

U.S. Senate Committee on Foreign Relations
Senator Richard G. Lugar
Opening Statement for The Case for Reform: Foreign Aid
and Development in a New Era
July 22, 2009

I thank the Chairman for calling this hearing, which comes at a critical time in the planning for the future of development assistance programs. The State Department currently is engaged in a quadrennial review of diplomacy and development. This review is likely to have far reaching implications for foreign assistance policy and organization.

The basic question with respect to development is how we can best strengthen the capacity of USAID to run effective foreign assistance programs. Earlier this month, Secretary Clinton stated: "I want USAID to be seen as the premier development agency in the world, both governmental and NGO. I want people coming here to consult with us about the best way to do anything having to do with development." I share the sentiments expressed by Secretary Clinton, and I have confidence in the extraordinary development expertise housed at USAID.

But during the last two decades, decision-makers have not made it easy for USAID to perform its vital function. Development resources declined precipitously in the 1990s and decisions to reorganize in pursuit of better coordination between the Department of State and USAID resulted in the latter's loss of evaluation, budget, and policy capacity.

Events since 2001 have spurred greater investments in foreign assistance. But many of these resources have been located outside USAID. Roughly two dozen departments and agencies have taken over some aspects of foreign assistance, including the Department of Defense.

I believe the starting point for any future design of our assistance programs and organization should not be the status quo, but rather the period in which we had a well-functioning and well-resourced aid agency. To be a full partner in support of foreign policy objectives, USAID must have the capacity to participate in policy, planning, and budgeting. These functions have migrated to the State Department, feeding the impression that an independent aid agency no longer exists.

The President has advocated doubling foreign assistance over time. If the Administration pursues this goal, it is crucial that Congress has confidence that these funds will be used efficiently. USAID -- the agency housing most of our government's development experience -- must have the capacity to evaluate programs and disseminate information about best practices and methods and it must have a central role in development policy decisions.

With these objectives in mind, I have been working with Senator Kerry, Senator Corker, Senator Menendez, and others on a bill that will strengthen USAID. We will introduce this bill soon. The draft bill has received strong initial support from outside groups led by the Modernizing Foreign Assistance Network. Our witnesses today have all received a draft of the bill, and we look forward to their comments on it.

The legislation that we have developed promotes capacity, accountability, and transparency in U.S. foreign assistance programs. There are three deficiencies we are trying to address.

First, the evaluation of assistance programs and the dissemination of knowledge have deteriorated in the last couple of decades. While USAID was a respected voice in this regard during the 1980s, an evaluation capacity has been allowed to wither. The bill strengthens USAID's monitoring and evaluation capacity with the creation of an internal evaluation and knowledge center. The bill also re-establishes a policy and planning bureau, a function that has migrated to the Department of State. It is crucial that USAID be able to fully partner with the State Department in decisions relating to development.

Second, U.S. foreign assistance programs are littered among some two dozen agencies with little or no coordination. We do not have adequate knowledge of whether programs are complementary or working at cross-purposes. The bill requires all government agencies with a foreign assistance role to make information about its activities publicly available in a timely fashion. It designates the USAID Mission Director as responsible for coordinating all development and humanitarian assistance in-country. And, it creates an independent evaluation and research organization that can analyze and evaluate foreign assistance programs across government.

Third, staffing and expertise at USAID have declined since the early 1990s, even as funding for foreign assistance programs has increased. This decline in capacity has resulted in other agencies stepping in to fill the gap. While Congress has begun to provide the necessary resources to rebuild this capacity, the agency does not have a human resources strategy to guide hiring and deployment decisions. The bill would require such a strategy and a high-level task force to advise on critical personnel issues. The bill also encourages increased training and inter-agency rotations to build expertise and effectiveness.

It is especially important that Congress weigh in on this issue because the Administration has yet to appoint a USAID Administrator or fill any confirmable positions in the agency. Without an Administrator in place, USAID is likely to have less of a role in the current State Department review than it should have. The State Department review process should include strong voices advocating for an independent aid agency, and it is not clear that this is happening.

Both Congress and the State Department should be offering proposals on how to improve development assistance. Our legislation does not rule out any options that the State Department may propose as a result of its review. But ultimately, Congress will have to make decisions on resources for development programs. Given budget constraints, it is essential that Congress has confidence in how development resources are spent. Building capacity at USAID will be an important part of this calculation.

The issues that we face today – from chronic poverty and hunger to violent acts of terrorism – require that we work seamlessly toward identifiable goals. I look forward to working with colleagues on the Committee to advance our bill and to support the development mission that benefits our long-term security.

###