic planning, evaluation and human resources capacity. This is discussed in greater detail below and is a primary focus of S. 1524. It is the committee's belief that the agency should bring policy formulation, program implementation and budgetary authority under one roof.
- **Ensuring we are reforming and shaping institutions to future priorities not just current crises.** The committee believes there is a tendency to reshape institutions according to the needs of the immediate, rather than providing due consideration for the likelihood of similar interventions in the future. The committee notes that providing an appropriate level of civilian expeditionary capacity, ensuring proper coordination between civilian and military elements, and ensuring baseline capacity to plan and undertake rebuilding efforts in conflict and post-conflict societies are issues the U.S. will likely face and capabilities that the U.S. will likely require in the future. As several experts have noted, Afghanistan represents in little more than a decade the seventh occasion that the U.S. has undertaken a military intervention in a state and then tried to rebuild it, starting with Kuwait in 1991, and followed by Somalia, Haiti, Bosnia, Kosovo, Afghanistan, and finally Iraq. If recent history holds, this represents an area in which the U.S. will continue to engage in the future.

The committee believes it is important to begin creating a legislative framework for foreign aid reform, that would divide in two parts: 1) more immediate, shorter-term reforms designed to address existing deficiencies, and 2) broader, structural reforms intended to bring about more fundamental change to U.S. foreign assistance and development programs. S. 1524 is the culmination of the first effort and represents a bipartisan attempt to construct and pass legislation to respond to core deficiencies in our approach and programs.

The committee recommends the following reform principles for consideration:

- **New legislative framework for foreign assistance that incorporates clear goals, objectives and priorities.** Many have called for a complete rewrite of the Foreign Assistance Act of 1961. The committee believes this is one of several options that both the executive and legislative branches should strongly consider as a cornerstone of foreign aid reform. There are too many objectives representing diffuse priorities – currently, the FAA contains 414 legislative directives. Streamlining, flexibility and prioritization are essential so that agencies know where to focus resources and efforts. The committee believes that streamlining procurement rules, earmarks, and restrictions is equally important in order to allow greater discretion and authority for civilian agency leaders. We recommend that the Administration comprehensively assess the multitude of foreign aid programs that exist in agencies throughout the USG and consolidate many of

them under a strengthened development agency. The Administration should eventually undertake a regular international development strategy to reflect new challenges around the world, and to provide strategic guidance for U.S. engagement.

- **Renewed emphasis on the country-level.** As current deliberations regarding U.S. strategy for Afghanistan clearly demonstrate, focusing on empowering local actors, country ownership and supporting local institutions, capacity and processes is the *sine qua non* for stability and sustainable development. As a first order priority, the U.S. government must reverse a trend of centralization and Washington-based decision-making initiated in 2006 reforms and epitomized by the “F process.” Country teams should have a much greater role in determining programmatic and funding priorities in partnership with local actors. Legislation can support this shift by allowing for greater funding flexibility at the country level, including a larger amount of discretionary funds overseen by the Chief of Mission and the USAID Mission Director.
- **Country Assistance Strategies.** The committee strongly supports the development of longer-term country assistance strategies to guide U.S. assistance efforts. The committee believes these strategies should emphasize a longer-term (3-5 year) timeframe and should encompass all USG actors providing assistance in a given country, not just State and USAID. It is critical the strategy builds off existing national development strategies (including but not limited to Poverty Reduction Strategy Papers) and is closely coordinated with other international donor efforts to ensure effective leveraging of all development resources in a particular country. The U.S. has done a poor job in the past of harmonizing its assistance efforts with the efforts of other bilateral and multilateral donors as well as with the private sector and non-governmental partners. The country strategies should be developed in partnership with host country governments and in consultation with appropriate congressional committees. The committee also believes that U.S. foreign assistance needs to better incorporate and integrate regional perspectives to its assistance programs. In an increasingly integrated economic, political and security context, it is important that the U.S. does not overlook regional linkages. The committee urges the Secretary of State and Administrator of USAID to consider developing regional assistance strategies, similar to country-level strategies, that would also incorporate 3-5 year timeframes and establish a broader planning and development framework. The committee recognizes that developing these strategies will require a significant investment of time and manpower and notes that these strategies should be a substitute for the multitude of mission planning processes and strategic documents that are compiled every year. The committee believes that a single, unified country assistance strategy over a longer-term period will provide greater predictability of funding for countries, will more accurately encompass the full range of USG activities, and will streamline separate planning processes into a single framework.
- **Increasing flexibility and reducing directives.** The committee recognizes the burden caused by the proliferation of legislative directives and sector set-asides that have reduced necessary flexibility and minimized the responsiveness of U.S. foreign assistance and development programs. The committee strongly feels that it is essential to revisit this issue and begin considering a new framework, where the Congress considers reducing

legislative directives in exchange for broader assurances on accountability by the Administration and greater input on country assistance strategies.

- **Enhanced voice for development.** Development requires better coherence, stronger interagency coordination and improved rationalization to determine which agencies will undertake different foreign aid programs. The U.S. needs to provide a unified development voice to demonstrate our commitment to development issues, fighting poverty and hunger and engaging with the world. While it is critical for development to retain an independent voice and to be housed in an independent agency, the committee also believes that development should remain aligned with the State Department and foreign policy priorities. In an era where policymakers recognize the national security imperative of foreign assistance, and where “smart power” principles have risen to the forefront, it is important that the Administration carefully and consistently coordinate development work with broader foreign policy objectives. The committee believes that the Administration should be open to considering creative structural options, including providing the Administrator of USAID with a broader coordination mandate that would elevate the Administrator as “Director of Development” with coordination authority and budget oversight for all development and humanitarian agencies, bureaus, offices, initiatives, corporations, programs and activities across the U.S. Government, with a direct report to the Secretary of State.
- **Continue investing in the operational capabilities of U.S. foreign aid agencies,** which currently have a significant readiness and expertise deficit. This means at least doubling the current overseas staffing levels of USAID and ensuring that additional staff receives cross-agency training and experience. Streamline the organizational structure and improve organizational capacity by rebuilding human resource capacity and by strengthening technical, monitoring and evaluation capabilities. This new platform must work with and be responsive to the new international system – this means effectively responding to the rise of non-state actors and collaborating with non-governmental organizations, foundations and the private sector.
- **Review all foreign assistance accounts.** There should be a review of all aid programs that exist throughout the government to consolidate and rationalize their operations, including what agency should be managing them. There is justification for aid programs that have both short-term strategic value and long-term development objectives, but the line between the two should be clarified. Aid accounts need to be rationalized so that they support U.S. priorities and the missions of the agencies in which they are located. In particular, the Administration should consider returning Economic Support Funds (ESF) to their original mission as support for countries of strategic interest to the United States, while assistance of a development nature should be funded from the Development Assistance (DA) account. The committee believes there is a spectrum of assistance efforts that encompasses ESF activities in support of foreign policy priorities on one end, with transition activities (TI account) existing more in the middle, through activities supported on the other end of the spectrum by DA funds and related development and humanitarian accounts.

- **Strengthen U.S. capacity to support fragile states and for conflict prevention and response.** Development efforts should focus on strengthening state capacity and governance in order to preserve a degree of stability in volatile and emerging countries. It is from failed states where the greatest threats to U.S. security have emerged. The civilian capacity of the U.S. Government to undertake conflict and post-conflict operations and programs is beset by fragmentation, coordination problems and a lack of clear lines of authority or clear delineations of responsibility. The Office of the Coordinator for Reconstruction and Stabilization (S/CRS) was established to bring coherence to this area, but the committee does not believe it is currently fulfilling its mandate. S/CRS has been hampered by inconsistent resources and hesitant political support from the Administration, undermining its role and purpose. The committee believes that restructuring this capacity and rationalizing functions between S/CRS, USAID and other entities is essential. Foreign policy priorities from Afghanistan and Pakistan, to Yemen, Sudan, and the Democratic Republic of Congo demand a more systematic, consistent and organized response. The committee believes the Administration should carefully weigh and consider a range of options, including granting primary responsibility for operational policy formulation to S/CRS, ensuring that USAID is responsible for program execution, including oversight over the Civilian Response Corps, and assigning a greater role to the NSC to foster interagency coordination on key conflict prevention, response and stabilization priorities. The committee also notes the proposal by the Secretary of Defense to create three sets of pooled funds related to security capacity, stabilization and conflict prevention priorities. The committee welcomes greater interagency cooperation and integrated civilian-military approaches towards key priorities, but also cautions that greater cooperation should not be a proxy for changing the balance between civilian and military entities and reducing the role of civilians in areas where civilians have traditionally taken the lead.
- **New emphasis on multilateralism.** The committee applauds the steps the Administration has taken to increase the role and standing of the U.S. in different multilateral fora, including the United Nations and G-20. It is increasingly important for the U.S. to leverage the resources of other states towards mutual priorities, to ensure appropriate burden-sharing, and to obtain a broader consensus from a wider range of actors. Multilateralism is a valuable approach in an interdependent, multi-polar system.
- **Strengthening humanitarian assistance.** Many agree that U.S. humanitarian assistance generally works well and is beset by fewer effectiveness or coordination problems than other areas. Nonetheless, there are several aspects that would benefit from a closer examination and subsequent reform. First, while the U.S. provides well over \$3 billion per year in humanitarian assistance worldwide, it does so in a relatively uncoordinated manner spread across several major programs at State, USAID and DoD. This undermines efficiency, unity of effort and overall effectiveness. Second, some argue that our humanitarian programs do not include enough of a prevention aspect. Third, the manner in which the U.S. Government splits its assistance to Internally Displaced Persons (IDPs) and refugees between USAID and the State Department, undermines coherence. Fourth, there continues to be a gap between relief and development – insufficient attention and resources are devoted to addressing and planning post-conflict

or post-disaster transitions to development contexts. Fifth, there is lingering confusion and overlap between the roles of civilians and the military in humanitarian operations. Sixth, improved coordination between U.S. efforts and international efforts – both multilateral and bilateral, as well as better coordination with non-state actors (PVOs, private sector) is necessary. The committee urges the Administration to consider the following:

- **Creating a coherent USG program for humanitarian response.** Efforts should be integrated under dynamic and capable leadership. The Administration should strongly consider integrating the humanitarian functions now at the State Department and USAID under a single leader responsible for the U.S. government’s civilian response to humanitarian crises. The committee notes that the USAID Administrator serves “as the President’s Special Coordinator for International Disaster Assistance.” As such, it is the committee’s view that a consolidated humanitarian function may be best placed within USAID, reporting to the Administrator.
- **Ensuring civilian leadership and effective civil-military cooperation.** The committee believes the Administration should establish and articulate a policy that substantially strengthens civilian humanitarian response capabilities, while limiting the use of military assets for humanitarian response to those situations that require the military’s unique comparative advantages, such as speed and magnitude of response, or the ability to operate in conflict environments. The inappropriate use of military assets in humanitarian crises can undermine the effectiveness of the USG’s humanitarian efforts by jeopardizing relationships with impartial NGOs and calling into question the non-political character of humanitarian action. Moreover, despite valuable and unique capabilities in the area of humanitarian response, the military is not well-equipped to be the main provider of humanitarian assistance. The committee strongly believes that U.S. civil-military policy in humanitarian affairs must place civilians firmly in the lead of humanitarian response, with military units playing a supporting role in limited circumstances.
- **Transitioning from relief to development.** This area has been critically under-resourced both within the USG and in other bilaterals and multilaterals. The committee finds that our post-conflict or post-disaster activities lack a coordinated plan; often once the immediate crisis passes, donors withdraw from the affected area, instead of engaging in sustained rebuilding and technical assistance to bridge the gap to a more stable development environment. As a result, the risk of relapse is high and many vulnerable communities are not given a sufficient opportunity to transition out of crisis. This must become a higher priority in the humanitarian assistance and development communities.
- **Partnerships with other donors, international organizations & civil society.** The committee acknowledges that a range of effective international organizations, from UNHCR and OCHA to WFP, play a crucial role in ensuring unity of effort

in world-wide humanitarian response and promoting burden-sharing. Ensuring strong partnerships and leveraging resources across different organizations must remain key principles in our humanitarian approach. At the same time, the international humanitarian landscape is also plagued by fragmentation, lack of coordination, and overlapping roles and mandates. The committee urges the U.S. to push a reform agenda in the United Nations, World Bank system and related international organizations and multilateral institutions that will lead to greater rationalization and more effective leveraging of resources and comparative capabilities.

The sections below describe specific provisions in S. 1524 to strengthen U.S. foreign assistance efforts in three areas: rebuilding policy and strategic planning capacity at USAID; increasing accountability and transparency of U.S. foreign assistance programs across all departments and agencies; and strengthening personnel and human resources at USAID. The Committee notes that S. 1524 is not meant to prejudge the outcomes of either the QDDR or the PSD. The committee does not believe we can afford to delay critical initial reforms to rebuild USAID's capacity. The committee intends for S. 1524 to complement the broader recommendations to be outlined in the QDDR and PSD.

### **Section 5. Policy and Strategic Planning**

The committee believes that in recent years there has been too little emphasis in developing the capacity of USAID to formulate international development policy, integrate important policy initiatives and innovative concepts into Agency programs and activities, or to ensure USAID leadership has proper control and authority over resource allocations and budget decisions.

Many of the current problems were exacerbated by reforms in 2006 that created a new position at the State Department, Director of Foreign Assistance (DFA) that was held concurrently by the USAID Administrator. A new bureau based in the State Department – the “F bureau” – was established to support the DFA. It was given authority over most foreign assistance programs managed by USAID and the State Department. As a result, USAID's policy-making bureau and control over its budget were absorbed by the Department, and program decisions, formerly decentralized through USAID country missions, were re-centralized at State. Scores of USAID employees who formerly handled policy and budgeting matters for the Agency were detailed out to the State Department and the F Bureau – many of these employees are still funded out of USAID's operating expense budget even though physically separate and distinct from the Agency. The essential bargain that underlined the 2006 reform – that certain core functions would move to the State Department but that the Administrator of USAID would retain control of them as the dual-hatted Director of Foreign Assistance – seems to be undergoing some rethinking. Thus far, responsibilities for overseeing the F bureau have shifted to the Deputy Secretary of State for Management and Resources. Whether this shift remains temporary or becomes permanent is a key challenge facing the new USAID Administrator. The committee strongly feels that this function was created to bring greater coherence to USAID, not to lead to broader fragmentation. If the Administration remains committed to USAID operating in an independent manner, then it should strongly consider putting control and authority over the F

bureau and over USAID's budgetary functions under the direction of the USAID Administrator, in coordination with the Secretary of State.

In addition, the committee also believes that additional steps are needed to bolster the standing and authority of the USAID Administrator in the interagency environment and to provide a credible development voice in the Administration. To that end, the committee urges the President to consider allowing the Administrator to regularly attend and participate in Cabinet meetings, to provide direct access to the White House Office of Management and Budget for USAID budget matters, and for the Administrator to attend all relevant National Security Council Principals and Deputies meetings.

The provisions authorized in S. 1524 under section 5 will not, by themselves, lead to significant changes without a concurrent commitment from the Administration to elevate the policy and budgetary stature of USAID. But the committee feels these provisions are important to express Congressional intent in this area, as well as to lay an initial foundation that will help the agency restore lost policy, strategic planning and budgeting expertise. S. 1524 establishes a bureau for policy and strategic planning at USAID in order to begin restoring strategic decision-making and policy innovation to the agency. The bill authorizes an Assistant Administrator to oversee the bureau. It also authorizes a second deputy Administrator to oversee management and operations.

As part of the newly established policy and strategic planning bureau, S. 1524 also establishes an Office of Leadership, Evaluation and Analysis in Development (OLEAD), meant to rebuild USAID's internal capacity to monitor, evaluate and improve the design of its programs and activities. OLEAD is intended to improve the design of assistance programs and ensure that projects include the collection of relevant data required to measure outcomes and impacts. The committee believes that a culture and practice of high quality evaluation should be revitalized at agencies managing foreign assistance programs, and that this requires incorporating concepts of evaluation and analysis that are used to inform policy and programmatic decisions, including training aid professionals in evaluation design. The committee also believes that OLEAD should establish strong partnership links with the academic community, implementing partners, and national and international institutions that have expertise in evaluation and analysis. OLEAD is authorized to be appropriated \$5,000,000 in FY10, and such sums as necessary for FY11.

## **Section 6. Council on Research and Evaluation of Foreign Assistance**

As we commit a greater level of resources to U.S. foreign assistance and development programs and look to fulfill President Obama's commitment to double our foreign aid investment by 2015, it is increasingly important that we have the means to evaluate and measure cases of development successes and failures, and to better understand what programs work, which do not, and what are the conditions that determine effectiveness.

S. 1524 establishes an independent Council on Research and Evaluation (CORE) to assist in this vital task. The evaluation council is based in the executive branch, but it operates independently under the auspices of an interagency board. Its mandate is to objectively evaluate the impact of U.S. foreign assistance programs and their contribution to policies, strategies, projects, program goals, and priorities undertaken by the United States in support of foreign policy objectives.

CORE will also cultivate an integrated research and development program to incorporate best practices from evaluation studies and analyses and foster and promote innovative programs to improve the effectiveness of U.S. foreign assistance

The committee finds that most development programs have a built in evaluation component that tracks results and outputs based on pre-determined benchmarks and inputs. In addition, institutions such as the Government Accountability Office (GAO) and the Office of the Inspector General (OIG) provide varying levels of accountability and oversight. However, there are several critical gaps in the way U.S. programs are analyzed, assessed and evaluated:

- **GAO and OIG mandates do not fully address evaluation needs.** GAO does not currently have enough specialized expertise to consistently evaluate development programs, and because most of its studies and investigations are congressionally driven, it is sometimes unable to conduct methodical and recurring evaluations and its resources are used primarily on the most pressing issues of the congressional agenda. The mandate of the OIG is to conduct audits and investigations focused on detecting and preventing fraud, waste, abuse and violations of law. This is a crucial task, but this serves a different role than conducting evaluations as a means to build programmatic best practices for U.S. foreign aid programs.
- **Current monitoring and evaluation efforts lack independence and can suffer from institutional bias.** Because those undertaking the evaluations are often linked to those implementing the programs, it is sometimes difficult to obtain an objective separation from implementer to overseer as a basis for assessing results. In addition, such evaluations are rarely questioned for their research methodology or data gathering practices and their results are often not incorporated back into the design of new programs.
- **Current evaluations focus more on measuring outputs rather than outcomes or overall impact.** When implementers assess the success of a school building project, for example, often they measure how many schools were built, instead of focusing on how the project affected the overall quality of education in the community over a period of years. Instead, the evaluation of education outcomes would consider changes in literacy rates, changes in graduation rates, changes in girls' enrollment, improvements in math skills, or the number of graduates who were placed in productive employment. Evaluation information should come together to provide a body of knowledge that can be drawn upon by future project designers and incorporated into the design of future programs.
- **Existing evaluations are often not comparable across government agencies, across donor countries, or across country, sector, or approach.** Individual agencies may conduct evaluations of their own projects or programs but do not compare them to those of other agencies doing similar work. There has been little comparative or systematic analysis of the approaches between USAID and USDA, or State and DoD, for example. Those making policy decisions can benefit from analysis that asks what types of sector

programs have a greater impact on poverty alleviation and which USG agencies have shown to implement the most effective programs.

The committee finds that a final gap is that the U.S. Government often fails to link lessons learned from evaluations, studies and assessment to innovative program design. There is a sharp disconnect between evaluations that have been undertaken and the design of new development projects and activities. Finding a way to better integrate evaluation with innovation and program design would improve the effectiveness, impact, scope and creativity of our development efforts. In light of the evaluation deficiencies discussed above, S. 1524 establishes an independent evaluation council with a dual purpose:

- Regularly and objectively evaluate the relevance, impact and results of development and foreign assistance programs, strategies, projects, programs, and corporate activities undertaken by the U.S. Government;
- Cultivate an integrated research and development program that will incorporate best practices from evaluation studies and analyses and foster and promote innovative programs to improve the effectiveness of U.S. foreign assistance.

Specifically, the Council would be responsible for the following:

- Provide an objective basis for assessing results and accountability to achieve development objectives and develop a clearinghouse capacity to make available knowledge and lessons learned to development professionals, implementing partners, the international aid community, and aid recipient governments;
- Design and conduct significant development research and evaluation on development and aid effectiveness;
- Strengthen evaluation and research for foreign assistance and development programs;
- Utilize rigorous methodologies, choosing from among a wide variety of qualitative and quantitative methods common in the field of social scientific inquiry;
- Partner with the academic community, implementing partners, and national and international institutions that have expertise in evaluation, research and analysis;
- Establish an integrated research and development program that will foster and promote cutting edge and innovative programs related to foreign aid and development;
- Advise on research trends relating to development and foreign assistance and the measures necessary to assure continued and increasing progress;
- Recommend measures of coordination of research and development among development and foreign assistance departments, and allocate responsibilities for specific programs of mutual interest;
- Recommend approaches through which the U.S. Government can support development of evaluation capacity in developing countries, and recommend strategies to encourage use of evaluation findings among different levels of decision-makers and implementers

To complement and serve as an interface between the Council and the U.S. Government agencies, the legislation establishes the Office of Leadership, Evaluation and Analysis in Development (OLEAD), based in USAID. Essentially, OLEAD will serve as an internal

advisory resource for USAID in the design of programs and projects, and provide an authoritative voice linking evaluation and research results to strategic planning and policy options. It will serve as another interface between U.S. Government agencies and Council.

The committee authorizes the Council as an independent U.S. Government institution based out of the Executive Branch that will work in coordination with the Secretary of State. In order to maintain programmatic and political independence, similar to the Office of the Inspector General, the legislation establishes a Board to oversee the Council. The Board is designed to be a mixture of U.S. Government agencies (State, Treasury, USAID, MCC, USDA, DoD, HHS), and outside of government representatives with a rotating chairperson. The Director of the Council reports directly to the Board, not to a particular agency or department. The Council has the authority to carry out any and all evaluations and research programs (via in-house expertise and contracted out as needed) on any and all activities they choose, limited only by budget and resources. The Council's mandate covers all foreign assistance programs. The legislation retains requirements that USAID and other agencies maintain current project-per-project monitoring of their programs and grantees – the Council is an additional tool to serve, in part, to “evaluate the evaluations.” The Council does not cover all programs and activities – it decides which programs and projects to analyze in a given year.

The staff of the Council should be highly skilled and have broad authority across all civilian foreign assistance programs funded in whole or in part by the U.S. Government – including programs funded via the Department of State, Department of Defense, USAID, Overseas Private Investment Corporation, Millennium Challenge Corporation, U.S. Trade and Development Agency, U.S. Department of Justice, U.S. Department of Agriculture, Department of Health and Human Services, and others. The staff will be comprised of a mixture of detailees from other U.S. Government agencies, as well as outside secondments from related international organizations, bilateral agencies, academic institutions, think-tanks, non-profit organizations, and the private sector.

### **Section 7. Comprehensive Workforce and Human Resources Strategy for USAID**

The committee has expressed strong concerns about the strength, direction and management of personnel and human resources at USAID. The strength of USAID lies with its people – officers who are developing the strategies and policies with host country governments on developing mature and capable institutions of governance that will be responsible for providing services to their population over the long-term. Unfortunately, the capacity and flexibility of USAID's foreign service corps has diminished considerably in recent decades. S. 1524 intends to initiate a methodical and deliberate rebuilding process by, first and foremost, mandating a comprehensive review of all aspects of human resources and directing USAID to develop a comprehensive human resources strategy that will include the following elements:

- determine long-term USAID personnel priorities, including priorities over 5- and 10-year time periods;
- identify career professional development programs for all personnel, including training, language, and education, interagency and intergovernmental rotations, and assignment opportunities outside the United States Government;

- include an assessment of future development and foreign policy priorities and the implications of such priorities for technical and policy expertise, including how to meet future unanticipated demands brought about by manmade and natural disasters;
- include an overseas facilities and security assessment examining the implications of such facilities and security for personnel increases;
- include the appropriateness of regional platforms to perform necessary USAID functions and to provide services to other donors and organizations;
- consider structural reform options to professionalize the human resource capacity of USAID, including options to outsource the entirety of the human resource capacity of USAID; and
- address the means to enable USAID to access cutting-edge technical and managerial expertise.

In developing the strategy, the Administrator shall consider, among other things:

- the objectives USAID is mandated to fulfill, and assess whether its current workforce model effectively supports the goals of USAID;
- the evolution of USAID's workforce and identify the additional program demands that have been placed on the workforce in the past 10 years;
- different personnel and workforce management models from other United States Government agencies, international organizations, and the private sector and determine the comparative advantages the models might offer and whether they would allow USAID to better structure its workforce to carry out its responsibilities and meet the challenges of a changing environment;
- different bureaucratic and legislative constraints facing USAID in implementing a comprehensive workforce planning and management system and how these constraints can be addressed, including which limitations, if any, currently exist that prevent USAID from hiring the right people for the right positions in a timely manner, including mid-level hires and reentry of mid-level professionals into USAID, and how this compares with other organizations, such as the Department of State and the Millennium Challenge Corporation (MCC), and how USAID compares to the Department of State and the MCC in its ability to attract and retain high caliber professionals;
- the advantages and disadvantages of USAID's use of contractors in the last 10 years to carry out its core mission and management responsibilities through an evaluation of the cost, efficiency, and availability of qualified personnel and the effect of such use of contractor expertise within the Federal Government;
- the scope and effectiveness of training, including the availability of language training for USAID personnel, and the extent to which available trainings support carrying out USAID objectives; and
- a cost analysis for using a contracting model versus a direct hire model and determine the cost savings and consequences that could result from the elimination of institutional contractors and the hiring of the same professionals as personal services contractors.

To assist with this review, S. 1524 establishes a high-level task force made up of senior government officials as well as outside experts and professionals that will participate in the development of the workforce and human resources strategy and will consult with, and provide

information and advice to, senior management of USAID on matters and issues related to workforce planning, human resource recruitment and training, and other personnel issues as USAID develops the workforce and human resources strategy. S. 1524 also directs the Government Accountability Office to assess the new personnel strategy and ensure it is developed in a rigorous, accountable and strategic manner.

Understanding that USAID may not currently possess sufficient in-house human resources expertise to undertake such a technically rigorous review, the bill directs the Administrator to contract with an independent organization to help USAID assess current human resource capacity, review how its human resource capacity matches up against Agency mandates and policy priorities, compare USAID's current human resource system and practices with best practices of other organizations, public and private, provide a set of recommendations to facilitate structural reform to USAID's human resources bureau; and assist with other issues related to supporting the development of the workforce and human resources strategy.

Several other issues related to human resources have also come to the committee's attention. The committee understands that USAID's 5-year FY2009-2013 workforce plan does not cover all staff (in particular, non-direct hire staff), and lacks specific information as to the number, location, and skills of staff needed to meet USAID's program goals and needs. The committee believes it is crucial that USAID cover all staff when developing its FY2009-13 workforce plan and directs USAID to address this gap. The committee also understands that the current workforce plan does not directly address USAID's lack of reliable and up-to-date agency-wide staffing data. This is a high priority for the committee – it is essential that USAID provide consistent and reliable staffing data. The committee understands that USAID is undertaking some key human capital initiatives without a clear long-term vision and transparent process for establishing and communicating USAID's needs. This is impeding overseas missions' ability to effectively manage and contribute to these initiatives and is an issue that should be addressed promptly.

Finally, there are concerns that USAID's Development Leadership Initiative (DLI) is not being implemented in a strategic manner, and that the consistency of training and mentorship of DLI participants varies depending on post. In general, the committee is concerned that DLI is rolling out in an ad hoc manner, with little regard for how the program can maximize Agency needs and retain, cultivate and develop DLI personnel. As a necessary starting point, the committee directs the Administrator to assign a senior officer to evaluate the current progress of DLI and to oversee its implementation as a central point of contact. The committee directs the Administrator to provide a report to the Senate Committee on Foreign Relations and the House Committee on Foreign Affairs no later than six months after the enactment of this Act on the status of DLI and progress made to address the above concerns.

## **Section 8. Personnel and Human Resources**

The committee strongly believes the Administrator should augment and expand external training, language training, and educational opportunities for Foreign Service and Civil Service personnel and expand opportunities for work assignments to entities outside the United States Government. A strong development agency should have a knowledgeable and capable workforce that is

familiar with and has access to cutting edge development practices, methodologies, ideas, work experience, and programs. The Administrator should ensure that personnel of USAID have opportunities during their careers to obtain a range of knowledge-building work experiences and advanced education and training in academic and other relevant institutions in the United States and abroad to increase the capacity of USAID to fulfill its mission. It is imperative that USAID Foreign Service Officers receive adequate and appropriate language training before receiving assignments to overseas posts, especially to critical priority posts, and that such language training should be equivalent to the language training provided to Department of State Foreign Service Officers.

S. 1524 directs USAID to allow personnel to undertake interagency and international rotations to bring a cross-disciplinary focus to USAID. The bill emphasizes the importance of language training and seeks to ensure that all foreign service officers assigned to overseas posts, especially to critical priority posts in Iraq, Afghanistan and Pakistan, receive appropriate language training equivalent to that received by counterpart foreign service officers at the State Department.

### **Section 9. Strengthening Development Coordination in the Field**

The committee finds that the number of United States Government agencies carrying out foreign assistance activities and programs has proliferated in recent years. Global development policies and programs of the United States Government are generally scattered across 12 different Federal departments, 25 different Federal agencies, and nearly 60 Federal Government offices. The expansion of Federal departments and agencies undertaking foreign assistance programming has led to fragmentation and coordination difficulties in the field. In order to best achieve foreign assistance objectives, maximize the resources of the United States Government, ensure programming coherence, avoid duplication and fragmentation, and enhance an effective whole-of-government approach, direct responsibility for coordinating all development and humanitarian efforts of the United States Government in a country shall reside with the USAID mission director, under the overall direction of the chief of mission. S. 1524 mandates the USAID mission as responsible for coordinating all U.S. development and humanitarian assistance efforts in a given country, under the guidance of the Chief of Mission. The legislation also urges USAID to fundamentally reconsider the roles, responsibilities, structure and function of USAID missions in the 21<sup>st</sup> century, specifically:

- whether missions are staffed and well suited for current and emerging roles and responsibilities;
- whether the management and organizational structure provide the required flexibility while providing effective oversight of programs;
- whether the level of centralized versus decentralized decisionmaking is appropriate for the current and emerging context in which the mission is working;
- whether there is sufficient flexibility in terms of personnel to address fluctuations in funding for programs, and if not, what type of flexibility would be helpful;
- whether up-to-date technical expertise and lessons from prior projects are being systematically incorporated into new program design;
- whether missions of USAID are appropriately focused on bilateral and multilateral donor coordination and whether this is a priority for USAID personnel;

- what the appropriate relationship and balance are between USAID missions and the broader United States mission in a country;
- how effectively USAID is able to coordinate with the Department of Defense, especially as the Department of Defense implements an increasing number of development and humanitarian programs;
- whether the existing structure of the United States foreign assistance system allows for proper coordination between different Federal departments and agencies implementing foreign assistance and development programs to avoid duplication of effort; and
- what obstacles exist to more effective coordination, including what structural or organizational improvements would assist with more effective coordination.

It should be noted that nothing in this bill or in this section is intended to affect the independence of the Peace Corps. To fulfill its responsibilities successfully and to retain its unique people-to-people character, the Peace Corps must remain substantially separate from the day-to-day conduct and concerns of our foreign policy. The Peace Corps' role and its need for separation from the day-to-day activities of the mission are not comparable to those of other U.S. Government agencies with foreign assistance programs.

Consequently, Peace Corps programs are not considered development and humanitarian activities subject to the authority of the chief of each special mission in section 9(a) of the bill. In addition, because of its unique status, the Peace Corps is not represented on the Council on Research and Evaluation of Foreign Assistance or the Advisory Board (section 6) and Peace Corps involvement, if any, in the activities of the Council and Board will be limited to providing information.

### **Section 10. Transparency of United States Foreign Assistance**

S. 1524 establishes important transparency standards, including establishing recommendations for a uniform set of reporting standards and guidelines to be followed by all Federal departments and agencies so that taxpayers have a clearer understanding of what programs and activities are being funded and what outcomes are resulting. The committee strongly feels that U.S. citizens and recipients of U.S. foreign assistance should, to the maximum extent practicable, have full access to information on U.S. foreign assistance and development programs.

### **Section 11. Operating Expenses**

The committee understands that rigid funding streams have prevented some needed infrastructure, training and human resources reforms from occurring – S. 1524 provides additional flexibilities in the agency's operating expenses account to address immediate priorities and concerns.