

ADVISORY COMMITTEE ON VOLUNTARY FOREIGN AID

**Public Meeting
October 25, 2006**

OPENING REMARKS

Benjamin Homan, ACVFA Chairman, welcomed the committee members and attendees, thanking them for doing their part to facilitate dialogue between private voluntary organizations (PVOs) and the government.

PRESIDENT'S MALARIA INITIATIVE: OVERVIEW AND PROGRESS

Admiral Tim Ziemer, *Coordinator, the President's Malaria Initiative (PMI), USAID*

On June 30, 2005, President Bush announced the President's Malaria Initiative (PMI), a five-year, \$1.2 billion initiative to effect rapid growth in malaria-control interventions in African nations. PMI is an interagency initiative led by USAID, with the Department of Health and Human Services (HHS) and the Centers for Disease Control and Prevention (CDC) as key partners. It aims to bring proven interventions to 85 percent of vulnerable populations in order to achieve a 50 percent reduction in malaria mortality in target countries. These proven interventions include insecticide-treated mosquito nets (ITNs), indoor residual spraying (IRS), intermittent preventive treatment for pregnant women, and artemisinin-based combination therapy (ACT). Yearly funding will increase from \$30 million in 2006 to \$500 million in 2010, with coverage expanding from three initial countries to fifteen.

Countries selected have a high burden of malaria, the political will to commit to malaria reduction, a willingness to partner with the U.S. government, and national malaria-control policies and practices consistent with those recommended by the World Health Organization (WHO).

Within six weeks of the President's announcement, the PMI fielded assessment teams to the first target countries (Angola, Tanzania, and Uganda). Within six months, activities were underway in those three nations. Within nine months, the PMI's activities benefited over 5 million people.

In June four more target countries were announced for 2007: Malawi, Mozambique, Rwanda, and Senegal. The eight countries to be announced for 2008 remain under discussion.

DISCUSSION

The PMI uses DDT for internal spraying, though traditionally USAID has opposed the use of DDT because of its environmental impact. The Persistent Organic Pesticides (POPs) Treaty does allow the use of DDT in indoor spraying for malaria prevention, if certain guidelines are followed. USAID is represented on IRS planning boards and monitors the use of DDT. USAID adheres to strict environmental guidelines, approval processes, and procedures for the use of DDT and all other WHO-approved insecticides in its malaria-control programs; it supports IRS with DDT when it and the host country judge it to be the best insecticide both epidemiologically and entomologically.

Once a nation is chosen, the PMI sends an assessment team to work with the USAID mission and the U.S. embassy there. The PMI discusses with all partners working in the country their current efforts and determines how best to complement them. The Global Fund to Fight AIDS, Tuberculosis and Malaria; the Roll Back Malaria Partnership; nongovernmental organizations (NGOs); and WHO participate in those sessions.

While the PMI was implemented ahead of the current foreign-assistance reform process, it is in line with and complements current reforms. In the field, USAID is now focused on developing integrated, coherent tactical plans to achieve results, based on the strategic direction for foreign aid. These "Operational Plans" are designed to link planned funding to planned activities and planned results. Ultimately PMI's planning and operations will be brought into line with the rest of the reforms. PMI funding is additional funding, above current foreign-aid funding, but it is not yet clear how it will be reflected in country-by-country assessments.

The PMI's primary mandate is to respond rapidly using proven methods. The PMI effort works through nations' own ministries of health and with local partners that include the host country's professionals. Though institution building is vital and the PMI does aim to build local institutions to the extent it can, little money is budgeted directly for such purposes. PMI is looking for other donor countries and partners to support such efforts.

KEYNOTE ADDRESS: U.S. FOREIGN-ASSISTANCE REFORMS

James Kunder, *Acting Deputy Administrator, USAID and Assistant Administrator, Bureau for Asia and the Near East, USAID*

The foreign-assistance reforms are designed for the United States' partners in the developing world. It is true there is an imperative to use U.S. foreign-aid programs in support of U.S. foreign policy. But the reforms do not merely have the goal of recategorizing programs in Washington; they aim to make foreign assistance more effective for the United States' partners. This is in line with what

the Secretary of State has called “transformational diplomacy”: using U.S. foreign policy and foreign assistance as a force for good in the world.

The largest effect of the reforms will be seen in how programs are evaluated. At present, the United States cannot clearly measure the global impact of its programs in health, democracy, and so on. It has no objective way for development agencies to decide whether to give money to one country rather than another, or to determine where a dollar of development money will have the greatest effect.

This reform effort has provoked questions about USAID’s specific role in the future. It has held USAID up for comparison with other foreign-assistance arms of the U.S. government. But the reforms are not intended to end USAID, end long-term development, or subordinate development to security priorities. Instead they provide an opportunity to inform more of the United States’ foreign assistance with a long-term development perspective.

Dirk Dijkerman, *Chief Operating Officer, Office of the Director of U.S. Foreign Assistance, U.S. Department of State*

The State Department and USAID are developing tools to make operational the principles and vision that have already been articulated for these reforms.

The first of these to be made public was the *Foreign Assistance Framework (FAF)*, an effort to align foreign aid with other interventions and priorities in the U.S. government. Since its initial release USAID and the State Department have made adjustments to the *FAF* to clarify it.

At the same time, the State Department and USAID are working on a five-year overall *Foreign Assistance Strategy (FAS)*. Under the *FAS*, wherever possible USAID and the State Department will support a single development plan for a given country, a single coordinating mechanism, and a single set of indicators to measure the progress of all those working there. While the *FAS* will only directly guide the actions of the State Department and USAID, other agencies will participate and coordinate as they think appropriate. When those agencies receive funds from USAID, they will be part of the process; when they employ their own funds, they can decide to be included.

While Washington sets the overall strategic direction, the field will be principally responsible for designing implementation plans. The first step will be to develop a method for writing country strategies. USAID and the State Department are reviewing former efforts in this arena to find useful models.

Once country strategies are in place, missions will devise operational plans describing what they can do and how they can hit their targets. Operational

plans will allow the State Department and USAID to explain what they have done, why, and why programs deviate from plans when that occurs.

The aim is to link State Department and USAID planning and reporting processes at every stage. This year the State Department and USAID had a single planning process and a single, unified budget. They have not yet submitted the Joint Congressional Budget Justification, however; the aim is to work with the Office of Management and Budget (OMB) so as not to lose the new structure when the budget goes to Congress. This is a challenge because OMB and Congress operate by program account.

One of the aims of the reform process is to strengthen accountability and transparency across countries, programs, and partners. This will require standardized program structure and definitions, and will mean setting indicators for success.

QUESTIONS AND ANSWERS

Mr. Dijkerman's goal is to have the *FAS* in final draft form by the end of the calendar year. Operational plan guidance is now issued to Operating Units, and USAID and State Department staff members are being trained in it. Operational plans are currently due in Washington by the end of January, and will be reviewed thereafter.

The United States must effect change in the logic of governance in most developing countries to eliminate corruption, but without imposing that change, with the cooperation of the private sector. The current reforms at least provide a mechanism to take on the challenge systematically. Those present should take advantage of the tools the reforms will make available. For example, greater transparency should make it clear what is being done to promote democracy and good governance in any given country. And the reforms should also allow ambassadors to assemble a whole country's team to speak with one voice. While the MCA assumes that national will is the most important element determining whether development succeeds, many field-level people claim that what works depends on the country and its needs. From now on, the U.S. government will at least identify clearly what works and what does not.

If the emphasis of the new system is on short-term real results, programs in the field could be channeled to large profit-making organizations focused on efficiency. A model emphasizing long-term effectiveness might allow for more diverse development mechanisms. But current procurement difficulties are not related as much to a philosophical choice of efficiency over effectiveness as they are to a practical limitation: funds for foreign aid have increased while the number of USAID employees has decreased. USAID staff members can come to a point

where it becomes very difficult to manage multiple procurement mechanisms while meeting Government Accountability Office (GAO) standards.

The foreign-assistance reform effort has not yet focused on whether similar programs in different country categories ought to be implemented differently. For example, in “sustaining” or “transformational” partner countries, the implementation mechanisms should perhaps emphasize cost sharing and/or the greater use of program support, because those countries tend to be wealthier and more capable of assuming leadership and implementation responsibilities. This question will be examined in the future, and will also be informed by the review of procurement that USAID is currently undertaking.

In the operational plans, gender is treated like a number of key crosscutting issues: easily marked and noted in any given plan.

MILITARY AFFAIRS TASKFORCE UPDATE

Spencer King, *ACVFA Member and President and CEO, International Executive Service Corps*

The Military Affairs Taskforce was created last year at the suggestion of the USAID Administrator to discuss what PVOs could do in concert with military activities. At the time the taskforce had information only from one program in Iraq where PVOs worked with the military in areas they would not otherwise have been able to reach. That experience led the taskforce to identify one basic deficiency: majors and captains were enthusiastic supporters of PVO work, but they were also young and not experienced in the private sector. The taskforce put out a paper based on that Iraq experience.

On September 26 the taskforce met with USAID’s Office of Military Affairs. The next step will be to test what PVOs and the military can do together. Some PVO staff members will visit the military’s Office of Civilian Affairs, to learn how officers are trained and to try to determine how PVOs can help prepare them before they are deployed. If the military provides information on the countries where it plans to deploy, for example, and what the intelligence services say the demands are likely to be, there are thousands of PVO workers who could help train soldiers.

At the very least the taskforce has helped advance matters past the point where PVO and military people do not understand one another’s language. Attendees were invited to sign up for continued participation in the effort.

HUMANITARIAN RELIEF AND RECONSTRUCTION: LESSONS LEARNED

William Garvelink, *Senior Deputy Assistant Administrator, Bureau for Democracy, Conflict and Humanitarian Assistance (DCHA), USAID*

Through its responses to humanitarian emergencies over the last year and a half (primarily the tsunami, the Pakistani earthquake, and the postwar response in Lebanon), USAID has learned six important lessons pertinent to its core emergency-response relationships (those with PVOs and NGOs).

1. Communities' control over their futures depends in part on their participation throughout the response process.
2. The support of local and national coordinating agencies fosters better response and more effective coordination.
3. Common standards and the sharing of information ensure more equitable assistance.
4. In the politically charged atmosphere following a major disaster, it is vital that USAID and its partners maintain transparency in their decision making and response.
5. Almost as important as saving lives is the effort to get families and communities back on their feet economically through job creation and microcredit.
6. All phases of the emergency response—lifesaving, rehabilitation, and reconstruction—must begin simultaneously.

Immediately following both the tsunami and the Pakistani earthquake, DCHA spoke to the Pentagon and suggested USAID run the relief operations. USAID set priorities and identified where supplies should be delivered. The military has never resisted that guidance; disaster relief is outside its expertise.

USAID also learned several lessons about its relationship with the military as a result of these experiences. The role of the U.S. military is very large, and if USAID manages that role effectively the PVO community can extend its reach.

1. USAID must have early and continuous contact with military decision makers at all levels, preferably through liaison officers at all levels.
2. It is important to reach agreement quickly on who is in charge and who sets priorities. Such agreements must be set down in writing and dispatched up and down civilian and military chains of command.
3. Assessments of need must guide the distribution of aid.

4. Pertinent military information must be unclassified.

NGOs are USAID's most important links to communities on the ground; they must participate in identifying needs and gaps because they have longstanding relationships and the trust of communities.

Today, following a major disaster USAID forms a multibureau taskforce. In the initial days, when the focus is on emergency relief, DCHA leads the response. As the focus switches to reconstruction, the regional bureau takes over. But both participate from the beginning—along with the bureaus responsible for legal issues, contracting, and so on—which makes it easier to undertake all aspects of the response at once.

Mark Ward, *Senior Deputy Assistant Administrator, Bureau for Asia and the Near East, USAID*

USAID has also learned six important lessons pertinent to the reconstruction phase of the response.

1. The U.S. government's response should be standardized across agencies now, before the next disaster.
2. Reconstruction planning should start early in the emergency stage.
3. USAID must take the time to talk to communities.
4. It is important to show tangible results fast.
5. USAID must work to strengthen institutions.
6. Working with the private sector and NGOs generates new ideas. Private resources can complement official aid, greatly increasing the effect of both.

PANEL DISCUSSION: LESSONS LEARNED—THE PARTNER PERSPECTIVE

Moderator: Nancy Aossey, *ACVFA Member and President and CEO, International Medical Corps*

William Garvelink, *Senior Deputy Assistant Administrator, Bureau for Democracy, Conflict and Humanitarian Assistance (DCHA), USAID*

Some organization could do a great service to all the others working in any given emergency situation if it were willing to take up the thankless task of sorting the unsolicited goods that inevitably appear and clog the relief process.

Randy Martin, *Director of Global Emergency Operations, Mercy Corps*

In preparation for this discussion, key players in emergency responses around the world contributed their thoughts. An ongoing theme from many of them was that the rapid rotation of Office of Foreign Disaster Assistance (OFDA) Disaster Assistance Response Teams (DARTs) and Response Management Teams (RMTs) makes it difficult to negotiate agreements.

Mercy Corps' country director in Sri Lanka offered three lessons:

1. Early accountability to beneficiaries and in some cases to the government can prevent later misunderstanding and disappointment.
2. In a conflict-torn country, aid following a natural disaster can exacerbate political tensions.
3. More widespread agreement is needed on minimum standards of professionalism for PVOs.

In all areas it became clear that it is vital to get cash to communities early. Markets can rebound quickly: food and goods can show up for sale soon after a disaster. It can be more effective to let communities buy what they need rather than give them what we think they need.

Those working on these disaster responses have also learned about how the U.S. military can and can't work and about staff-security issues.

Mercy Corps mainly focuses on development. When it must respond to a crisis, its small emergency-response team calls on people who work in development; most of those on the scene, therefore, do development in their day-to-day jobs. The idea is that these people will see from the earliest days the links that need to be made and begin lining up the necessary long-term commitments.

Rein Paulsen, *Senior Director for Emergency Response and Disaster Mitigation, World Vision*

World Vision continues to learn lessons in many different operational and programmatic areas from its recent emergency responses. Three broad classes of these emerge most strongly.

1. It is vital to understand more deeply the contexts in which responses take place, especially in areas of conflict. World Vision consistently uses the Mary Anderson/Collaborative for Development Action framework (in *Do No Harm: How Aid Can Support Peace—or War*) to analyze local conditions.
2. Planning for long-term reconstruction must begin at once, and focus deliberately on the development of local capabilities. The emergency response must move quickly beyond an assessment of needs to an assessment of community capabilities. Responders must understand preexisting vulnerabilities and groups in need, and avoid focusing too narrowly on needs arising from a particular emergency event.
3. Collaboration and coordination are essential, both with familiar partners and new ones.

Darlene Taylor, *Assistant Director, Worldwide Communications: Global Philanthropy and Public Affairs, Pfizer*

Following the earthquake in Pakistan, the President reached out to the private sector. The South Asia Earthquake Relief Fund (SAERF)—led by Pfizer, Citigroup, GE, UPS, and Xerox—was quickly established to work in collaboration with the State Department and USAID.

To date, more than \$100 million in cash and in-kind contributions have been raised by the private sector. SAERF alone raised and disbursed more than \$20 million to nonprofit organizations for relief and reconstruction activities. Of that \$20 million, SAERF raised and distributed \$4.5 million immediately for emergency relief.

The business community's response to last year's three major disasters—the tsunami, Katrina and Rita, and the Pakistani earthquake—totaled about \$1.7 billion in cash and in-kind donations of equipment, products, and services. As importantly, the business community contributed the expertise and talent of its employees to support these relief efforts. In Pakistan, for example, Bechtel provided construction expertise, GE provided energy equipment, and Pfizer has focused on rebuilding health care infrastructure. This direction should be explored more fully in the future

DISCUSSION

To deal with the problem of unprofessional NGOs, donors could require grantees to be signatories to InterAction's Code of Conduct, or members of InterAction. This goal could come into conflict, however, with the aim of empowering local

organizations. Most of that work of developing local institutions must be done before a disaster hits.

One major distinguishing feature of the emergency response in Lebanon was the security concern, which impeded travel. That in turn led USAID to rely heavily on its partners, including Mercy Corps and the International Medical Corps (IMC). The difficult security situation has also meant USAID has a very small full-time staff in Beirut. USAID may have to work with locals, probably in the private sector, to augment its own capabilities.

Being a global company gives Pfizer an advantage with global issues. The company does look to build partnerships with colleagues already on the ground: local NGOs and USAID provide essential information when Pfizer moves into an area.

The UN Office of the Special Envoy for Tsunami Recovery came to the conclusion that in the aftermath of a disaster, the effort to build up local institutions should be on a par with the delivery of services. PVOs are geared to the delivery of lifesaving services, but down the road there is a need to build civil societies. It would be wonderful if the NGO community invested in building local institutions. It is not flashy work, and it is often difficult to get Congress to understand it and commit the extra funding it requires. In any country, USAID would be glad to discuss with NGO representatives the work it has underway and the gaps NGOs can fill. In addition, those responding to disasters should emphasize building institutions and improving local capabilities as an integral part of delivering services.

A participant argued that USAID has been less helpful than it could be to small PVOs. Holding all ACVFA meetings in Washington, D.C., makes it difficult for those out of state to attend, and in addition, though federal tax regulations require audited statements only for organizations with at least \$500,000 in income, USAID requires audited statements of all its partners. Working with small agencies could help USAID learn what people really need.

USAID is very involved in the UN reforms. The Agency contributes to the Central Emergency Revolving Fund (CERF) and is funding UN Development Programme (UNDP) and Office for the Coordination of Humanitarian Affairs (OCHA) efforts to train humanitarian coordinators around the world to respond to emergencies. USAID is also engaged with the State Department Bureau of Population, Refugees, and Migration (PRM) in helping UN agencies improve their capabilities to lead clusters. Without good humanitarian coordinators, the Cluster Lead Agency system does not work well.

Businesses are not only corporate citizens, they are made up of private citizens. While George W. Bush is president, there will be a seat at the disaster-response table for the private sector. USAID also recently created a Global Development

Alliance designed to attract corporations interested in working with the Agency in any given country. There is room for improvement, however, in teaching USAID's officers to respond when company representatives offer assistance.

Most U.S. and international NGOs have diverse international staffs. It can be difficult to obtain visas to allow all of the relief workers to go where they need to. An international agreement improving the mobility of aid workers would be helpful, but is unlikely. This relates to the certification of NGOs: in the absence of a good definition of NGOs, it would be difficult to create international legislation giving NGO staff members the same mobility as UN workers.

FOREIGN-ASSISTANCE REFORMS: PARTNER DISCUSSIONS

Laura Wilson, *Senior Legislative Advisor to the Director of U.S. Foreign Assistance, U.S. Department of State*

The *Foreign Assistance Framework (FAF)* [available at http://www.usaid.gov/about_usaid/acvfa/framework_102506.pdf] defines the overall goal of transformational diplomacy: "Helping to build and sustain democratic, well-governed states that will respond to the needs of their people and conduct themselves responsibly in the international system."

Countries have been divided into categories according to the characteristics they share. Each of these categories has a specific end goal identified in the *FAF*. Programs for a country are not bounded by the definitions associated with its country category, but collectively the expectation is that programs in one country category will look different from those in another.

Charles North, *Senior Coordinator for the Western Hemisphere, Office of U.S. Foreign Assistance, U.S. Department of State*

Following the *FAF*, reformers developed the *New Program Hierarchy*. Thus, the program objective "investing in people" will be divided into the "program areas" of education, health, and social services and protection for vulnerable populations. The program area of education can be divided further into the "program elements" of basic and higher education. And primary education would be a "program subelement" within the basic education program element.

This structure allows USAID and the Department of State to record funding, analyze it, and report expenditures to Congress in each area. Each program element and subelement carries at least one indicator and sometimes several, a mix of "outputs" and "outcomes." Indicators for program areas and objectives are largely "outcome" measures.

Explanations of every element and subelement are now on the State Department Web site (<http://www.state.gov/f/reform/>). The indicators tied to each should be made public within a few weeks.

The *FAF* and *New Program Hierarchy* form the basis of a new five-year plan for foreign assistance that will include the *FAF*'s goals and lay out clear targets, mostly at the program-area level.

In June of this year the Secretary of State approved initial budget levels by country for FY2008. Those levels were based on factors including country need, country commitment, and foreign-policy considerations. USAID and the State Department then formed country core teams and over the course of a few weeks allocated funds to the program-element level for over 150 countries. Because the process moved so rapidly, increasing the possibility of error, three levels of review were included: first with core team leaders, second with the regional bureaus, and third when the Secretary of State herself reviewed the plans and made adjustments. USAID and the State Department are now working with OMB to prepare the budget for Congress.

So as not to have to wait to launch the effort until FY2008, the reform also translated the FY2007 budget as approved by Congress to the program-element level. Missions were asked to review these priorities as set in Washington, and will now have to decide how to achieve the newly defined objectives with the resources they have. Guidance for those operational plans will soon be ready. It will be reviewed within the U.S. government first and then shared with partners. Training in the field and for the regional bureaus in Washington began at the beginning of October. Operational plans are due from missions by the end of January and will be implemented once Congress is notified. Guidance for FY2008 operational plans will be issued in the spring, with the aim of preparing FY2008 operational plans by the end of September.

SUMMARY OF REPORTS FROM BREAKOUT DISCUSSION SESSIONS ON FOREIGN-AID REFORMS

The meeting broke into small groups for discussion, following which the moderator from each group reported to the full body on significant points of agreement. Their reports included the following points:

- PVOs appreciate the promise of improved organization, coordination, efficiency, cohesion, and transparency.
- They also look forward to a more results-driven process, and hope the reforms will strengthen USAID's ability to direct the policy agenda.

- It should be made clearer, however, how the reform will address crosscutting issues such as gender and the environment. It is also not clear whether the country-team approach will devalue or eliminate regionwide approaches.
- PVOs would like more opportunities to participate in the reform process and better communication with USAID. They would welcome more genuine consultation, would like to help develop new indicators, and are willing to help spread the word about the reforms at all levels. USAID should offer more structured opportunities for such consultation. ACVFA itself should be made more diverse. USAID should consider rolling out a modified training program aimed at improving partners' ability to participate.
- Voices from host countries and the field should also be better integrated into the process. The reforms' top-down approach may lead to priorities that do not fit USAID's work in all its complexity, and could reduce opportunities for creative thinking. It is not clear how the reform structure takes into account other countries' views—those of both development partners and other donors. The reforms should make allowances for multidonor environments, and make room to deal with countries' specific needs. Reformers should be careful not to upset established relationships and programs that do work.
- What is already known about developing indicators should not be lost. Tracking outputs could help track USAID resources, but measuring results means attributing causes to changes, which is much more difficult. The monitoring process should not apply identically to all programs; some programs require a qualitative rather than a quantitative approach.
- PVOs are concerned that aid could become politicized, with short-term diplomatic priorities overriding long-term development goals.
- USAID should undertake a conscientious review of procurement and staffing models to make sure they are compatible with the proposed reforms.
- The reforms do not appear to address the important issue of sector and country earmarks, which could limit their relevance.
- It is unfortunate that so far this process is only voluntary for agencies other than USAID and the State Department. The MCC does not appear to be part of these reforms, yet it represents a major element of the U.S. foreign-aid budget.

- If the list of thirty-five countries put on the fast track for these reforms is not yet public, participants request that it be made public.
- USAID staff members appear to have gone from development practitioners to contract managers, and the reform may hasten that trend.

At the next ACVFA meeting, USAID will report its responses to participants' recommendations.

CLOSING REMARKS

Mr. Homan thanked the staff of the Foreign Assistance Office for its help in designing the structure of the afternoon's discussion, and thanked attendees for their participation.