
REDESIGN CONSENSUS:

A Plan for U.S. Assistance

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The United States needs a full suite of tools and resources to advance its national interests and constructively engage the rest of the world. Successfully managing the challenges we face today, and taking advantage of the opportunities that exist, requires that the three pillars of our foreign policy – Defense, Diplomacy, and Development – be complementary and coordinated, with clear lines of authority and accountability. On the civilian side, we have not fulfilled the promise of a 21st-century U.S. aid architecture, instead deploying a patchwork of fragmented structures that impede policy coherence, clear accountability, and operational efficiency at the expense of our long-term goals and objectives.

The Administration has embarked on an ambitious redesign process to examine how and where we can achieve more with our foreign aid in advancing our national interest. More than ever, it is imperative that we pursue smart reforms that further enable our institutions to achieve their core missions.

As the principal authors of six recent reports on aid reorganization, we present here a unified set of practical recommendations that builds on a legacy of bipartisan reform and progress towards making aid more efficient, effective, and accountable around the world.

While this package does not reflect the full vision and aspirations of some of the individual reports, it does represent concrete, actionable steps that can be taken by the Administration and Congress to strengthen the coherence and effectiveness of the U.S. aid architecture.

Some outstanding issues do not offer ready solutions and are not addressed in these practical recommendations. For example, the well-respected and innovative Millennium Challenge Corporation (MCC) is part of the fractured structure, and the

means by which to achieve closer alignment with U.S. Agency for International Development (USAID) – either through greater coordination, integration of functions, or actual merger – is unclear. How to enable a unified voice and optimal processes for delivering humanitarian assistance, while ensuring that U.S. efforts robustly engage both assistance and diplomatic tools, requires further exploration. Effective coordination of bilateral and multilateral assistance continues to be a longstanding objective.

We recognize that structural changes are necessary but insufficient to maximize impact that advances U.S. foreign policy objectives. Specific measures to enhance results, cost efficiency and effectiveness, accountability and transparency – such as standard approaches to assess program effectiveness and greater focus on impact evaluations – should be instituted alongside these changes. Ultimately, structural fixes create enabling conditions that must be capitalized on by leadership that drives cultural and operational changes based on principles of aid effectiveness.

Foreign assistance is vital to advancing U.S. interests – promoting security, economic opportunity, and our moral values. Given the immediacy of international challenges and the urgency of addressing them successfully, this unified set of pragmatic actions to enhance the effectiveness of America's development and humanitarian assistance programs should be implemented expeditiously.

Unified Proposal

This set of ambitious yet practical steps constitutes a holistic package designed to overcome the fragmentation of development and humanitarian assistance in order to create a structure and alignment that enhances the effectiveness, accountability, and efficiency of U.S. assistance.

One Development Voice

1. Keep development and diplomatic functions complementary but distinct.

Development and diplomacy are both instruments of foreign policy and often pursue interlocking goals, but have different missions, expertise, cultures, and timelines. **USAID should be afforded the requisite authorities and responsibilities of an independent lead aid agency and be held fully accountable for them, under the foreign policy guidance of the Secretary of State.**

The Administrator of USAID should:

- Have a permanent seat on the National Security Council (NSC) Principals Committee;
- Act as the coordinator for all U.S. development and humanitarian assistance;
- Chair the boards of the Millennium Challenge Corporation (MCC) and a new Development Finance Corporation (DFC); and
- Be assigned Cabinet-level rank in order to enhance the role of development in interagency and international deliberations and add another critical perspective to the Cabinet.

2. Clarify lines of authority and accountability by aligning development policy and operational functions in lead aid agency.

In order to achieve coherence and reduce duplication, the following State Department functions should be consolidated into USAID:

- Global Health – President’s Emergency Plan for AIDS Relief (PEPFAR)
- Conflict and Fragility – State’s Bureau of Conflict and Stabilization Operations (CSO), with State retaining and further developing a strong conflict analysis and “diplomatic surge” capacity at State¹
- Democracy, Human Rights, and Governance – Field programmatic functions in governance, anticorruption, and rule-of-law from State’s Bureau of Democracy, Human Rights, and Labor (DRL) and Bureau of International Narcotics and Law Enforcement Affairs (INL)

The following functions should be consolidated within USAID:

- Economic Growth – Combine relevant functions of the Economic Growth, Education, and Environment (E3) Bureau; Power Africa; Global Development Lab; Development Credit Authority; Global Development Alliance; and the Office of Private Capital and Microenterprise, and make that office the principal link to the new DFC.
- Food Security – Maintain the Bureau for Food Security, with strong linkages to both global health and economic growth functions.
- Humanitarian Relief – Merge the Offices of U.S. Foreign Disaster Assistance (OFDA) and Food for Peace within USAID; take concrete steps to harmonize State’s Bureau of Population, Refugees, and Migration (PRM) programmatic and field functions with USAID’s while maintaining PRM as a strong humanitarian voice at State.

3. Establish full budget, policy, and planning authority at USAID, ending duplication with State's Office of U.S. Foreign Assistance Resources (F) and State regional coordinators.

USAID needs full budget and policy authority if it is to be accountable for its programs and serve as the lead agency for development and humanitarian assistance.

In order to establish full budget authority:

- Move relevant functions and resources from F to USAID, so USAID regains full authority and accountability for aid budget planning and execution;
- Conduct budget coordination at the level of the Deputy Secretary of State and the USAID Administrator;
- Rightsize F into a budget office for State-led foreign assistance;
- Congress should authorize a second USAID Deputy Administrator to manage interagency development policy and program coordination as well as humanitarian and crisis response. and
- Eliminate State's Office of the Coordinator of U.S. Assistance to Europe and Eurasia (EUR/ACE), Office of Assistance Coordination in the Bureau of Near Eastern Affairs (NEA/AC), and U.S. Middle East Partnership Initiative.

In order to establish full policy authority:

- Strengthen USAID policy function to reflect its interagency leadership of development assistance;
- Join budget and policy in the same office for greater coherence and accountability; and
- Congress should authorize a second USAID Deputy Administrator to manage interagency development policy and program coordination as well as humanitarian and crisis response.

4. Require USAID to lead the creation of a U.S. Global Development and Humanitarian Strategy, in consultation with relevant government agencies, Congress, and civil society.

To maximize its development and humanitarian investment, the U.S. Government needs a comprehensive strategy that brings relevant agencies and programs – both bilateral and multilateral – under a common set of objectives and instruments.

¹While CSO's foreign assistance programs in the field would move to USAID, the State Department should further develop and strengthen its capacity to surge diplomatic staff (e.g., mediators, transitional justice experts, elections monitors) and conduct conflict analysis.

Enhanced Development Finance

5. Strengthen development finance capabilities that catalyze private sector investment in developing countries.

Existing U.S. development finance tools are inadequate to the task and the demand of engaging with the expanding role of the private sector in development.

Create a new Development Finance Corporation comprised of:

- The Overseas Private Investment Corporation (OPIC);
- Relevant functions of the U.S. Trade and Development Agency (USTDA), including feasibility studies and technical assistance; and
- A long-term authorization, equity authority, and the ability to retain a portion of its earnings to finance grant-based activities and increase staffing levels to better leverage its existing capital.

Coherent Development Approach

6. Align aid with local priorities to build local capacity inside and outside government, mobilize local resources, and create sustainable progress.

U.S. assistance will achieve sustainable results only if it is aligned with local priorities and country plans and engages local actors in all phases of assistance.

7. Responsibly transition countries from assistance to broader economic partnerships with the United States.

The goal of assistance will be achieved when a country moves beyond assistance and can sustain its own inclusive development, which should be a primary objective of a U.S. Global Development and Humanitarian Strategy for countries approaching that phase.

In order to strategically transition countries to new forms of partnership with the United States, the U.S. Government should:

- Develop transition strategies in middle income countries and others as appropriate that ensure sustainability of prior U.S. investments and leave behind meaningful institutions and relations;
- Support domestic resource mobilization (DRM) programs to help generate increased local revenue to finance long-term development; and
- Strengthen partnerships and linkages to the U.S. private sector that will catalyze private investment needed to spur inclusive economic growth.

Upgraded Development Structures & Systems

8. Provide greater flexibility to address local circumstances by reducing inefficiencies and program constraints.

In order to make assistance more effective and efficient, the U.S. Government should:

- Reform food aid and consolidate U.S. Department of Agriculture (USDA) food aid functions into USAID;
- For post-crisis recovery, build surge capacity, and allow for more flexible programming;
- Expand the use of competition waivers in extreme transitional and fragile environments;
- Streamline USAID's reporting and administrative requirements; and
- Reduce earmarks and presidential initiatives.

9. Improve HR, IT, transparency, evaluations, and data by building on positive USAID efforts.

Well-functioning systems are critical to the effective delivery of U.S. assistance, and recent advances need to be taken to the next level.

In order to maximize assistance, the U.S. Government should:

- Modernize personnel systems, institute interagency staff exchanges, and enhance professional training;
- Reform procurement to facilitate access to and partnerships with USAID programs;
- Build on USAID's steps to institute data transparency; and
- Further advance USAID's progress in evaluations, use of data, and evidenced-based decision-making, including establishing a standardized approach and framework to measure program effectiveness.

This Unified Proposal is based on the following reports:

J. Brian Atwood and Andrew Natsios: Rethinking U.S. National Security: A New Role for International Development

Modernizing Foreign Assistance Network (MFAN) Co-Chairs George Ingram, Tessie San Martin, and Connie Veillette: A New Foreign Aid Architecture Fit for Purpose and MFAN's Guiding Principles for Effective U.S. Assistance

USAID's Advisory Committee on Voluntary Foreign Aid (ACVFA) Efficiency and Effectiveness in Organization (EEO) Working Group: Recommendations of the Efficiency and Effectiveness in Organization Working Group

Center for Global Development (CGD), Jeremy Konyndyk and Cindy Huang: A Practical Vision for US Development Reform

Center for Strategic and International Studies (CSIS) Bipartisan Taskforce on Reorganization: Reforming and Reorganizing U.S. Foreign Assistance

Atlantic Council: State Department Reform Report