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Before the U.S. Senate Committee on Foreign Relations

“The Case for Reform: Foreign Aid and Development in a New Era”

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I am pleased to appear before this committee again and I appreciate the attention the committee is giving to foreign aid reform.

Let me start by urging the committee to pass out of committee the legislation you now are considering that would increase accountability; strengthen and coordinate U.S. foreign assistance in the field; and augment the technical capacity and human resources of the U.S. Agency for International Development (USAID). I have some specific suggestions and I think it is important the Committee act on these matters.

The organization of USAID and related matters

Former USAID Administrators Brian Atwood, Andrew Natsios and I provided our view in detail in the November 2008 edition of *Foreign Affairs*. We argued that a strong independent USAID is important for development to play its appropriate role in the three “Ds” of Defense, Diplomacy and Development. I think our views are widely held in the development community, with many believing that the head of USAID should be a member of the cabinet.

I personally feel it is practical for the USAID Administrator to report to the Secretary of State but otherwise be separate from the U.S State Department. That was the structure when I was Administrator for almost seven years in the 1980s. I worked hard to respond to the needs of the Secretary of State but also led the development work. I had strong support from both Secretaries of State under whom I served. I know there were times when my greater freedom of action and independence was appreciated, e.g., some of our approaches to famine issues, etc.

The Obama Administration has apparently decided a somewhat different approach to the State Department–USAID relationship and, of course, I respect their right and responsibility to do so. However, I feel there are a number of steps that can be taken, many of them reflected in the bill before this committee, that can greatly strengthen USAID and benefit the State Department in leading U.S. foreign policy.

It is important that the technical and senior career leadership of USAID be augmented with additional people. Not enough can happen without these people. In fact, if USAID had the sizeable technical and senior leadership workforce today that it did 20 years ago

there would be less need for the legislation you are considering here. I believe the Committee, appropriators and the State Department support USAID's Development Leadership Initiative, as do I. This is a major step toward rebuilding USAID's technical capacity. I applaud these provisions in the bill.

Augmenting staff must be more than adding junior people. USAID needs to bring in senior staff while a new, younger workforce gains experience. A priority should be placed on recruiting excellent retirees for senior staff positions during the next few years. For example, USAID should look to senior university faculty with long experience working on agricultural issues in the developing world. I know this is easier to suggest than actually do, but our universities are populated with many experienced faculty willing to serve. My organization of the large public and land-grant universities would be happy to help USAID identify appropriate university people. USAID should consider using its Administrative Determination authority positions to make these appointments. This is a decades old authority for the explicit purpose of bringing in senior technical staff. The legislative authority is, however, fairly broad and has been used to recruit political appointees as well technical people and senior leadership. It is a flexible tool that is faster and more certain than the usual process and should be helpful for immediately building senior technical and leadership strength.

It is critical that USAID have its own budget and policy capability, preferably in the same USAID office. USAID needs to be able to argue a coherent overall budget to the State Department in order for there to be a full voice for development. Budget and policy drive each other and are inextricably linked. I have both a management and finance background and know that USAID/development must have a role in creating their budget in order to sustain a coherent and sustained structure. A USAID budget function will not detract from the State Department's ability to consider those proposals for the whole foreign affairs budget.

USAID must have a strong policy office to be a creditable organization, as your bill recognizes. The development agency has to be able to provide well-reasoned analysis and recommendations for the State Department to consider. I support the bill's provision to reestablish a Bureau of Policy and Strategic Planning at USAID.

The fear of a merger/closer integration of USAID into the State Department has always been that the immediate foreign policy concerns of the more powerful State Department would generally undermine the long-term development goals of USAID. Without budget and policy strength at USAID that scenario is more likely to happen. While foreign assistance is part of overall U.S. foreign policy, development must have a strong voice to articulate how a development strategy strengthens foreign policy goals.

I applaud the bill's focus on evaluation. The function should never have been cut back at USAID. An organization that does not learn from its mistakes is bound to become sterile and ineffective. I suggest that the strong evaluation function be within USAID itself. It takes senior level attention but I think appropriate staffing can avoid some of the institutional bias and engender much genuine independent and constructive analysis. The

evaluations, as suggested in the bill, should focus on a few key outcomes as recommended in the bill, not process and inputs.

I support reestablishing the lessons learned center suggested in the bill, probably associated with the evaluation office.

I also suggest that additional reflection be given on the bill's cross-agency evaluation function. Even given the bill's safeguards, I think it could easily evolve into overlapping its functions with the Inspector Generals and Government Accountability Office (GAO). Instead, I recommend that the cross-agency office undertake major studies of issues and problems. I believe there is some thinking along these lines in the committee. This office could be something of a "think tank" that is kept vibrant and relevant by a board from several agencies. This certainly is not full agency coordination, but it could contribute to that goal. A National Academy model could be considered, for example.

Overall, I support the bill's recommendation of coordination in the field. There needs to be someone in the field, frequently the USAID mission director, who is responsible for the overall coordination of U.S. assistance programs, and in turn, reports to the ambassador. The lack of this person is a major problem in many countries. I realize this gets complicated in individual countries but the problem must be dealt with.

I applaud Secretary of State Hillary Clinton for the decision to undertake a Quadrennial Diplomacy and Development Review. This is a long overdue. It is important for development to have a senior voice in that review to achieve its goals.

The Development Agenda

I applaud the committee's leadership earlier this year in passing S.384, The Global Food Security Act, authored by Sens. Richard Lugar and Bob Casey. While a number of factors were responsible for the acute global food crisis last year, one of the major causes was agricultural productivity in many developing countries. S.384 will commit the U.S. to increase investment in agriculture, in part by engaging U.S. colleges and universities in collaboration with higher education institutions in developing countries to build their research, training and outreach capacities. The President's and the Secretary of State's leadership on this issue is wise and also deeply appreciated.

In general, I believe that during the last 20 years USAID has moved away from long-term development and more toward transferring goods and services. The issue is not easy because the immediate needs are so great. But it is important that long-term development not be crowded out and that is why I am pleased by the support for agriculture. Sustained progress usually comes by building human resources; creating and distributing technology; and building institutions, stable governments and reasonable economic policies. Often infrastructure plays a key role. There clearly needs to be a balance between programs for addressing urgent short-term human needs and longer term development activities to sustain progress. That is why the food security legislation passed earlier this year is so important.

I note that much of the progress around the world in the last several decades has been in countries where leadership wanted to see better lives for their people and where the country has taken control of their own future. We need to do a better job of listening to these countries and how they define their needs to the extent practical as we plan our development program. This is the real strength of the Millennium Challenge Corporation (MCC). But we should not limit giving full consideration to needs as set forth by only MCC countries. There should be a “presumption” that we will support a country as it sees its needs. Note that this is a “presumption” only because there may be other factors that are critical.

I close by again congratulating the Committee for considering foreign aid reform legislation and for its earlier passage of S.384.