

November 1, 2017

The Honorable Lindsey Graham
Chairman
Senate Subcommittee on State, Foreign
Operations, and Related Programs

The Honorable Hal Rogers
Chairman
House Subcommittee on State, Foreign
Operations, and Related Programs

The Honorable Patrick J. Leahy
Ranking Member
Senate Subcommittee on State, Foreign
Operations, and Related Programs

The Honorable Nita Lowey
Ranking Member
House Subcommittee on State, Foreign
Operations, and Related Programs

Dear Chairmen Graham and Rogers and Ranking Members Leahy and Lowey:

On behalf of the Modernizing Foreign Assistance Network (MFAN), a reform coalition comprised of international development and foreign policy practitioners and experts, we thank you for your leadership advancing effective U.S. foreign assistance. United States engagement is critical to confronting the full range of challenges we face around the world. We at MFAN express our gratitude and urge your continued efforts to uphold American leadership by resisting disproportionate cuts to poverty-fighting foreign assistance. We applaud your ongoing engagement with the Trump Administration to ensure that any reforms or reorganization of U.S. development and diplomacy agencies improves the effectiveness of U.S. foreign policy capabilities.

In crafting a final Fiscal Year 2018 (FY18) bill, we see opportunities to strengthen Congress's role in any reorganization and aid effectiveness via MFAN's two mutually reinforcing pillars of reform – *accountability* through transparency, evaluation, and learning; and *country ownership* of the priorities and resources for, and implementation of, development.

First, we would like to commend you for the following FY18 report language:

1. Domestic Resource Mobilization (House and Senate). MFAN greatly appreciates the inclusion of language in both the House and Senate reports encouraging the U.S. government to help countries increase domestic revenues, and we strongly support the use of resources in this bill to help countries lay a long-term path toward fiscal sustainability. MFAN also thanks both Committees for funding the Department of Treasury's International Affairs Technical Assistance and supports the Senate's higher funding level. Treasury's activities are an important part of the U.S. government's commitment to double technical assistance for Domestic Resource Mobilization by 2020. Please see MFAN's "[Principles for Public Sector Domestic Resource Mobilization](#)" for guidelines to ensure that these resources are catalytic for broad-based economic growth and poverty reduction.
2. Oversight, monitoring, evaluation, and data transparency (House and Senate). We applaud both the House and Senate's emphasis on foreign assistance oversight, transparency, and accountability – including direction to the State Department to implement recommendations from the Foreign Assistance Data Review Findings Report and the Office of Inspector General. We further support Senate bill text (Section 7034(m)) making funds available for local beneficiary feedback, and Senate report language directing the Secretary of State and USAID Administrator to jointly report on evaluation quality, utilization, and resources needed, as well as the extent to which program sustainability is measured. MFAN also notes with concern that even after unanimous adoption of the "Foreign Aid Transparency and Accountability Act" (P.L. 114-191) in 2016, the ForeignAssistance.gov website still requires additional attention to improve the quality and comprehensiveness of aid data.

Second, as you prepare a final FY18 appropriations package, we urge you to consider our request to:

3. Adopt modified House and Senate bill text to strengthen reorganization transparency and congressional consultation (Section 7076, House and Senate; Section 7083, Senate; Section 7077, Senate). MFAN commends Congress for enacting provisions in FY17 and proposing provisions in FY18 that assert the importance of an independent USAID and Congress's role as partner to the Executive Branch in any reform and reorganization of foreign assistance. MFAN believes reforms that improve the United States' ability to conduct global development and humanitarian response should be grounded in: consultation with Congress and the development community, adherence to widely endorsed [guiding principles of aid effectiveness](#), a comprehensive review of U.S. assistance, and a coherent Global Development Strategy (see recommendation #5 below). We appreciate the opportunity to continue working with you and the Authorizing Committees to ensure reforms build upon existing progress.

In particular, we recommend that Sections 7076 and 7083(b) of the Senate bill be strengthened to require consultation and more complete transparency with Congress prior to reorganization decisions being made. We encourage you to include language to: require a briefing by OMB as soon as possible on the role it intends to play and its work to date; mandate sharing with the appropriate congressional committees the submissions by the State Department and USAID required pursuant to Executive Order 13781 of March 13, 2017; and communicate the importance of engaging directly and often with Congress before taking any actions to implement reform proposals that impact U.S. diplomacy and development. Finally, we encourage adoption of the Senate's Section 7077 bill text that creates a presumption of transparency in the public posting of reports.

4. Adopt modified Senate bill text for a "National Diplomacy and Development Strategy" (NDDS) and "Quadrennial Diplomacy and Development Review" (QDDR) (Section 7069, Senate). MFAN has long called for the creation of a U.S. Global Development Strategy and commends the leadership of the Committee and Senators Young and Shaheen on this effort. We continue to believe that a standalone Global Development Strategy is appropriate to ensure that development stands alongside diplomacy as a pillar of U.S. foreign policy and recommend that, at a minimum, the NDDS and the QDDR language be modified to elevate the USAID Administrator to develop and publish such strategies jointly with the Secretary of State and in consultation with the development community.
5. Adopt modified Senate bill text for a "Country Transition Plan" (Section 7069, Senate). MFAN applauds the goal of turning responsibility for development over to local actors, and we are encouraged by the serious attention that USAID Administrator Mark Green is devoting to this issue. To strengthen the Committee's approach to strategic transitions, we recommend that instead of focusing on the process and time period for "winding down" bilateral assistance, the transition language should emphasize the outcome of helping partner countries achieve sustainable fiscal self-reliance and a new level of partnership with the United States. Transition plans should also require the identification of benchmarks that would indicate readiness for a country or a sector within a country to transition, as well as a strategy to support country-led efforts to meet these benchmarks within a targeted period of years. Such transition strategies should include investment in helping countries increase public and private sector domestic resource mobilization.
6. Adopt the Senate-proposed topline levels for USAID's Capital Investment Fund and USAID Operating Expenses. MFAN welcomes both the House and Senate's support for USAID's critical operations accounts, and urges the Committees to adopt the Senate's topline funding level for USAID's Capital Investment Fund and Operating Expenses. These accounts are essential for aid effectiveness and support USAID's efforts to drive innovation and retain Foreign Service, Civil Service, and Foreign Service National talent; oversee program implementation; improve transparency; and evaluate results. In particular, the Capital Investment Fund supports the establishment of USAID's Development Information Solution, a comprehensive system to manage and report on the agency's global portfolio.

7. Adopt Senate bill text to mainstream country ownership and sustainability at USAID (Section 7034(p), Senate; House report). We strongly endorse the Senate and House’s call to create plans and USAID-wide metrics of sustainability and country ownership. We urge adoption of the Senate’s text establishing the **Local Sustainability Awards Program (LSAP, Section 7034(p))** and language requiring the Administrator to publicly post “how the LSAP will be used to promote locally owned and led development efforts that have as their primary goal the sustainability of results.” We agree that “the LSAP is not a substitute for agency-wide policy, personnel, and procurement reforms” and commend the Committee’s direction that that the USAID Administrator report within 180 days on an “agency-wide strategy to prioritize support for demand driven, locally-owned sustainable development” that includes stakeholder input.

We similarly welcome the Senate’s plan for **Health Systems Strengthening** “with the goal of promoting country ownership and building resiliency” and strongly endorse the House’s language on **Measuring Results** at USAID – noting the positive “mainstreaming of country ownership throughout USAID’s revised program cycle guidance and request[ing] USAID adopt [agency-wide metrics](#) with which to measure progress achieving locally owned sustainable development.”

8. Adopt Senate bill text on “Extension of Procurement Authority” (Section 7028, Senate). MFAN strongly supports the inclusion and capacity building of local nongovernmental organizations and endorses the Senate bill text extending the authority to conduct local competition (Section 7077 of PL 112-74).
9. Improve funding alignment with country priorities, including through Congressional Notifications. MFAN supports Congress’s commitment to the accountable spending of appropriated funds, yet continues to be concerned about U.S. foreign assistance that is channeled through sector directives and presidential initiatives that are not linked to country priorities and strategies.¹ We encourage the Committees to take a more active role and recommend requiring Congressional Notifications of spending changes to explain how the proposed adjustment will improve alignment with a country’s development needs and priorities.

We applaud your work on the FY18 State and Foreign Operations Appropriation bill and thank you for considering these recommendations for inclusion in a final package. MFAN’s Deputy Director & Senior Policy Advisor Stephanie Cappa (scappa@modernizeaid.net; 202-971-1486) is available to answer any questions you or your staff may have.

We look forward to working with you further to advance U.S. values and economic and national security interests by supporting a more just, prosperous, and secure world through effective foreign assistance.

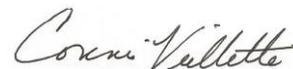
Sincerely,



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¹ For more information, see the USAID Office of Inspector General’s Audit Report No. 9-000-15-001-P, “Audit of USAID Country and Regional Development Cooperation Strategies,” February 20, 2015.