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The Restructuring of USAID: Implications for Africa

by Jennifer Windsor and Carol Lancaster

This issue of CSIS Africa Notes is based in part on an extended discussion with the authors hosted by the Overseas Development Council (Washington, D.C.) in early December 1993. The meeting was chaired by Dr. Marina Ottaway with input from USAID's Assistant Administrator for Africa John F. Hicks.

The U.S. Agency for International Development will be experiencing in 1994 the most far-reaching changes since its creation in 1961. These changes will affect how USAID operates throughout the world, including in Africa. Many build on the development experiences of USAID in Africa; others represent new directions. All are designed to make U.S. aid programs in Africa, and around the world, more effective.

The shifts under way are responses to new realities and to new opportunities. The world in which USAID operates has altered dramatically. Events of the last decade have led to a rethinking of the role that foreign assistance can play in U.S. foreign policy. Policymakers within USAID and its outside constituencies are engaged in defining new policy directions and improving management systems to enable U.S. bilateral assistance (and the agency that manages the programs) to make the most of the unique opportunities for reform and revitalization that currently exist.

The Sustainable Development Strategy

One of the first challenges facing the Clinton administration was to rethink fundamental approaches to foreign assistance. The administration concluded that aid would continue to be a critical element of U.S. foreign policy and endorsed the goal of "sustainable development" as the principal objective of U.S. bilateral assistance.

In USAID parlance, "sustainable development" denotes broad-based economic growth that protects the environment, enhances human capabilities, upholds democratic values, and improves the quality of life for current generations while preserving the possibility of a similar quality of life for future generations. In addition to helping the disadvantaged in less-developed countries, supporting sustainable development is also a form of preventive diplomacy. Countries experiencing healthy, broad-based growth and possessing participatory political systems are less likely to



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succumb to internal conflicts and are better able to withstand natural disasters. The costs of preventing future crises through wise investments in development are substantially less than the costs of having to intervene to alleviate natural or man-made crises later.

In order to provide policy coherence and direction to U.S. bilateral aid, USAID has identified four key areas to be accorded priority attention: (1) encouraging sustainable rates of population growth and related health issues; (2) protecting the environment; (3) promoting economic growth; and (4) supporting democratic institutions. The United States will, of course, continue to provide humanitarian assistance wherever there is a need. The relevance of the four areas for Africa is obvious. Sustainable development in Africa depends on protecting fragile ecosystems (needed for food security and for development), slowing population growth rates, increasing broad-based economic growth, and strengthening the still fragile movement toward democracy and good governance.

Key themes to be emphasized in promoting sustainable development include partnership, participation, integration, and achieving results. Partnership—shared goals as well as effort—is important to the governments, organizations, and people that USAID assists. To a far greater extent than in the past, USAID resources will be focused on countries where those resources can make the most difference, where there is a clear need, and where governments are committed to development.

The administration's commitment to investing its human and material resources where they can be utilized most effectively was reflected in the November 19, 1993 announcement that USAID will be closing 21 field missions worldwide. One of the criteria influencing the choice of countries targeted for closure was whether the government was deemed to be a sincere development partner. Where governments are not committed to responsible economic policies and democratic changes (including a respect for basic human rights), USAID is likely to offer reduced assistance and perhaps even close its missions. Out of the nine sub-Saharan countries slated for closure, a number were affected by this criterion.

Partnership also means working more effectively with other bilateral and multilateral donors in order to maximize the impact of the total amount of development resources invested in a country or region. USAID will build on such models as the Special Program of Assistance for Africa (a World Bank-led initiative to provide quick-disbursing aid to poor, debt-distressed countries of sub-Saharan Africa that are pursuing sound economic policies) and the Global Coalition for Africa (a World Bank-affiliated North-South forum established to bring together African leaders, principal bilateral and multilateral donors, and nongovernmental organizations to engage in a serious policy dialogue on the key economic and social issues facing the continent) in ensuring that donors are working together—and with Africans—to achieve shared development goals in the

region. Close donor coordination and collaboration is especially important as USAID embarks on efforts to promote regional economic cooperation, particularly in southern Africa.

Participation is at the heart of sustainable development. If the views of the ultimate target group of development assistance (especially at the local and community level) are not sought and incorporated, realizing and sustaining the goals of USAID will be difficult. Participation means involving and empowering the citizenry in the development effort. It means designing programs that respond to local circumstances and needs, and, where possible, building on efforts that are under way. The benefits of a participatory approach extend beyond community development projects. A number of African cases suggest that a broad understanding of the rationale for sometimes-stressful changes as well as a sense of shared sacrifice is needed in order to sustain and deepen policy reforms.

A special emphasis will be placed on supporting women's participation in their countries' economic and political systems. Women represent a largely untapped resource that is critical to unleashing the full development potential of a society. Africa is perhaps the clearest illustration of the fact that sustainable development cannot be achieved unless women (who dominate the informal sector and subsistence agriculture) are empowered as part of the overall development effort.

USAID is also stressing the integration of its development efforts across sectors. Because successes or failures in the four areas of sustainable development are interrelated, USAID cannot (as it has sometimes done in the past) focus predominantly on economic growth objectives without considering how its projects affect—or are affected by—the environment or governance. Similarly, the gains from population programs, for

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Editor: Director of African Studies Helen Kitchen
Deputy Editor: J. Coleman Kitchen

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example, cannot be sustained if such efforts are undertaken in isolation from environmental challenges or the promotion of broad-based economic growth. USAID field missions in Africa and elsewhere will soon be asked to produce an integrated development plan in which programs are designed to be mutually reinforcing.

Finally, USAID will take a harder look at results. For too long, the focus has been on inputs—how much money USAID is spending in a particular area—with little attention paid to whether those funds have any impact. Monitoring and evaluation of USAID programs will be enhanced to permit USAID officials to assess lessons learned from successful programs and projects, and to modify or terminate activities of unsuccessful ones.

The New Foreign Assistance Act

The need for a new foreign assistance act is obvious. The Foreign Assistance Act (FAA) of 1961, as amended, is an unwieldy and outdated relic of the cold war. The Act sets 33 goals and 75 objectives for USAID and has numerous restrictions and reporting requirements that are simply no longer necessary. The Clinton administration has committed itself to submitting and enacting new authorizing legislation to cover all major U.S. economic assistance programs, including the programs administered by USAID. Bipartisan support for foreign aid reform has existed since the 1980s, and especially since 1989, when Congressmen Lee Hamilton and Benjamin Gilman undertook a comprehensive evaluation and rewrite of the foreign assistance legislation.

The new bill outlines six key objectives of U.S. foreign policy: (1) promoting sustainable development, (2) building democracy, (3) promoting peace, (4) providing humanitarian assistance, (5) promoting growth through trade and development, and (6) advancing diplomacy. The bill is comprehensive, dealing with all international affairs programs, but authorizes funds only for those programs previously authorized under FAA. The most notable innovation is the absence of earmarks. The bill authorizes by objective, not by regional or sector entitlements. The new act will provide the kind of flexible framework needed for U.S. policymakers and U.S. foreign aid programs to respond rapidly and effectively to a changing world.

Although the legislation (in keeping with its overall premise) does not include an “earmark” for Africa, the explicit recognition of Africa as a special area of emphasis (the only region mentioned in the sustainable development title) sends a strong signal that USAID will remain engaged on the continent.

Changing the Way the Agency Does Business

In order to meet the challenges of the sustainable development strategy and the new legislation, the agency has begun a period of “reinventing” itself. USAID is in the process of evaluating and improving its procurement, information, and personnel systems. Career employees have been actively involved in the process at all levels and have identified the key problems that need to be

addressed. For example, incentives will be changed to focus less on elaborate project designs and the commitment of large sums of money and more on achieving results. Investments will be made in retraining employees to work in new technical areas and utilizing new approaches. Procurement systems will be rationalized and made more user-friendly, especially for smaller organizations often dissuaded from competing by the cumbersome regulations that have accumulated over the years. Procurement reform will also focus on improving accountability and tightening conflict of interest requirements in order to ensure that U.S. taxpayer dollars are spent wisely.

Over the years, USAID (nominally a single agency) has evolved into what is for many practical purposes a cluster of separate (and often competing) organizations. A reorganization now being implemented seeks to simplify the agency’s structure and to make its various components more interdependent. A number of bureaus are being merged and others have been established to provide coherent policy and program guidance, responsive and appropriate management services, and technical expertise for the rest of the agency. In particular, the creation of a Bureau of Global Affairs in the reorganization is worth highlighting. For years, the technical skills of USAID personnel have been neglected and USAID has not encouraged the needed cross-fertilization of experience between regions. The Bureau of Global Affairs will establish centers of excellence in the main areas of USAID’s work so that the agency as a whole can draw on the most advanced technical knowledge in designing its programs. USAID development efforts in Africa will be further strengthened by the ability to draw on relevant experiences in other regions.

Budget Difficulties

All of these changes are being undertaken against the background of a difficult overall deficit situation. The president’s commitment to a deficit reduction program has meant that the budgets of most federal agencies are being cut significantly. Although the international affairs account (which includes the bulk of U.S. economic assistance) only represents 2 percent of the federal budget, foreign assistance cannot escape unscathed when domestic spending is cut. The FY 1994 budget for development assistance administered by USAID is 13 percent below the level for FY 1993, and further reductions by the Hill and the administration are likely.

Programs in sub-Saharan Africa have largely been protected from the more draconian cuts because of the well-recognized economic needs of the region. Economic assistance to Africa is expected to absorb a cut of some 5 percent, as compared to the 20 to 40 percent cut in programs in Asia and Latin America.

Implications for Africa

Under the terms of the legislation setting up the Development Fund for Africa (a 1987 initiative that

provides USAID with a stable source of funding and a flexible and innovative mandate to pursue development problems in Africa), USAID is committed to making periodic reports on the progress of development programs and policies. The latest of these documents, to be issued shortly, is entitled *Africa: Growth Renewed, Hope Rekindled*. It summarizes the agency's experiences with and the impact of the almost \$3.5 billion that USAID has spent on sub-Saharan Africa under the DFA between 1988 and 1992, covering USAID programs in such diverse areas as HIV/AIDS, basic education, child survival, democratic governance, agricultural marketing and agribusiness, and natural resources management. The report's overview notes that Africa's economic performance has improved, but growth remains too slow (given population growth rates) to produce real improvements in the lives of everyday people. There is, however, encouraging evidence of a decline in birth rates (including increasing contraceptive prevalence) and in infant mortality rates, increased deregulation, and some privatization of parastatals, especially in agricultural marketing and input distribution institutions.

What about the future? The protection of the development budget for Africa and its inclusion as a priority in the sustainable development strategy indicates that, contrary to predictions, the Clinton administration is not disengaging from Africa in the post-cold war era. Indeed, development efforts in Africa will arguably be strengthened by many of the changes currently under way in USAID. African governments will have to demonstrate that they are good development partners, by embracing both economic and political reform and by demonstrating their commitment to helping their own citizens and respecting basic human rights. USAID will continue to explore ways to help the African people directly—through indigenous nongovernmental organizations, microenterprise programs, and local and

community governmental structures, rather than through channeling all resources through the central government.

These new approaches are responsive to the new realities within Africa. One example is the widening recognition that achieving sustainable development in Africa depends upon increasing opportunities for political and economic participation, building accountable and responsive democratic institutions, and devolution of power from the center. Over the past five years, Africans have demanded more participatory political systems and more accountable governments. More than three-quarters of the continent is undergoing some form of political opening. Many of these changes are still fragile, and USAID's timely and targeted support is critical to consolidating the gains that have been made.

In sum, there is reason for hope. Africans should be encouraged by the prospect of a revitalized, refocused USAID and an administration that is on the record as committed to improving Africa's future.

Jennifer Windsor is special assistant and deputy chief of staff to USAID Administrator J. Brian Atwood. She previously worked on foreign affairs issues in the offices of Senator Patrick Moynihan and Congressman Ted Weiss and later on democratization issues for USAID's Africa Bureau. She received her B.A. from Harvard and an M.A. in public affairs from Princeton.

Carol Lancaster is deputy administrator of USAID. Her previous government service includes the Africa chair in the Department of State's Policy Planning Staff (1977-1980), deputy assistant secretary for economic affairs in the Department's Bureau of African Affairs (1980-1981), and staff positions in the Office of Management and Budget, the House of Representatives, and the Senate. More recently, she has been an assistant professor in the School of Foreign Service at Georgetown University (1981-1993).