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**FOREIGN AID TRANSPARENCY AND
ACCOUNTABILITY ACT OF 2012**

NOVEMBER 13, 2012.—Ordered to be printed

Mr. KERRY, from the Committee on Foreign Relations,
submitted the following

REPORT

[To accompany S. 3310]

The Committee on Foreign Relations, having had under consideration an amendment in the nature of a substitute to S. 3310, to direct the President to establish guidelines for United States foreign assistance, and for other purposes, reports favorably thereon, and recommends that the bill do pass.

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I. PURPOSE

The purpose of the Foreign Aid Transparency and Accountability Act of 2012 is to evaluate the performance of United States foreign assistance and its contribution to policy, strategies, projects, program goals, and priorities undertaken by the Federal Government, to foster and promote innovative programs to improve effectiveness, and to coordinate the monitoring and evaluation process of Federal departments and agencies that administer foreign assistance.

II. COMMITTEE ACTION

S. 3310 was introduced on June 19, 2012, by Senator Lugar. On September 19, 2012, the committee considered an amendment in the nature of a substitute to S. 3310 and ordered S. 3310, as amended, reported by voice vote.

III. DISCUSSION

Originally enacted in 1961, the Foreign Assistance Act (FAA) set in motion the parameters under which the United States provides

foreign assistance to developing nations. Since then, the law has been reauthorized several times with the end result that U.S. foreign assistance today is conducted through largely disparate programs in more than 20 Federal agencies which are carrying out diverse foreign assistance activities pursuant to administration and congressional priorities. Some programs are likely more effective than others, but both Congress and the executive branch have had no uniform way to measure this aid effectiveness. Nor has there been a clear and transparent way of explaining how much money is spent on foreign assistance in each country and for what purposes the money is being spent.

In 2004 Congress created the Helping to Enhance the Livelihood of People Around the World Commission (the “HELP Commission”). Established as an independent, bipartisan commission, its purpose was to evaluate the efficiency and effectiveness of U.S. foreign assistance. In taking on this task, members of the Commission developed a mission statement in which they committed to “develop and deliver actionable proposals to the President, Secretary of State and Congress to enhance and leverage the efficiency and effectiveness of U.S. foreign assistance programs to reduce poverty through sustained economic growth and self-sufficiency.” Further, Commission members also agreed to “communicate the need for change and will make bold recommendations for mechanisms, structures, and incentives which will create definable, achievable, and measurable outcomes that empower recipients and meet U.S. national security and foreign policy goals and objectives.”

Among its many observations regarding U.S. foreign assistance, the Commission addressed the lack of an effective system to monitor and evaluate programs, noting “the systems our government uses to evaluate development and humanitarian assistance programs are either in disarray or do not exist.”

In 2009 the Senate Foreign Relations Committee used many of the recommendations of the HELP Commission to draft the Foreign Assistance Revitalization and Accountability Act of 2009 (FARAA). As the report accompanying the bipartisan legislation (111–122) explains, the bill resulted from more than 2 years of comprehensive research by committee staff that included “consultations and deliberations with country missions, country team officials, senior government officials, key NGO, civil society, private sector, academic and think-tank stakeholders . . .” The committee approved the legislation in November 2009, but it was not considered by the full Senate. Among its key priority areas, the legislation provided a framework for the creation of sound systems to rebuild the internal capacity of the U.S. Agency for International Development (USAID) “to monitor, evaluate, and improve the design of its programs and activities.” Additionally, it sought to increase accountability and transparency of U.S. foreign assistance programs across all government departments and agencies.

Despite the fact that FARAA was never signed into law, the State Department and the U.S. Agency for International Development, through the Quadrennial Diplomacy and Development Review (QDDR) process, drew upon key components from the legislation, namely: (1) the need to establish monitoring and evaluation of foreign assistance programs; and (2) the need to explain U.S. assistance programs in a transparent manner. In February 2011,

USAID's new Office of Policy, Planning and Learning announced (as the agency's first policy), an agency policy on Monitoring and Evaluation. The State Department followed with its own Program Evaluation Policy in February 2012.

Taking the lead among Federal agencies in publicly presenting U.S. foreign assistance funding, in 2011 the State Department and USAID launched an Internet Web site, the "Foreign Assistance Dashboard." (Available at www.foreignassistance.gov.) While the Dashboard will eventually include all agencies of government engaged in the distribution of foreign assistance, few agencies currently display this information, and the committee has been disappointed with the slow implementation of this important fiscal transparency tool.

Internationally, both foreign aid donor and recipient countries have begun working to bring improved effectiveness of that aid through agreements including the Paris Declaration of 2005 and the 2008 Accra Agenda for Action. Through the International Aid Transparency Initiative (IATI), donor countries have committed to publicly disclosing their aid, its purposes and its effectiveness on a timely basis. In November 2011, Secretary of State Clinton committed the United States as a signatory to the IATI.

While the State Department and USAID have made progress in both setting new standards for monitoring and evaluating the foreign assistance they administer and in publicly displaying its distribution and purpose through the Dashboard, the committee believes that Congress should establish a statutory framework for these important policy efforts. The committee is especially intent on working with the executive branch under the direction of the President to establish uniform standards in the monitoring and evaluation of foreign assistance as numerous agencies across government now also administer foreign assistance. Further, it is through an effective monitoring and evaluation process that Congress and the executive branch may review the demonstrated accomplishments or shortcomings of United States foreign assistance programs and, if need be, make appropriate adjustments to them in a timely manner. Such action has the enhanced benefit of bringing increased fiscal integrity to U.S. foreign assistance programs.

Further, the committee believes it is important to establish firm time lines for the completion of the Foreign Assistance Dashboard in order to more effectively evaluate U.S. foreign assistance programs. During this time of significant pressure on the Federal budget and our burgeoning national debt, it is critical that the American public, as well as foreign assistance recipient countries, are able to know where funds flow, for what purposes and to what end.

Section 2—Guidelines for United States Foreign Assistance Programs

Section 2(a) describes the purpose for establishing guidelines for United States foreign assistance programs.

Section 2(b) requires that not later than one year after the date of the enactment of this Act the President shall establish uniform guidelines regarding the establishment of measurable goals, performance metrics, and monitoring and evaluation plans that can be applied on a uniform basis to United States foreign assistance.

Section 2(c) describes the objectives of the guidelines to be established by the President for United States foreign assistance including the monitoring of resources, the evaluation of projects, the evaluation of program impacts, and analysis that is necessary for the identification of findings, generalizations that can be derived from those findings and their applicability to proposed project and program design. It also describes the specific objectives for how the President shall provide direction for monitoring and evaluation programs.

Section 2(d) requires the head of each Federal department or agency that administers foreign assistance to administer that assistance in accordance with the newly established guidelines beginning not later than one year after the date on which the President has established the guidelines under subsection (b).

Section 2(e) requires the President to submit a report to Congress not later than one year after the date of enactment of this Act. The report should contain a detailed description of the guidelines that have been developed on the measurable goals, performance metrics, and monitoring and evaluation plans for United States foreign assistance programs.

Section 2(f) defines the term evaluation.

Section 3—Internet Web Site to Make Publicly Available Comprehensive, Timely, Comparable, and Accessible Information on United States Foreign Assistance Programs

Section 3(a) requires the President to direct the Secretary of State to establish and maintain an Internet website for the purpose of making information regarding U.S. foreign assistance programs publicly available. It further requires that the head of each Federal agency administering foreign assistance publish this information within three years of enactment of this legislation and that the information be updated on a quarterly basis.

Section 3(b) describes the foreign assistance information that must be included on the Internet webpage. It includes details on a program-by-program and country basis, country assistance strategies, annual budget documents, congressional budget justifications, obligations, expenditures, and reports and evaluations for U.S. foreign assistance programs. In the event that a Federal department or agency determines that materials for publication may jeopardize the health or security of an implementing partner or would have a detrimental impact on U.S. national interests, that department or agency may instead provide briefings to Congress on the foreign assistance program in lieu of posting the information on the Internet.

Section 3(c) provides a detailed description of the scope of the material to be included on the Internet website so that the website will include three years of information with the posting of fiscal year 2013 material and information on the prior two fiscal years. With each new year of information posted, there will be a more comprehensive history of foreign assistance funding so that at the time of the posting of the fiscal year 2016 information, the Internet website will include that year and the immediate prior five fiscal years. Beginning with the posting of fiscal year 2017 information, any information older than the prior five fiscal years must remain available in a searchable database.

Section 3(d) requires that all information published on the Internet website must be in an unclassified form. Should any of the information required to be published be classified, that information may instead be submitted to Congress in classified form. The section requires, however, that information on a classified topic shall still be published on the Internet website in an unclassified summary form unless the head of the Federal department or agency, in consultation with appropriate congressional committees, determines this publication would have a detrimental effect on national security.

Section 4 requires that any cost of implementation of this statute be offset through the elimination of initiatives, positions, and programs within a Federal department or agency administering foreign assistance, as determined by the Secretary of State and the head of each Federal department or agency in consultation with the appropriate congressional committees. It further prohibits the net increase in any personnel to carry out the provisions of the Act. This section also requires a report to Congress within 90 days of enactment of this Act on the elimination of programs or initiatives within the Department of State or other Federal department or agency to ensure the offset of costs for compliance with the Act.

Section 5(1) defines appropriate congressional committees as the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Committee on Foreign Affairs and the Committee on Appropriations of the House of Representatives.

Section 5(2) defines the term U.S. foreign assistance as having the meaning given the term "foreign assistance" in section 634(b) of the Foreign Assistance Act of 1961 (22 U.S.C. 2394 (b)).

IV. COST ESTIMATE

Rule XXVI, paragraph 11(a) of the Standing Rules of the Senate requires that committee reports on bills or joint resolutions contain a cost estimate for such legislation. To date, the committee has not received the Congressional Budget Office cost estimate for S. 3310.

V. EVALUATION OF REGULATORY IMPACT

Pursuant to Rule XXVI, paragraph 11(b) of the Standing Rules of the Senate, the committee has determined that there is no regulatory impact as a result of this legislation.

VI. CHANGES IN EXISTING LAW

In compliance with Rule XXVI, paragraph 12 of the Standing Rules of the Senate, the committee has determined that there are no changes to existing laws as a result of this bill.