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U.S. aid must be transparent, accountable and show results

By Gerald Grinstein and William D. Ruckelshaus

The global financial meltdown has impressed upon America the importance of accountability, transparency and sound risk management. The inadequacy of these three elements in our financial system resulted in a catastrophic mess that is affecting our home values, retirement accounts and financial well-being. The effects extend far beyond our borders.

After decades of progress in the fight against poverty, the World Bank estimates that the current economic downturn could return millions of people in developing countries to extreme poverty and the ongoing struggle for food, water, shelter, education and health care. They would join the billion or more untouched by recent progress.

Americans want to help. We recognize, however, that every dollar must count. U.S. taxpayers are right to insist that each dollar spent overseas to fight poverty delivers the greatest impact possible. As the Obama administration works to restore checks and balances to our financial system, it should ensure that U.S. foreign assistance is held to the same rigorous standards of accountability and effectiveness. The American people — and the people our aid seeks to help — deserve no less. Because the total of all American assistance is less than one-half of 1 percent of the total U.S. budget, its impact hinges on how it's delivered. The administration would be well-served to

strengthen programs, like the Millennium Challenge Corp., that already infuse accountability, transparency and risk management into the delivery of foreign aid.

U.S. assistance programs should fulfill their intended purposes to build schools, pave roads, treat the sick and train farmers. These investments should produce tangible results and a marked improvement in the lives of poor people. Too often, however, aid programs have been measured by how much has been spent rather than the results that have been achieved. To reinforce accountability, aid must be transparent as well. Countries ought to know what level of funding to expect and over what period of time, giving them the confidence to plan long term. Their citizens ought to be part of an open process to determine development priorities so they, too, can hold their governments accountable for delivering results with the assistance provided.

We also have found that U.S. assistance can most effectively spur economic growth and reduce poverty when it is invested in well-governed countries — countries that, though poor, are taking bold steps to govern justly, respect the rule of law and human rights, invest in health and education, open markets, and promote economic freedoms. MCC preconditions its assistance on objective third-party performance indicators in these areas. This minimizes the risks of our investments abroad while maximizing opportunities to make considerable headway in the fight against global poverty.

Our current financial woes have provided us with some valuable lessons. We should apply these lessons as we chart the future of U.S. foreign assistance. Investing in MCC is a good place to start.

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