



Photo by Michael Stulman

Battu Koroma works on her farm in Konia village, Kenema district in Sierra Leone. With cash she received from CRS, Battu has been able to purchase food from a local market and make investments in her farm.

Roadblock on the Journey to Self-Reliance: BUDGET CUTS, BUDGET UNCERTAINTY, AND BUREAUCRATIC DELAYS

In 2018, the United States Agency for International Development (USAID) embarked on *USAID Transformation*, an effort to realign USAID's **structure, workforce, programs** and **processes** to more effectively advance national security and support host country partners on their **Journey to Self-Reliance**.¹ Part of this effort is aimed to “**strengthen in-country capacity and facilitate locally-led development.**”² This builds on past reform efforts like USAID Forward, which also targeted the advancement of local partners to lead their own development. Similar “localization” efforts are also underway through the President's Emergency Plan for AIDS Relief (PEPFAR), whose Global AIDS Coordinator has laid out the Plan's own goals to directly implement 70% of its funding through local indigenous partners by 2020.³

This type of transformation will arguably take significant resources to build the capacity of local partners and institutions, and to strengthen local civil society to take on their own development initiatives. However, at the same time the Administration has been rolling out such “localization” goals, budget uncertainty and bureaucratic delays are increasingly becoming

the norm. The President's Budget Request in Fiscal Years 2018, 2019 and 2020 proposed significant funding cuts for US development and diplomacy by more than 30%.⁴ Despite clear and unwavering Congressional support for international assistance, agencies are often required to use these severed request levels in their planning and strategy development for specific sectors, making programming on the ground difficult and planning confusing. Similarly, delays in the congressional appropriations process and other bureaucratic areas erode the efficiency and effectiveness of US development investments, as they also contribute to irregular funding and program delays.

Our research finds that budget cuts, budget uncertainties and bureaucratic delays have direct negative impacts on the most poor and vulnerable, who foreign assistance projects often aim to serve. They also undermine USAID's ability to realize its localization efforts, through the Journey to Self-Reliance and its PEPFAR funding targets. Lastly, such budget issues ultimately cause direct harm to USAID and undermine the will of US taxpayers to whom the US Government is accountable.

HARM TO THE MOST POOR AND VULNERABLE

Budget cuts, delays and uncertainties have translated into project closures at their most extreme, as well as significant budget reductions for projects. This impacted their ability to provide holistic, multi-sector project responses. In Sierra Leone, CRS was forced to close a Feed the Future project, which led **community partners, beneficiaries and community leaders to lose trust** among each other and with CRS and the US Government. The project closure also left a large **gap in nutrition programming that threatened to drive up malnutrition** in an area that was still recovering from Ebola. Furthermore, as a result of budget cuts, other projects were forced to **reduce services** for beneficiaries, **reduce the number of beneficiaries** the project could serve, or **reduce the quality of care** the project could offer due to reduced staff.

IMPACT ON IMPLEMENTING AGENCIES

USAID's Journey to Self-Reliance is premised on the idea that national governments and institutions will one day lead and implement their own development activities. Yet **budget delays, uncertainties and cuts undermine the foundations of past development efforts to build strong implementing partners**, upon which subsequent projects often build. When CRS closed its Sierra Leone Feed the Future project, farmers', women's, and savings and lending groups that had been built by past development projects were shuttered and stated they were less likely to work with other donors with full trust in the foreseeable future. Similarly, budget cuts forced CRS to cut local partners or ask our partners to reduce their budgets, which **strained these relationships in the short term and will no doubt undermine sustainable development approaches over the longer-term** by targeting their participation and experience gained through the project itself.

Budget uncertainty has also resulted in gaps in funding, **increasing the risk for implementing agencies**, who must choose between continuing projects at no pay, covering costs up-front with private funds, or shutting down operations completely. Smaller local organizations may take on the risk of continuing a project with no funding (through staff time only), while larger organizations such as CRS may be able to cover the costs financially, but both are presented with additional risk that is not suitable for long-term sustainable development.

IMPACT ON USAID AND USG

Financial losses due to budget uncertainties, delays and government shutdowns are notable. Closure of CRS' Feed the Future project resulted in **\$4 million of wasted taxpayer money** that could not meet project targets. The budget uncertainty based on the President's Budget cuts and subsequent delays in final appropriations makes it **difficult to plan and make decisions**, where "[c]ountless hours [were] spent preparing options to decide which programs and staff to keep on board. Other programs were slowed down to a trickle with the hope that a budget deal would be reached before prematurely closing a program that affected countless lives."⁵

Ultimately the budget issues hinder USAID's localization efforts by undermining the trust among development partners, eroding local institutional capacity to provide sustainable services, and increasing risk and reduced experience.



RECOMMENDATIONS

To the Administration:

While each Administration has the prerogative to determine its own priorities, each Administration should also honor US commitments, especially within the global development arena that have been previously made and fulfill Congressional authority and intent to budget and appropriate funding.

1. The Administration should avoid early termination of programs, which would likely be required in the event of drastic budget cuts, at all costs.
2. The Administration should refrain from proposing severe budget cuts on critically important development programs.
3. The Administration should make every effort to obligate funding on time.
4. The Administration should not withhold funding for programs that have already been authorized and appropriated, or redirect funds that undermine long-term strategic objectives and contradict Congressional intent.

To Congress:

Congress has exercised its authorities in budgeting and appropriations, protecting important foreign assistance funding, and requiring certain amounts of funding to be spent (i.e., “shall” language for \$1B for implementation of the Global Food Security Act). Congress should increase its oversight and utilize its

authorities to protect regular order and continue to use its authorities to protect against the uncertainties of Administration budget cuts.

1. Congress should restore regular order for appropriations and conduct a review to determine where other processes within the Administration can be responsibly expedited.
2. Congress should reject proposals to drastically cut programs without strong justification and maintain robust funding for international poverty-reducing humanitarian and development programs.
3. Congress should request the US Government Accountability Office to conduct a meta-analysis on the impacts of budget uncertainty as well as cuts and delays on programs.

To both the Administration and Congress:

1. Congress and the Administration should consider outlaying funding for the duration of an award at the outset.

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For the full paper and case study please see: <https://www.crs.org/get-involved/advocate/public-policy>

Endnotes

¹ <https://www.usaid.gov/what-we-do/transformation-at-usaid>

² <https://www.usaid.gov/what-we-do/transformation-at-usaid/transforming-programs>

³ <https://www.devex.com/news/pepfar-chief-wants-70-percent-indigenous-funding-in-30-months-93118>

⁴ As compared to total funding the previous year. Mike Casella, “America Needs Smart Foreign Aid Budget for Successful Programs,” The Hill, December 13, 2018. <https://thehill.com/opinion/international/421268-america-needs-smart-foreign-aid-budget-for-successful-programs>

⁵ Susan Reichle, “Opinion: The Toll of Budget Dysfunction on US Development Leadership,” Devex, 14 January 2019, <https://www.devex.com/news/opinion-the-toll-of-budget-dysfunction-on-us-development-leadership-94130>

