

FOREIGN ASSISTANCE REFORM IN TODAY'S BUDGET LANDSCAPE

Our nation is contending with crushing budget deficits that will only be solved through decisive action on the part of policymakers. As the debate over how best to reduce the deficit continues on Capitol Hill and in the Executive Branch, we must remember that foreign assistance constitutes less than 1% of the federal budget.

Simply put, disproportionate cuts to U.S. assistance in developing countries won't solve the deficit crisis, but they will have outsized consequences for our nation's ability to engage in the world in pursuit of our national security and economic goals. The stakes are real and they are high: children will die for lack of vaccines; parents will no longer be able to work to support their families because their AIDS medication is cut off; and farmers will lose access to the seeds, soils, and technical assistance that make their farms viable in the global economy. These individual impacts, taken collectively, will affect global political and economic stability and security – with negative ramifications for U.S. interests abroad.

Advancing the Reform Agenda

The Modernizing Foreign Assistance Network (MFAN) is dedicated to working with the Administration, Congress, and the development community to advance a reform agenda that will make U.S. development assistance and policy work harder for the American people and for people in developing countries. We believe that successful reforms will maximize the impact of our assistance, and will help to ensure support in the future among policymakers and the American people for the resources necessary to maintain development as a pillar of U.S. engagement.

The National Security and Economic Imperatives of Foreign Assistance

Foreign assistance remains vital to our security and prosperity in a world full of challenges, including the recent unrest in the Middle East, that defy military and diplomatic solutions alone.

National security leaders — from Secretary of Defense Robert Gates to Chairman of the Joint Chiefs of Staff Admiral Michael Mullen to General David Petraeus — have consistently reaffirmed the importance of funding a strong and effective International Affairs Budget, with Senators including John McCain and Lindsay Graham following suit and advocating for strong civilian capacity to remain a key part of our foreign policy. USAID complements and partners with our soldiers and diplomats around the globe, doing the work that needs to be done to empower people, stabilize communities, and head off future conflicts.

Foreign assistance also helps grow and modernize markets in developing countries – opening up economic and export opportunities for U.S. businesses in the fastest-growing markets in the world. Foreign assistance programs help the world's poorest people become healthier and more economically self-sufficient, and bolster the capacity of developing countries to meet the needs of their own citizens.

Equally as important, U.S. foreign assistance is an expression of our most deeply-held values and a manifestation of U.S. global leadership. Were we to step away from our commitments to developing countries, we would be retracting an outstretched hand that helps hold off death and despair for millions of vulnerable people. Indeed, our future leverage in the Middle East and other strategically important countries will depend on the things we do to help citizens thrive and hold their leaders accountable. Foreign assistance is one of the best tools we have for helping people in developing countries build democratic institutions that enable them to take responsible ownership of their own destiny, forging their own path to self-reliance and stability.

A Strong Budget and Real Reform Go Hand-in-Hand

As we face tough budget realities and the need to ensure that the bipartisan consensus around the value of international engagement remains strong, we must look for ways to maximize the impact of every dollar we spend. Simply put, more effective and accountable foreign assistance will yield better results for those we are trying to help, and will more faithfully serve U.S. national security, foreign policy, and economic interests. Strong budgets and better assistance go hand-in-hand, and the American people and policymakers will be more eager to invest in U.S. efforts in the developing world if they know these efforts will work.

We must continue to reform the way the U.S. approaches foreign assistance to make it even more effective. Building on innovations from the Bush and Obama Administrations, such as the creation of the MCC and the groundbreaking September 2010 global development policy, Congress and the Administration must work together, in a bipartisan fashion, to advance reforms and codify them in law so they endure. In doing this, they must focus on the following:

- **Maximizing efficiencies** by eliminating wasteful regulations, better coordinating and leveraging work with partners, and demanding clear results through better evaluation;
- **Increasing accountability to U.S. taxpayers as well as people in developing countries;**
- Codifying a shared **Executive-Legislative vision** for the U.S. approach to development built around **sound strategic planning, greater transparency, accountability for results**, and the **flexibility** to spend resources according to needs and opportunities on the ground;
- **Ensuring assistance is responsive to local priorities and supportive of local policy reforms** that will lead to sustainable economic growth and reduce poverty;
- **Recognizing and institutionalizing the distinctiveness between diplomacy and development** so that short-term humanitarian and political goals and long-term development goals are complementary and work together to achieve U.S. objectives; and
- **Empowering and strengthening USAID as a 21st-Century development agency.**

MFAN is a reform coalition composed of international development and foreign policy practitioners, policy advocates and experts, concerned citizens and private sector organizations. MFAN was created to build upon the bipartisan consensus that has emerged over the last decade that the U.S. should play a leadership role in achieving economic growth and reducing poverty and suffering around the world, and that we can play this role more effectively, efficiently, and transparently. In 2011-2012, MFAN will monitor and encourage the Administration's development policy reform agenda and support action in Congress to achieve bipartisan agreement and legislation in support of reform.