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CHAIRMAN

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## **Chairman Berman's Remarks to the Center for American Progress on U.S. Foreign Assistance Reform**

Since its relatively recent founding seven years ago, the Center for American Progress has assembled some of the leading talent to produce bold ideas that help shape the national debate. Providing policy-relevant recommendations to the right people at the right time, CAP has made a major contribution to improving our government and its ability to serve the American people.

I especially want to highlight your series of reports on sustainable security, which together make the case for rethinking our approach to keeping Americans safe. The concept of sustainable security has three main aspects according to these writings: "*National* security, or the safety of the United States; *Human* security, or the well-being and safety of people; and *Collective* security, or the shared interests of the entire world." I strongly agree that all three elements must be reflected in our foreign policy and international development programs.

To realize this new approach to security, Gayle Smith – who wrote several of the CAP reports and now serves on the National Security Council – outlined three steps.

The first was to create a national strategy to "prioritize, integrate and coordinate" United States policies and programs relating to global development. As many of you know, last spring I introduced a bipartisan bill in the House of Representatives calling for just such a strategy. The bill now has 125 cosponsors, including 23 Republicans.

Shortly after the bill was introduced, the President issued a Study Directive to review U.S. policies and programs for global development – and put Gayle Smith in charge of it. At about the same time, the State Department began a Quadrennial Diplomacy and Development Review, which is exploring ways to better integrate development into our diplomacy.

So we are well on our way to completing the first step towards sustainable security.

The second step Gayle proposed while at CAP was to modernize our foreign aid system, which includes replacing the almost 50-year old Foreign Assistance Act. That's the step my Committee is working on right now, and the area I'd like to focus on today.

Foreign assistance is an essential element of our foreign policy and national security. It's one of our most potent tools for meeting basic human needs, advancing peace and mitigating crises, supporting human rights and democracy, building and reinforcing strategic partnerships, combating transnational threats, sustaining the global environment, and expanding prosperity through investment and trade.

In these difficult economic times, it is particularly important to remind ourselves and the American people that the International Affairs Budget is little more than one percent of the entire federal budget, and merely a small fraction of the amount we spend on defense. And only about a third of that one percent is allocated to development and humanitarian programs.

We make it a priority to reduce poverty and alleviate human suffering around the world because it is the right thing to do, and because it reflects the compassion and generosity of the American people. But foreign assistance programs also serve our economic and national security interests.

Poor and unstable countries make unreliable trading partners and weak markets for U.S. goods and services. Conflict, lawlessness, and extremism that threaten U.S. interests find fertile ground in the places where basic human needs are not being met and fundamental human rights are not respected. Done right, development assistance is a sound investment in a better, safer world.

Yet U.S. foreign assistance laws, and the system that implements them, are significantly outdated and poorly suited to meeting the challenges of the twenty-first century. The cumbersome architecture designed for a twentieth-century world in which two superpowers competed for influence is no longer adequate in an age when transnational threats – such as terrorism, climate change, nuclear proliferation, fragile states and the spread of deadly disease – demand broad cooperation.

The Foreign Assistance Act of 1961 – the foundation of our foreign aid system – articulates at least 140 goals and 400 specific directives for foreign assistance, but sets no clear priorities to guide decision-making.

Over time, the agency created to administer our economic assistance and alleviate the worst physical manifestations of poverty, USAID, has lost its vast cadre of technical experts and its ability to serve as a leading center for research, innovation and policy coordination.

As a result, and further exacerbating the problem, foreign aid programs have become fragmented across 12 departments, 25 different agencies, and nearly 60 government offices, without a coherent and consistent strategy to unite them.

Antiquated rules, tortuous procedures and excessive earmarks lock in funding levels more than a year in advance, with little flexibility to adapt to quickly changing situations on the ground. And because resource allocations are made without the benefit of quantitative program indicators and rigorous impact evaluations, there is little basis for determining which activities and approaches are most effective and where the needs are greatest.

Of course, it is always far simpler to point out problems than to identify workable solutions. If foreign assistance reform were easy, it surely would have been done already.

The goal of reform is to ensure that our aid reaches those who need it most, and that it is delivered with maximum effectiveness and efficiency. To achieve this goal, we must strike the right balance between a number of competing objectives and interests.

For instance, we know that our investments will be more effective if the countries receiving aid play a bigger role in planning and delivering it. Yet we also know that country processes for determining priorities are not always democratic, that key factors such as environmental and gender impact tend to be overlooked, and that local distribution systems are often plagued by corruption.

We know we need to make aid more flexible, in order to take advantage of unexpected opportunities, respond quickly to new challenges, and remain relevant in the face of change. Yet partner countries must be able to predict aid flows in order to budget responsibly. Congress has a key role to play in setting guidelines and priorities. And American taxpayers have a right to know how their aid dollars are being spent and what results are being achieved.

Particularly in places like Afghanistan and Pakistan, where there is an elevated risk of conflict and instability, we put a premium on high visibility and quick impact of our aid projects. Yet these gains are unlikely to be sustained unless intended beneficiaries are engaged in all stages of project design and implementation – a process that takes considerable time and patience.

Recent experience also highlights the importance of conducting our aid programs under civilian leadership and control. This arrangement makes the most efficient use of our specialized development expertise and allows the military to focus on its core mission.

But civilian command can only be assured if we invest in building the capacity of our diplomatic and development agencies. President Obama pledged to boost our diplomatic corps by twenty-five percent over 2008 levels, and endorsed President Bush's pledge to double the size of the USAID Foreign Service. In these tough economic times, it will be a battle to ensure that our civilian agencies receive the resources and authorities they need to do the job right.

Foreign assistance reform has been tried several times before, ultimately without success. This time, I believe we have a unique opportunity to overhaul our foreign assistance programs to incorporate the lessons learned over the past few decades.

First, we have an Administration that recognizes the value of foreign assistance and wants to make development, along with diplomacy and defense, a core pillar of our national security. I applaud Secretary Clinton's call to "rebuild USAID into the world's premier development agency".

Second, in the aftermath of Iraq and amid the effort in Afghanistan, the global AIDS pandemic, climate change and the international economic crisis, the American public is more aware of how much they are personally affected by what goes on in distant corners of the world, and how much the rest of the world is affected by what happens here in the United States. The generosity and good will of our compatriots is reinforced by their understanding that we do well by doing good.

Third, there has been a coordinated effort by a wide range of nongovernmental organizations, corporations, foundations and think tanks -- such as CAP -- to keep foreign assistance reform on the national agenda. By coming together in common cause for an issue that might otherwise get lost in petty politics, you are challenging us to rise above our differences and do what is right not only for our national security, but for human security and for collective security.

There is nothing partisan about making our foreign assistance programs more effective and more efficient. We all have a responsibility as stewards of taxpayer funds to see that we get the greatest bang for the buck. Whether you think we should spend more on aid or less -- and I happen to believe it's more -- you should want to ensure that it will be invested wisely and will bring optimum returns.

Let me return to the three fundamental steps on the path to sustainable security that CAP identified. The first was a national strategy for global development, and the second was modernizing our foreign aid system.

The third and final step was for the United States government to re-engage the international community and reposition this country to lead. It is a point well worth reinforcing.

We must all recognize clearly that no matter how well-crafted our national strategies, no matter how well-written our foreign assistance laws, our security will be much more sustainable if we have the support of other nations and the respect of their people.

Whether that means paying our dues to the United Nations on time and in full, working to create new global norms and standards, or living up to our obligations under international law, the United States must lead by the power of its example and the strength of its ideals.

Undoubtedly there will be times where our interests diverge from those of other nations, or we disagree on the means for their pursuit. But that is exactly why we need these international bodies.

We have built the most advanced and capable military in the world. Yet in the 21st century, fewer and fewer of the world's problems are amenable to military solutions. It is now time for us to build the most advanced and capable diplomacy in the world, and deploy it on behalf of the children who go to sleep hungry, the women who die in childbirth for lack of skilled assistance, and the communities ravaged by a preventable disease.

By rebuilding our own capacity to do good, we reclaim the mantle of international leadership, and with it the means to sustainable security.