



U.S. Assistance to Africa: A Call for Foreign Aid Reform

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Thank you Chairman Payne, Ranking Member Smith and distinguished members of the subcommittee. I am honored that you have invited me to testify on the challenges and opportunities we face in reforming U.S. foreign assistance in Africa and beyond.

I. Introduction: The Challenge and Opportunity

Americans' well-being is linked to the lives of others around the world as never before. Today's challenges—disease, human and food insecurity, climate change, financial crises—do not respect borders and are instead global problems requiring collective solutions. Trade, remittances, and private investment tie rich and poor countries together, creating shared opportunities for prosperity in plentiful times, but also shared instability and strain in times of financial crisis.

The Obama administration and the 111th Congress are confronting a perfect storm of domestic economic concerns at home and multiple challenges overseas: continued wars in Iraq and Afghanistan, escalating instability in Pakistan, emerging sanctuaries for terrorism and piracy in unstable regions of Africa, and, in the wake of the global economic downturn, deepened poverty and threats of heightened political instability in countries around the world.

Faced with many urgent challenges, it may be tempting to let attention be diverted away from U.S. development programs and those related to Africa in particular. However, it would be a mistake to let these programs languish beneath a growing list of other priorities. This imperative is now more urgent than ever. The aftermath of the U.S. financial crisis and the resulting global economic crisis is now being felt in countries across Africa. As private investment to Africa dries up, the flow of remittances slows, and exports drop sharply, Africa faces a potential loss of some \$50 billion in income in the next two years alone, through no fault of their own. The human toll of these losses could be grave, with growing poverty, malnutrition and food insecurity threatening to reverse previous gains in human development. I urge this committee to see today's economic crisis and global problems not as insurmountable obstacles, but as a challenge and opportunity to do better.

With this in mind, I'd like to focus my remarks on the current state of U.S. foreign assistance, some good news out Africa, and seven steps for how we can do better:

1. Put someone in charge, with a seat at the NSC.
2. Craft a national strategy for global development.
3. Build a strong legislative foundation with a new Foreign Assistance Act.
4. Organize for success with a strong, consolidated, empowered U.S. development agency.
5. Different approaches for different country contexts.
6. Leverage the multilateral institutions.
7. More resources, better spent.

II. The Current State of U.S. Foreign Assistance

The Obama administration, Congress, military leaders and American voters have recognized that strong development policies and programs are critical to enhancing the U.S image in the world, achieving our foreign policy goals and increasing our national security. To reap these benefits from development, however, we must work with international partners and recipient governments in ways that demonstrate impact on the ground and show that we are reaching our key objectives in developing countries: stimulating economic growth and poverty reduction, promoting political stability and responding to humanitarian crises.

Our current development programs deserve more credit than they usually receive. The President's Emergency Plan for AIDS Relief (PEPFAR) has provided the financial and technical wherewithal to provide life-saving antiretroviral treatment to two million people; the Millennium Challenge Account (MCA) has spurred policy reforms and paved the way for supporting economic growth in eighteen countries through investments in agriculture and essential infrastructure; and USAID has many examples of large scale successes, from the substantial reductions in child mortality and in the impact of diseases like river blindness and polio, to efforts to bring peace and security to countries such as Bosnia and Liberia.

At the same time though, our foreign assistance programs are out of date and badly in need of ambitious modernization to confront today's global challenges. Our core development policy—the Foreign Assistance Act—was written during the Kennedy Administration in the early days of the Cold War to meet goals that were important at the time, but that differ significantly from today's foreign policy objectives. Over the years, new programs, goals, directives and restrictions have been added to the legislation often with good intentions, but typically in an ad-hoc manner. The result: U.S. foreign assistance programs are now a hodge-podge of uncoordinated initiatives from multiple institutions without a coherent guiding strategy.

We can, and must, do better with our foreign assistance. But we must also bear in mind that foreign assistance alone will not be enough to achieve U.S. foreign policy goals. Policies affecting trade, migration, climate change, capital flows, governance and others also influence America's standing in the world and our relationship with other countries,

and at present, these policies often contradict each other and can undermine development objectives. Getting a bigger bang for our development bucks requires being smarter about our development strategy, legislation and organizational apparatus.

III. The Good News Out of Africa

While international attention often focuses on bad news out of Africa—events in Somalia, Sudan and Zimbabwe for example—there is good news in many other parts of the continent. A growing group of sub-Saharan countries are embracing democracy and good governance, instilling stronger macroeconomic management, and benefiting from significant debt relief. These countries are beginning to show results with faster economic growth, reduction in poverty rates, and improvements in social indicators. At the same time, some of the most protracted conflicts around the continent have come to an end, including in Angola, the Democratic Republic of Congo, Liberia and Sierra Leone. There is a long way to go, but these hopeful signs across Africa signal a promising new beginning and hope for a better future.¹

At the root of these critical structural changes are three major trends of enormous historical importance that are spreading across Africa, but often go unnoticed by the outside world:

1. Dramatic increases in the number of democracies in Africa. In 1989, there were just three democracies in all of sub-Saharan Africa according to widely accepted measures of democracy: Botswana, Cape Verde, and Mauritius. Today by the same measures there are more than 20 including Benin, Ghana, Lesotho, Liberia, Namibia, Niger, Mali, Mozambique, South Africa, and Tanzania among others. In just one generation, Africa has seen a six-fold increase in the number of democracies; today nearly half of Africa's countries are democratic, with more competitive elections, stronger respect for civil liberties and human rights, freer press, and more accountable and transparent governance. Some of the nascent democracies are relatively strong (consider Ghana's recent successful elections and transfer of power), while other are still fragile (for example, Madagascar and Kenya). It is hard to predict the future, for we are in new territory: never before in world history have so many low-income countries become democracies in so short a time. This enormous change, engendered by an empowered citizenry, has huge implications for Africa and our relationship with the continent.

2. Improved macroeconomic management. The macroeconomic crises—high rates of inflation, large budget deficits, and yawning trade gaps—that once plagued almost every sub-Saharan African country are now distant memories for most of them. With a few unfortunate exceptions – the tragedy in Zimbabwe being the most obvious – countries have shifted to much stronger macroeconomic policies. In the 1980s, inflation averaged 13.6 percent (excluding the cases of extreme inflation, which would drive these figures much higher), but in the ten

¹ See “The Good News Out of Africa: Democracy, Stability, and the Renewal of Growth and Development,” Ellen Johnson Sirleaf and Steven Radelet, CGD Essay, February 2008, <http://www.cgdev.org/content/general/detail/15416>.

years from 1996-2005 it averaged just 7.7 percent (excluding Zimbabwe). Foreign exchange reserves doubled on average from two months of imports in 1980 to four months of imports in 2001. Budget deficits and trade deficits are much smaller today than they once were. To some extent these changes are the result of policy conditions imposed by the IMF and World Bank. But in most cases, senior policymakers have internalized the importance of sensible macroeconomics and are choosing to implement more prudent policies, with important benefits for their economies.

3. The end of 25 years of huge debt burdens in Africa. Debts began to grow in the late 1970s and early 1980s following oil and other commodity shocks, made all the worse by government mismanagement. Creditors were a big part of the problem, too easily lending large amounts of money to unaccountable dictators that misused the funds and left the mess for the next generation to clean up. Resolution of the debt crisis has proceeded slowly in distinct stages over the past twenty years and was specifically addressed in poor countries who owed most of their debt to the IMF and World Bank through the Heavily Indebted Poor Country, or HIPC, Initiative. Today of 41 HIPC-eligible countries, 35 countries have qualified for the first stage of debt relief, and 24 of these have completed the full process and eliminated substantial portions of their debt. In a major step forward, last week Liberia bought back \$1.2 billion in commercial debt that the government owed to banks, investment funds, and other private sector creditors at a 97 percent discount off the face value, the largest discount ever on a HIPC country private sector deal. The deal effectively extinguished one-quarter of the government's debt without litigation, retiring debt that had been in arrears for 25 years or more. Liberia is aiming to reach the HIPC Completion Point and retire most of the rest of its debt early next year.

The end of the debt crisis has brought about two kinds of changes: 1) improved financial positions of governments that no longer must service debts and can increase spending on health, education, infrastructure, or civil service wages or reducing their budget deficits or build foreign exchange reserves, and 2) countries have much greater capacity to design their own economic policies and spend less time continually renegotiating old loans.

All of these changes are achievements in themselves, and also represent the creation of a firm footing for progress toward improved social welfare. Health, education and other types of social development investments yield the most in economically stable environments where governments are held to account for their responsiveness to citizens.

The good news coming out of Africa deserves much more attention than it usually receives. But the emerging success over the last decade by no means guarantees future success. The global financial crisis threatens to undo this progress by reducing investment, exports and aid just as it should be expanded to build on these successes. While the key responsibility for sustaining progress lies with the leadership and the citizens of African countries themselves, there is much that the international community

and the U.S can do to support their efforts and ensure more good news keeps coming out of Africa.

IV. Seven Steps toward Better U.S. Foreign Assistance

People around the world, especially because of the financial crisis, are looking to the U.S. for leadership. Whether accurate or not, many blame the U.S. for the current crisis and are looking for us to step up and help out. The worst thing we could do is to turn our back on our most visible and influential tools of global engagement at precisely the time when our leadership and support is wanted most.

We should continue to press for ambitious and comprehensive reform of our global development and foreign assistance policies to help minimize the impacts of the global financial crisis on developing countries and continue to support the growing successes in many sub-Saharan African and other low-income countries around the world. Among the broad steps the U.S. should take are those to improve the overarching U.S. development strategy, legislation, organizational structure, resources and impact evaluation. These are familiar issues to the committee and are fundamental to making U.S. development and foreign assistance programs more effective. In addition, I offer seven steps toward better U.S. foreign assistance:

1. Put Someone in Charge of U.S. Development with a Seat at the NSC

Despite strong rhetoric signaling the importance of the so-called 3-D's—development, defense and diplomacy—there is a glaring absence in the Obama administration's line up so far: there is no USAID administrator, nor are there appointees for other senior development positions at the Office of the Global AIDS Coordinator (OGAC), the Millennium Challenge Corporation (MCC), Peace Corps, and other agencies. The administration and Congress are moving quickly to tackle a host of pressing issues, including instability in Pakistan and Afghanistan and the threat of piracy off the coast of Somalia. These threats and many others have serious implications for developing countries, and will require effective development assistance to attain our national security goals. Yet to date, the development voice is missing. While Secretary of State Clinton brings enormous knowledge and leadership on these issues, our efforts will be incomplete without strong development expertise and a strong development voice at the table.

To concretely signal and effectively implement President Obama's commitment to elevate development as a smart power national security approach alongside defense and diplomacy, the administration must name a strong, capable leader as USAID administrator as soon as possible to exert leadership on development policy. The USAID administrator should be included as a member of the National Security Council and other high-level interagency deliberative bodies. At a minimum, the administrator should be invited to all NSC Principals Committee meetings dealing with international economic issues. This will provide professional development perspectives and policy input at the highest policy-setting table, independent from but complementary to diplomatic and defense.

The ultimate objective would be to have the USAID administrator be the lead voice of the U.S. government on development policy and development assistance, the key point of contact for the field for questions on development impact of programs and of other government policies (trade, migration, investment, etc.), and the central person accountable to Congress for delivering the development and development assistance agenda.

This would respond to the calls across many sectors for greater coherence. In global health, for example, leading organizations including the Center for Global Development, the Center for Strategic and International Studies, the Council on Foreign Relations and the Institute of Medicine have called for major improvements in the coherence of this country's now fragmented approach to engaging in global health activities. Similar recommendations have been made in other sectors. While even achieving within-sector coherence would be a step in the right direction, it is obviously far preferable to have a balanced and broad development strategy that encompasses all sectors and achieves the potential synergies – for example, between more and better education for girls and better maternal and child health services.

2. Craft a National Strategy for Global Development

The administration should prepare, under the leadership of the NSC, a National Strategy for Global Development (NSGD) distinct from but consistent and coordinated with the National Security Strategy. A strong strategy is essential for clarifying goals and objectives, coordinating development-related activities spread across the government, and increasing the efficiency and effectiveness of key programs.

We have no whole-of-government strategy or doctrine for development policy. All too often U.S. development policy and U.S. foreign aid are conflated when, in fact, U.S. development policy is about the integration (or lack thereof) of the all U.S. policies that impact global development: aid, trade, migration, climate change, foreign investment, etc. A National Strategy for Global Development would set development priorities and coordinate the development activities of all relevant government agencies to ensure they are working in tandem, and not at cross-purposes. Given the limited resources available for foreign assistance worldwide and the variety of problems to address, it is essential that the United States thinks systematically about the most effective ways to reduce global poverty while advancing its national interests. It is not enough simply to spend money on certain sectors (such as health care or agriculture) and to fund the foreign assistance programs of disparate government agencies (from USAID to the Department of Justice) without articulating how those initiatives work together. To be effective on the ground and to maintain the support of the American people, the collective outcome of our disparate development programs must be greater than the sum of its parts. This can only happen with a clear, credible and authoritative plan that guides the development activities of the entire U.S. government.

The NSGD should be derived from the National Security Strategy, which is the document periodically produced by the White House outlining the international challenges facing the United States and the means by which it will meet them. Just as the National Military Strategy, produced by the Defense Department, articulates how military assets will advance the foreign policy objectives contained in the National Security Strategy, the NSGD would do the same thing for development activities. It too would be led by the White House with interagency involvement and external consultation, and be reviewed quadrennially. At a minimum, it should include the following elements:

- Approach to development explaining the policies and mechanisms the U.S. government will support to bring about sustainable economic growth;
- Apportionment of responsibilities articulating the specific tasks for which various U.S. government agencies will be responsible; and
- Relationship with partners delineating how the U.S. government will work with various international partners and beneficiaries.

3. Build a Strong Legislative Foundation with a New Foreign Assistance Act

The Foreign Assistance Act of 1961 is unwieldy and outdated, and adds significantly to the costs and inefficiencies of many of our programs. Although several critical pieces of foreign assistance reform can be achieved without legislation—creating a national development strategy, strengthening monitoring and evaluation systems, improving procurement and contracting procedures, building human resource capacity—no broad-based foreign assistance modernization initiative can be fully implemented without major legislative modifications.

Rewriting the FAA will require a grand bargain between the executive branch and Congress, reflecting a shared vision of the role and management of U.S. foreign assistance, providing the executive branch with the authorities it needs to respond to a rapidly changing world, and ensuring rightful and effective legislative oversight. Done purposefully, inclusively and transparently, this bargain would reestablish confidence in the foreign assistance system among the U.S. public and non-governmental development organizations and reduce the ability of special interests to secure self-serving earmarks. Partially amending the act, rather than rewriting it, would run the risk of exacerbating the fragmented and incoherent nature of the existing act, continuing to layer modernized legislative provisions on top of outdated and irrelevant policy authorities.

The bottom line is that without a restructuring of authorities and a rationalization of restrictions, whether they be congressional earmarks or presidential directives, all the personnel and organizational reforms undertaken will not make a truly material difference in the effectiveness of U.S. foreign assistance programs. As you know well, the foreign assistance authorization process, which once reviewed and modified the FAA nearly every year, has not functioned in over twenty years and I strongly support Chairman Berman's commitment to reauthorize U.S. foreign assistance and rewrite the Foreign Assistance Act. I hope you and other members of the committee will help him make that promise a reality.

4. Organize for Success with a Strong, Consolidated, Empowered U.S. Development Agency

For our development policies and programs to contribute to the U.S. smart power agenda, we need to be smarter about who sets our development policies, how they inform the decision-making process and where they sit within the U.S. government. Today, our programs are spread across twenty-some different U.S. government agencies. USAID has also been significantly weakened over the last decade. President Obama had it right during the campaign: to meet today's challenges we need an elevated, empowered, consolidated and streamlined development agency.

Building a strong and effective development agency will require providing our development programs with a certain degree of autonomy from our diplomatic and defense efforts alongside distinct authority and responsibility over the development budget and policy. Restoring budget and policy authority to a strengthened development agency will enable the agency to provide a meaningful voice for development (and contribute field perspectives) during the budget preparation and interagency negotiations and to facilitate long-term thinking and planning on development policy. Some degree of autonomy also will help attract strong leadership and professionals with strong development backgrounds to our development agencies, and will help strengthen results by more strongly coordinating our development programs with diplomacy, rather than subordinating them to short-term political pressures and diplomatic efforts.

Over time, USAID (or a newly named agency for development, a "Development Investment Agency" for example) would be strengthened and re-professionalized to serve as the basis for consolidation of other major foreign assistance programs such as MCC, PEPFAR and perhaps even the multilateral development bank programs currently housed at Treasury.

5. Different Approaches for Different Country Contexts

Given this subcommittee's focus on Africa, you know well that the continent is not a singular entity, but a diverse region with a disparate set of challenges and opportunities for engagement. Governance, economic, and social issues vary across countries and within them. Strong U.S. foreign assistance requires a diverse array of tools that can differentiate among these varied circumstances and engage accordingly. The U.S. should have the flexibility and range of tools to link its foreign assistance strategies with country characteristics, and with the most pressing needs on the ground. Too often the sectoral makeup of our foreign assistance does not reflect the development priorities on the ground. In Ethiopia, for instance—an extremely poor, rural country that suffers from periodic famines—the lion's share of U.S. assistance in 2007 was consumed by HIV/AIDS prevention, health and emergency food relief, whereas agriculture, economic growth and education each received less than 2 percent of total foreign assistance.

While we need to consolidate and coordinate our fragmented foreign assistance

programs, we should maintain distinct approaches for different country circumstances and needs.² To illustrate:

Countries with good governance. In countries with good governance, such as those countries that are MCC-eligible, it makes sense to give the host government much more of the responsibility to set priorities and design activities consistent with their own development strategies and take the lead in coordinating donors. Depending on the country, local and provincial governments and NGOs could also receive significant funding to complement government efforts. Donors could focus less on micromanaging and more on measuring and achieving broad results. Funding could be committed for five years or more, subject to demonstrated good governance and reasonable results. The amount of funding could gradually decline as the economies grow and gain access to private capital markets.

Countries with average governance. In countries with average governance such as those who fall just short of MCC eligibility, we should be opportunistic and identify competent ministers or sectors through which U.S. assistance can be most beneficial. Governments in these countries would receive less support than well-governed countries and while they could play an active role in setting priorities and designing projects in certain sectors where strong leadership is displayed, donors would have a larger role (relative to well-governed countries) in establishing priorities, ensuring broad-based local participation and technical rigor. Most funding could come in the form of well-designed projects consistent with the country's overall development strategy, focusing on activities to which the government has shown the strongest commitment and with the potential for progress. Financial commitments could be for three to five years, contingent on progress. A larger share of funding could go through NGOs or civil society groups than in well-governed countries. Project performance should be monitored carefully, with clear performance standards. Strong performance could lead to increased financial support and longer commitments, while weak results could lead to less aid. Donors must be prepared to reduce funding when agreed performance standards are not met.

Countries with weak governance. Countries with weak governance must be dealt with on a case-by-case basis since circumstances vary widely—some are failed states, others are failing, while still others are weak or fragile. In places like Somalia or Zimbabwe, we should be much more targeted in our approach, giving short term assistance to NGOs or local organizations rather than the government, aimed largely at meeting immediate humanitarian needs and providing social safety nets. In most of these cases, assistance is likely to be heavily influenced by strategic and security considerations. Donors could focus on a limited set of high priority activities with the potential for demonstrating quick results to policymakers and the public, to help consolidate the reform process.

² For an earlier version of the proposal to apply different approaches in different countries see “From Pushing Reforms to Pulling Reforms: The Role of Challenge Programs in Foreign Aid Policy,” Steven Radelet, CGD Working Paper No. 53, February 2005, <http://www.cgdev.org/content/publications/detail/2735>.

Table 1: The Development Continuum

Level of Country Governance	Primary recipient of assistance	Other potential assistance recipients	Characteristics of assistance	Monitoring Focus
<p>Good</p> <p>Ghana, Tanzania, Indonesia, other MCC-eligible countries</p>	<p>Central government would set broad priorities and design activities consistent with its own development strategies</p>	<p>Local and provincial governments</p> <p>NGOs</p>	<p>Country-owned: supports country's own development strategies based on broad-based participation</p> <p>Most assistance (although not all) to governments</p> <p>Long term funding, 5 years or more</p>	<p>Broad results</p>
<p>Average</p> <p>Haiti, Timor-Leste, Kenya, etc.</p>	<p>Competent ministers, ministries or sectors</p> <p>Combination of government and civil society participation in program design</p>	<p>NGOs</p>	<p>Opportunistic</p> <p>Greater share of assistance to NGOs</p> <p>Project focus</p> <p>Medium term funding, 3-5 years, contingent on progress</p>	<p>Broad-based participation and technical rigor in project design</p> <p>Funding tied to clear project performance standards</p>
<p>Poor</p> <p>Sudan, Zimbabwe, Somalia, etc.</p>	<p>NGOs or local organizations including faith-based</p>	<p>N/A</p>	<p>Focused on humanitarian and basic needs, social safety nets</p> <p>Short term, high-impact activities</p> <p>Influenced by strategic and security considerations</p>	<p>Limited set of high-priority activities with quick results for policymakers and the public</p> <p>Linked to progress on strategic and security objectives</p>

6. Leverage the Multilateral Institutions

The lack of attention and funding for multilateral programs is a major missed opportunity for the U.S. to better leverage its assistance dollars. Large U.S. contributions to the multilaterals are typically followed by increased contributions by other members, and a multilateral approach lightens the administrative burden on recipient countries because it reduces the number of donor agencies involved. But in recent years only about 10 percent of U.S. official development assistance, or ODA, was channeled through multilateral agencies, compared with 33 percent of assistance from other major donors. Scant funding to the multilaterals weakened U.S. ability to provide positive leadership to strengthen and shape these agencies.

The latest G-20 meeting reminds us of the crucial role that these institutions can and should play in helping countries cope with global challenges like the financial crisis. The multilateral institution's ability to marshal resources and address a wide range of economic and development goes far beyond what any one country can do alone, and in many ways represents the very kind of coordinated, global response demanded by the global challenges of today.

With a national strategy for global development, new legislation and a coordinated and empowered development agency, the U.S. will be better positioned to work with other donors in developing countries. At present, nearly all U.S. foreign assistance is pre-allocated to sectors and programs by congressional and presidential directives, leaving little to no room for the U.S. to adjust its programs either to country circumstances or to coordinate with other donors operating in the country. The U.S. does not need to do everything in every country as there are multiple donors operating at any given time, each with varying degrees of expertise in certain areas and regions, and U.S. assistance needs enough flexibility to respond to country contexts, including what other donors are doing.

7. More Resources, Better Spent

More money by itself will not help the U.S. to better achieve its foreign policy goals. But more money, better spent, is an important part of the answer. In today's difficult economic times, we must ensure that every dollar we spend is used as effectively as possible on the ground, and the steps outlined above are central to spending U.S. funds more effectively. So too is allocating our funds more wisely, with more funding going to low-income countries with the biggest needs and to better-governed countries that can use it well. We can also use funding in ways that create incentives for positive outcomes.

One approach, to stimulate accelerated R&D for innovations that benefit the developing world, is an Advance Market Commitments (AMCs) that promises a reward if and when a new technology, such as a new vaccine, is developed and made available. Another is a "cash-on-delivery program" in which governments are provided with incremental payments for providing education, health or other services. For example, a government could receive a payment for every additional child completing school. A more micro-level application of this type of performance in the health sector, which has been

successful in many settings, is the use of rewards for the achievement of performance targets by health workers or health facilities.

But additional funding also will be necessary. President Obama's commitment to double foreign assistance is critical for the U.S. to meet some of its most important foreign policy and national security goals. The increased funding of recent years is a good start, but it was on top of a very low base, and is inadequate for the United States to fight poverty, state failure, and instability in low-income countries around the world. If we invest in solving global problems early—like halting the spread of new infectious diseases before they reach the U.S., and easing the suffering and indignity that foster anger and violence—we save both lives and money.

To ensure stronger accountability for funds spent, we must establish much stronger monitoring and evaluation (M&E) and impact evaluation processes aimed at keeping programs on track, guiding the allocation of resources toward successful activities and away from failures, and ensuring that the lessons learned—from both successes and failures—inform the design of new programs.

One way forward would be to substantially strengthen in-house capacity, including creating a help desk to provide evaluators with technical expertise in impact evaluation, and to establish an independent body that oversees and provides advice to the evaluation functions. The MCC model is a good practice in this regard and could be applied more broadly to USAID and other agencies. It is crucial that measures of ultimate impact be conducted independently of the designers and implementers of the programs. For that reason, the United States should support and ultimately join the International Initiative for Impact Evaluation (3IE), which brings together foreign assistance providers from around the world with recipient countries and leading NGOs to develop a shared evaluation agenda and fund rigorous, independent evaluations of the impact of development initiatives.

V. Conclusion

Taking on these reforms will not be easy. The impact of the financial crisis—on our budget at home, and on escalating poverty abroad—reminds us of the imperative of using each and every one of our foreign assistance dollars with the maximum effectiveness, to achieve the greatest possible impact in poor countries. It also reminds us that now is no time to shy away from the development challenges and the opportunity to do better. It is time to take advantage of this unprecedented moment to modernize and strengthen U.S. foreign assistance to deliver on the promise of development to serve as a critical pillar of our national security and humanity.