

Report on Reports

---

# SMART POWER

AGENDA FOR ADVANCING

# AMERICA'S

---

Global Interests

[WWW.USGLC.ORG](http://WWW.USGLC.ORG)



# INTRODUCTION

---

Since the September 11<sup>th</sup> attacks on the United States, a growing and broadening consensus has emerged that global development and diplomacy, alongside defense, are essential components of American national security. The question no longer is whether to strengthen diplomacy and development, but how to best shape, elevate, and reform U.S. civilian agencies to advance America's global interests.

Much has been accomplished since the U.S. Global Leadership Coalition released the first *Report on Reports* in 2008 to provide a roadmap of consensus on how to put smart power to work. The 2012 *Report on Reports* analyzes over 30 reports from a wide political spectrum and identifies six areas of broad agreement, focused on making existing initiatives more effective and impactful, and new ideas for innovative approaches to meet the challenges and opportunities of the future.

America has a unique opportunity to build upon the bipartisan efforts of the past decade of strengthening development and diplomacy efforts to advance the country's foreign policy and national security interests. After reviewing the stream of reports, articles, policy briefs, and other documents over the past few years, the USGLC has again found strong consensus on the next steps to ensure effective foreign assistance and to strengthen our civilian agencies.

The world, however, is not the same as it was four years ago, and the more recent set of reports strongly reflect these changes:

- The **financial crisis** and the constraints it placed on government resources resonated throughout these reports with some including the terms “austerity” or “scarcity” in their titles and many others emphasizing the need to protect and sustain programs even within a more resource-constrained environment.
- The growing **role of the private sector** and other non-governmental actors in diplomacy and development was reinforced frequently, with special attention paid to the U.S. government's role in leveraging the private sector and helping shape a stable and favorable environment in emerging economies.
- Unlike four years ago, fewer reports presented a comprehensive roadmap for development and diplomacy, reacting instead to **new initiatives** – the Presidential Policy Directive on Global Development, the QDDR, USAID Forward, Feed the Future, the Global Health Initiative, and the Partnership for Growth – announced by the Administration with recommendations on specific implementation plans.

---

## Methodology

This analysis drew on the recommendations and conclusions of over 30 reports and policy briefs issued during the past three years by a wide political spectrum of think tanks, advocacy organizations, and independent government entities. All reports focused on policy recommendations for how America's civilian agencies and programs can effectively advance the nation's security, economic, and moral interests.

# EXECUTIVE SUMMARY

---

Despite coming from a diverse group of organizations and policy experts representing a wide political spectrum, there is a clear and strong consensus around six drivers:

1. **Strengthen Civilian Power.** After more than a decade of an understaffed and underfunded foreign affairs workforce, there is clear consensus America must build even greater U.S. civilian capacity to keep our nation safe and ensure we have the ability to advance our core national security and economic interests. While the past two Administrations have taken important steps to beef up our capacity, there is a strong consensus more needs to be done.
2. **Ensure Results-Driven Development.** While effective aid has always been a goal, there is renewed focus and commitment that America must pursue effective, results-driven development applying data measurements and innovation to achieve greater impact. Specifically, there is a call to scale up aid effectiveness with rigorous evaluation, transparency, and accountability, and to challenge countries to take responsibility for their development.
3. **Leverage the Private Sector.** Recognizing the increasingly critical role the private sector, foundations, academic institutions, and other entities play in global development, there is a strong call to enhance public-private partnerships in a strategic manner to create the enabling environment for scalability.
4. **Maintain Sufficient Resources.** There is a growing message from military and business leaders to lawmakers of both parties, that despite confronting some of the most daunting economic challenges in several generations, the United States cannot afford to disproportionately underfund the civilian side of our national security, particularly given the growing global challenges facing America.
5. **Improve Coordination Among the Players.** As foreign assistance programs are administered across a variety of U.S. government agencies, streamlining the interagency process will continue to be essential in improving coordination, clarity of leadership, and consistency in U.S. foreign policy decision making and implementation.
6. **Prioritize.** Now is the time to focus on the things we do best and establish priorities to maximize impact and manage limited resources. The need will always be greater than what we are able to do, but we must scale up programs that show the greatest promise.

---

“Our investments in development – and the policies we pursue that support development – can encourage broad-based economic growth and democratic governance, facilitate the stabilization of countries emerging from crisis or conflict, alleviate poverty, and advance global commitments to the basic welfare and dignity of all humankind. Without sustainable development, meeting these challenges will prove impossible.”

**PRESIDENTIAL POLICY DIRECTIVE ON GLOBAL DEVELOPMENT, SEPT. 22, 2010**

# A ROAD TOWARDS A BETTER, SAFER WORLD

The strong consensus to strengthen our smart power tools of development and diplomacy since 9/11 is best illustrated by an impressive series of bipartisan actions undertaken over the past decade by two Presidents, and their Secretaries of State, USAID Administrators, and heads of other foreign policy agencies.



## DIPLOMATIC READINESS INITIATIVE

After years of decimated capacity, Secretary Powell's **Diplomatic Readiness Initiative** led to increasing our foreign service officers by 1,000 to strengthen America's engagement in the world.

## NATIONAL SECURITY FUNDING

The International Affairs Budget was included for the first time as part of national security funding in a President's Budget Request to Congress.

2001

## NATIONAL SECURITY STRATEGY

The White House **National Security Strategy** under President George W. Bush for the first time articulated a new framework calling all "three Ds" – Defense, Diplomacy, and Development – critical to keeping America safe.

2002

2003

## MALARIA INITIATIVE

The **President's Malaria Initiative** prioritized reducing the risks of one of the developing world's most prevalent and preventable diseases.

## PRESIDENT'S EMERGENCY PLAN FOR AIDS RELIEF

The **President's Emergency Plan for AIDS Relief (PEPFAR)** launched during the Bush Administration was the most significant global health response ever, saving millions of lives and ushering in the possibility of an AIDS-free generation.

2004

## MILLENNIUM CHALLENGE CORPORATION

The creation of the **Millennium Challenge Corporation (MCC)** changed the face of assistance with a focus on results alongside requirements for recipients' sound governance, economic, and social policies.

2005

2006

## TRANSFORMATIONAL DIPLOMACY

The **Transformational Diplomacy Initiative** moved American diplomats from traditional posts to regions and countries of emerging importance.

## QUADRENNIAL DIPLOMACY AND DEVELOPMENT REVIEW

Secretary Clinton led the first ever **Quadrennial Diplomacy and Development Review (QDDR)** to strengthen the organization and effectiveness of America's civilian capacity.

## ECONOMIC STATECRAFT

The **Economic Statecraft** initiative capitalized on the intersection of foreign policy and the U.S. economy, increasing the importance for our diplomats to assist American businesses abroad.

2007

## DEVELOPMENT LEADERSHIP INITIATIVE

The **Development Leadership Initiative (DLI)** made rebuilding capacity at USAID a priority by aiming to double the size of its Foreign Service.

2009

2010

## PRESIDENTIAL POLICY DIRECTIVE ON U.S. GLOBAL DEVELOPMENT

The first-ever **Presidential Policy Directive on U.S. Global Development** under President Obama established development as a core pillar of American power, prioritizing economic growth.



## USAID FORWARD

**USAID Forward** initiated ambitious reforms to ensure accountability and transparency, promote local capacity building innovation, and achieve improved outcomes.

2011

## INTERNATIONAL AID TRANSPARENCY INITIATIVE

The United States joined the **International Aid Transparency Initiative**, making foreign aid transparency and accountability a major policy priority.



## OFFICE OF GLOBAL WOMEN'S ISSUES

A Presidential Memorandum made Women and Girls a priority across U.S. foreign policy strategies and made permanent the **Office of Global Women's Issues**.

2013

# A PATHWAY FORWARD

---

## POINTS OF CONSENSUS

### 1. STRENGTHEN CIVILIAN POWER.

The collapse of the Soviet Union and a subsequent reduction in the International Affairs Budget during the 1990's led to a serious hollowing out of America's first line of defense abroad: its diplomats and development experts. By September 11, 2001, the State Department had lost nearly 20 percent of its overseas staff over a decade, while USAID was down by about one-third. Through strong leadership from both political parties, some of these losses have been reversed, although the process of rebuilding a stronger and more highly skilled corps of civilians in our foreign policy agencies continues.

As American military forces continue to withdraw from Iraq and are planning to do the same in Afghanistan in 2014, maintaining strong and robust civilian personnel is critical. This places extreme pressure on a workforce significantly underfunded and understaffed in the past and just beginning to see the benefits of human resource initiatives spanning the past two Administrations.

Among the reports, there was universal agreement the United States must ensure we have the right people in the right places with the right skills to meet the growing needs and opportunities faced by our diplomats and development experts.

**Hire More Civilians.** There is strong consensus to increase the number of Foreign Service Officers and civil service foreign policy staff to fill specific skill-sets, close the mid-level experience gap through greater and more flexible use of retired FSOs, increase procurement officers, and maintain a "float" of personnel to accommodate more training opportunities. Many call for completing plans started under State's Diplomacy 3.0 and USAID's Development Leadership Initiatives (DLI), which would add around 1,500 more staff at the two agencies. These recommendations would increase State Department Foreign Service positions by 722 in FY2014, fully staff the Bureau of Conflict and Stabilization Operations, and complete the doubling of USAID's Foreign Service launched late in the Bush Administration. If faced with unavoidable budget cuts, according to one report, protection of personnel should be the highest priority.<sup>i</sup>

**Fill Critical Skill-Set Gaps.** Even with the partial scale-up of civilian foreign policy personnel in recent years, several reports argued that competencies in a number of national security, diplomatic, and development areas fall short of what's needed to proactively position the U.S. in the future. Some suggested using the objectives outlined in the QDDR as a guide for the profile of expertise needed going forward to "hire for the future." Specific suggestions and skills identified in the reports included looking to the corporate world for new hiring models, opening "hard to fill" positions to civil service personnel if the right Foreign Service Officers cannot be found, or waiving a mandatory consular tour that evidence shows creates a disincentive for joining the Service. Others argued for a greater business background in new recruits and to create career incentives for private sector liaison functions. Still others endorsed hiring personnel with experience in the security sector and delivering humanitarian and disaster relief assistance.<sup>ii</sup>

**Increase Training.** By most accounts, training for our diplomats and development personnel is woefully inadequate, especially compared with the other leg of America's national security, the Defense Department. Former Secretary of State Colin Powell noted that during his 30-year military career, he spent six of them in training.<sup>1</sup> Some estimate a Foreign Service Officer might receive six months total training in his or her entire career. Investing in a professional education and training system for a 21<sup>st</sup> century civilian foreign policy staff was widely acknowledged as a core requirement. Specific proposals on precisely how to proceed covered a broad spectrum of ideas across many reports:

---

<sup>1</sup> Colin Powell, *My American Journey: An Autobiography* (New York: Random House, 1995).

- Maintain a 15 percent “training float;”
- Require the Foreign Service Institute (FSI) and State’s Bureau of Human Resources to implement a comprehensive training needs assessment;
- Emphasize training for conflict prevention;
- Tie training to Foreign Service promotion;
- Upgrade FSI’s curriculum to be on par with the National Defense University.<sup>iii</sup>

**Employ Flexible Hiring Practices.** At a time of budget constraints when we have specific skill set needs, several studies concluded streamlining hiring systems and adapting flexible practices that were not necessarily resource-intensive were also part of the solution for creating a 21<sup>st</sup> century corps of diplomats and development professionals. Several reports identified the shortage of mid-level staff as a fundamental weakness, which had not been addressed in the recent hiring of mostly junior personnel. Some suggested USAID should strategically utilize recently retired Foreign Service Officers to cover some of the mid-level gap and to serve as mentors to younger individuals starting their careers. Others suggested raising the mandatory retirement age of FSOs as a way of retaining critical skills.

**Strengthen Civilian Military Cooperation.** While four years ago we found an extensive array of studies expressing a need to rebalance resources and authorities between the Defense Department and civilian agencies, there have been fewer recommendations issued in more recent reports. A number of positive steps have been taken in recent years: expansion of exchanges between military personnel and civilian staff; the QDDR made several recommendations to strengthen the defense-civilian partnership, including posting senior Ambassador-rank officials as civilian deputies to Combatant Commands and transition to a unified national security budgeting and planning process; and in the past two budget requests, the State Department has requested a Global Security Contingency Fund, a pilot program that would draw on DOD and State resources to strengthen the capacity of foreign military and security forces.

## 2. ENSURE RESULTS-DRIVEN DEVELOPMENT.

The drumbeat to apply the growing global consensus around development and aid effectiveness – highlighted by the High Level Forums in Accra (2008) and Busan (2011) – has continued in recent years. Applying rigorous, evidence-based aid effectiveness tools to measure and maximize the outcomes of U.S. development investments is replacing the reliance on input and output data of the past. Not only is this trend highlighted in Administration policies and Congressional legislation, it is embraced by numerous reports with recommendations on how to take this effort to the next level.

**Prioritize Monitoring and Evaluation.** Understanding what works and what doesn’t, and applying this knowledge to improve future results has been a principle articulated in the past but has only begun to be widely practiced within U.S. assistance programs. The MCC, the pioneering government institution for evaluation, released its first impact evaluations in October 2012 as compacts in five countries closed. USAID completed about 186 high-quality evaluations by January 2013, representing a significant improvement compared with the past 15 years. Numerous reports applauded these and other efforts and encouraged U.S. foreign assistance agencies to fully implement announced evaluation plans and to build on them in the future.<sup>iv</sup>

---

## A PATHWAY FORWARD: POINTS OF CONSENSUS

**Deepen Transparency and Accountability.** Knowing where and how the United States is spending foreign assistance dollars allows American taxpayers and local beneficiaries to better understand the full scope of aid investments and to hold implementers accountable. A major step in America's commitment to aid transparency was Secretary Clinton's announcement in late 2011 that the United States would participate in the International Aid Transparency Initiative (IATI). By far, the most consistent recommendation of recent studies was to complete the Foreign Assistance Dashboard. Launched two years ago as a central resource for aid data across the U.S. government, several studies noted the delay on including information from 22 agencies on the Dashboard. To this end, the Administration in late 2012 issued an implementation schedule to meet aid transparency commitments.

In 2012, Congress considered codifying the Foreign Assistance Dashboard, and the 113<sup>th</sup> Congress may revisit it again this year. Other reports went beyond just aid transparency, suggesting that it should be strengthened through processes such as civil society consultations.

**Increase Country Ownership with Countries Taking Greater Responsibility.** A growing global consensus has coalesced around the idea countries and their citizens must take responsibility for their own development outcomes as a sustainable way to achieve more effective results and end aid dependency. Aid donors also have the responsibility to align investments with the priorities of host governments who, in turn, are accountable to their citizens. This has been a theme of the MCC and has more recently been incorporated into initiatives such as Feed the Future and Partnership for Growth. Many studies endorsed this policy direction, offering suggestions on how to make aid programs even more aligned with local priorities. These include: Empowering countries to manage resources for development; Making local capacity building more demand driven; Applying the principle of inclusive ownership; Transitioning key initiatives, such as PEPFAR, to embrace ownership and alignment; Partnering with local stakeholders to ensure community buy-in.

Since its creation in 2004, the Millennium Challenge Corporation (MCC) has often spoken about what it calls the "MCC Effect" – how the Corporation's competitive selection and eligibility criteria provides incentives for countries to adopt reform policies and strengthen institutions in advance of receiving an MCC Compact.

But the "MCC Effect" can also be seen within the internal global development policies of the United States, especially in the area of evaluation, results-driven development, and aid effectiveness principles. From its inception, the MCC has been a transparent and evidence-based institution, with a robust monitoring and evaluation system and an approach that strongly promotes country ownership. Other parts of the U.S. government have adopted similar standards, especially USAID, which has put in place an evaluation system that is regarded as the global "gold standard." While the MCC maintains a very specific and targeted mission within the overall U.S. aid apparatus, it has had a significant impact on broader American foreign assistance practices.

One area of division, however, arises over USAID's procurement reform initiative. While endorsing the overall goal of building local capacity, a few reports questioned the pace, targets, and methodology of USAID's plans. Some want USAID to provide more resources to local governments and NGOs, and others, concerned about accountability, transparency, and capacity, recommend the agency re-think some initiative fundamentals, especially reaching its aspirational target of programming 30 percent of agency resources locally by 2015.<sup>v</sup>

**Establish a Global Development Strategy.** While the Department of Defense is well known for maintaining updated strategies that guide its objectives, operations, and resource allocations, the U.S. has never formulated a Global Development Strategy. The President's Policy Directive on Global Development is a good first step, but several reports urged the Administration to formulate both a global policy as well as country-based strategies. Some argued Congress should codify the requirement for a periodic strategy document as a way to institutionalize the process across Administrations. Others asserted a Global Development Strategy could set clear objectives to determine the effectiveness of American taxpayer dollars.<sup>vi</sup>

### 3. LEVERAGE THE PRIVATE SECTOR.

While private sector actors, including corporations, foundations, NGOs, and others, have played a role in global development for many years, the scale of their engagement has accelerated rapidly over the past decade. In 2010, private capital flows to developing countries totaled \$404.5 billion, more than seven times the annual average from 1998-2001.<sup>2</sup> Private sources account for 82 percent of resources flowing to developing nations, while the share of official development assistance (ODA) has fallen to 18 percent.<sup>3</sup> Incentives for businesses to engage in development programs have also advanced to include corporate social opportunity as a core function of their business model. Yet, private sector involvement cannot move forward without the work of the U.S. government in cultivating safe, stable environments that respect rule of law.

Reflecting on this rapidly changing landscape of private and public players in global development, numerous reports examined how governments and non-government actors can more effectively promote economic growth and reduce poverty, including how U.S. government development investments can best create enabling environments for the private sector in emerging economies.

**Remove U.S. Policy Barriers.** A strong message that emerged from recent reports was the need for the U.S. government to include private sector participants in the early stages of program development rather than as an after-thought.

They proposed a clear set of recommendations to strengthen and maximize key economic development tools provided through our international investment and trade promotion agencies: the Overseas Private Investment Corporation (OPIC), the Export-Import Bank, and the U.S. Trade and Development Agency (USTDA). Some of the most significant proposals include:

- Making public-private partnerships the starting point for development projects, ensuring the private sector has a strong voice in all development strategy and programming processes;
- Encouraging an expansion of public-private partnerships as the U.S. transitions its economic relationships away from aid with middle income countries;
- Partnering with the private sector in conducting constraints-to-growth analyses as part of MCC and Partnership for Growth (PFG) practices, and adding American and foreign private sector representatives to negotiations over Trade and Investment Framework Agreements (TIFAs);

<sup>2</sup> United Nations. World Economic Situation and Prospects, 2012. P. 69.

<sup>3</sup> Hudson Institute. 2012 Index of Global Philanthropy and Remittances.



---

## 9 PATHWAY FORWARD: POINTS OF CONSENSUS

- Expanding the private sector role in key Presidential initiatives, such as Feed the Future, and proposed changes to the African Growth and Opportunity Act, including a zero tax on repatriated earnings by U.S. businesses (except for the extractives sector);
- Allowing OPIC and other development finance institutions to engage in equity investments and provide technical assistance, activities currently not permitted;
- Permitting these agencies to assume greater risk, where appropriate, by providing first loss guarantees;
- Leveraging investments from private sources, multilateral development banks, and U.S. agencies, like OPIC, to launch a major initiative of Africa electricity to reduce the continent's "energy poverty gap."<sup>vii</sup>

**Remove Local Barriers.** Using aid and diplomatic tools to more explicitly help lay the foundation of a business-friendly environment in emerging economies was a key recommendation. American firms confront numerous obstacles when trying to invest in developing countries, including the lack of infrastructure, weak customs systems, rampant corruption, and poor legal systems. Inefficient transportation systems can push transport costs to as high as 77 percent of the value of exports. Increasing U.S. government investments in country systems and bolstering the rule of law, according to these reports, would be the most effective use of public resources to unleash the local private sector, connecting them to global markets, and creating the opportunity for more American firms to compete.<sup>viii</sup>

**Maximize Economic Tools.** The United States maintains numerous government organizations and programs intended to support economic growth in poor countries as a path to sustainable development, as well as facilitating investment opportunities for American firms. While each perform valuable functions, several reports offered ideas on how to strengthen these agencies internally, better coordinate among, and increase the impact of the collective U.S. government effort. Ideas include:

- Permanently authorizing OPIC, or at least authorize it for five-year periods;
- Allowing OPIC to retain a small portion of earned revenues in order to provide additional services and increase staff so the agency would be positioned to lead major international investment initiatives such as bringing more power to the African continent;
- Specifically authorize the MCC and USAID to utilize grant funds to share risks in development finance agreements;
- Strengthening USAID's personnel with greater industry knowledge and making private partnership creation a consideration in career advancement;
- Improving agency coordination by seconding staff across agencies to improve understanding of the totality of U.S. programs and create an interagency private sector coordination office to be the key contact for American businesses interested in U.S. government programs;
- Developing a strategy to better align U.S. development finance and grants, and where appropriate, combining them into a Development Finance Bank or a U.S. Development Bank built around OPIC.<sup>ix</sup>

## GROWING IMPORTANCE OF U.S. INVESTMENT AND TRADE PROMOTION IN GLOBAL DEVELOPMENT

As the private sector assumes an increasingly pivotal role in global development, policymakers are turning to three U.S. agencies to leverage and facilitate greater engagement by American businesses. All three contribute to promoting economic growth in developing nations as well as supporting jobs, investment, and export opportunities for Americans:

- The Export-Import Bank has supported 1 million U.S. jobs since 2008 and backed \$6 billion in small business exports in 2011 alone.
- The Overseas Private Investment Corporation has facilitated \$200 billion of investment over its history, sustaining 276,000 American jobs.
- The Trade and Development Agency has backed \$19.7 billion in U.S. exports and 110,000 workers over the past 10 years.

And they are cost efficient. Last year, the Ex-Im Bank and OPIC returned nearly \$700 million to the U.S. Treasury from fees they collect for services.

## 4. MAINTAIN SUFFICIENT RESOURCES.

Despite the most significant U.S. economic downturn since the Great Depression, a strong consensus remains for protecting the International Affairs Budget and ensuring that civilian resources for American national security are sufficient to achieve a smart power agenda. The fiscal environment is far different from when President Obama proposed to double foreign aid and increase the Foreign Service by 25 percent. In the meantime, the base International Affairs Budget has declined by nearly 20 percent over the past three years with threats for further reductions looming.

Nevertheless, reports issued during this period of severe economic crisis have not wavered from strong support for the International Affairs Budget and avoidance of disproportionate cuts. Experts continue to argue for increasing resources for U.S. foreign policy agencies and redressing what they consider a severe imbalance between defense spending and investments in diplomacy and development. As part of this re-balancing, some also noted the trend towards a more integrated national security budget.

Other experts, while emphasizing the importance and value of the International Affairs Budget, cautioned that in such a constrained resource atmosphere, it made sense to undertake reasonable contingency planning for leaner budgets to protect core foreign policy interests. They recommended looking specifically at closing low priority USAID missions, finding savings in how the U.S. provides humanitarian food aid, and looking for efficiencies in global health programs. Still others argued to protect budgets for specific aspects of international programs, including those for conflict prevention, global health, and global public goods. Some encouraged foreign policy agencies to more closely follow the Defense Department's model of using a multi-year rolling budget plan.<sup>x</sup>

---

## A PATHWAY FORWARD: POINTS OF CONSENSUS

Although there was near unanimity for protecting or increasing the International Affairs Budget, there were two outlying proposals. At one end of the spectrum was a report to eliminate funding for foreign assistance, except for humanitarian relief (*CATO*), and on the other end was a study to increase diplomacy by 28% and development by 40% over the next ten years (*Center for American Progress*).

These studies acknowledged the significant economic challenges facing the United States in the years ahead and they also recognized that sacrifices to International Affairs spending, at just over 1% of the budget, will not solve our financial woes but would endanger America's role in the world.

### 5. IMPROVE COORDINATION AMONG THE PLAYERS.

For many years, the United States has maintained a complex web of foreign aid agencies that manage and deliver American economic and security assistance. This cumbersome structure, which includes over 24 agencies and 60 offices, has been the steady target of recommendations to streamline and consolidate in order to reduce duplication of effort, eliminate programs operating at cross purposes, and bring greater coherence to U.S. global development policy.<sup>4</sup>

Over the past four years, the Administration has taken several important steps to partially address these concerns. USAID had its policy and budget offices restored, and was put in charge of the Presidential initiative, Feed the Future. The USAID Administrator now sits at the National Security Council, when appropriate. OPIC has engaged more directly with other agencies in addressing high priorities such as Feed the Future and the U.S. Arab Spring response. The Peace Corps, which has been involved in PEPFAR since its launch in 2004, has broadened its role in the President's Global Health Initiative. The President's Policy Directive on Global Development directed aid agencies to work collaboratively to bring the collective strength of the U.S. government to bear on pursuing global development objectives. To that end, the Administration launched Partnership for Growth to utilize all tools available across government agencies to address the most severe development challenges in four pilot countries. Further, the QDDR set a range of recommendations for clarifying some operational roles of the State Department and USAID.

While it seems clear inter-agency collaboration has improved, experts continue to provide recommendations for more effective structure and coordination.

**Decide Who's In Charge of Global Development.** USAID manages the largest portion of U.S. foreign assistance, but significant components are housed at the State Department, MCC, Treasury, the Defense Department, Centers for Disease Control and Prevention, and other independent agencies. Part of the rationale to rebuild and strengthen USAID in recent years has been to make it, in Secretary Clinton's words, "The most preeminent development agency in the world."

Many recent reports continue to recommend some degree of consolidation of U.S. assistance with most expressing support for greater authority by USAID. In particular, clarity around who should lead on global health was frequently mentioned.

Specific recommendations included:

- Merge MCC, PEPFAR, and other agencies into USAID;
- Put USAID in charge of a whole-of-government development strategy process to align all aid agencies under a single development plan;
- Ensure USAID reforms had successfully transformed the agency's capacity to manage a larger portfolio that would come with consolidation.<sup>xi</sup>

---

<sup>4</sup> OECD. The United States: Development Assistance Committee (DAC) Peer Review 2011. p.51.

One report argued development assistance should move *from* USAID to other agencies, such as the MCC, and proposed legislation to abolish USAID.<sup>xii</sup>

**Strengthen Inter-Agency Coordination.** Over the past four years, the inter-agency process has been very active, especially around development issues. Some reports encouraged additional steps to improve coordination, especially in the areas of trade and investment policies. Several studies praised the announcement of a new U.S. Global Development Council that would bring outside expert advice to inform inter-agency deliberations. Others suggested using the inter-agency process to create an integrated strategy for U.S. relations with middle-income countries.<sup>xiii</sup>

## 6. PRIORITIZE.

The Presidential Policy Directive on Global Development made a very strong case for making some tough choices about resources across countries, regions, and sectors with a focus on investments in programs that yield the greatest impact. Given the economic challenges of the past several years and the tightening of government resources, a number of reports agreed with the premise of selectivity. But not surprisingly, agreement on what exactly should be prioritized is far more difficult. Various studies offered a range of options presented in the bullets below.

### Scale Up Top Priorities, Scale Back Elsewhere

- Transition relations with middle-income countries; reduce assistance while at the same time create partnerships based on trade, investment, and other non-aid instruments; identify where the U.S. could exit as an aid donor over three-to-five years;<sup>xiv</sup>
- Apply a strategy of selected engagement in this era of austerity with six core priorities and the need for the United States to preserve an open international economic order and promote democracy, the rule of law, and protect human rights;<sup>xv</sup>
- Make foreign assistance more selective; achieve more by concentrating aid where it will be most effective and curtail investments where it will not; reevaluate and eliminate small programs; reduce number of program objectives;<sup>xvi</sup>
- Scale up effective innovations and proven approaches, prioritizing those that reach the poorest and most vulnerable people;<sup>xvii</sup>
- Create an independent body to inform policymakers of where U.S. development aid is having the greatest impact and set priorities.<sup>xviii</sup>

### Innovate Foreign Aid Delivery

- Pivot from a development assistance-focused approach to a cooperative partnership approach with developing countries; pursue triangular aid arrangements;<sup>xix</sup>
- Forge coalitions with nations that govern by the principles of economic and political freedom;<sup>xx</sup>
- Fundamentally shift the way in which the U.S. prioritizes and delivers aid, especially by co-planning with the private sector, NGOs, local and international businesses, and local civil society.<sup>xxi</sup>

### Be More Selective

- Remain focused on Feed the Future but consider reducing the number of priority countries;<sup>xxii</sup>
- Consolidate global health programs by focusing on fewer countries where greater impact could be achieved.<sup>xxiii</sup>

# CONCLUSION

---

In our *Report on Reports* of four years ago, we encouraged the new Administration and Congress to use the broad range of expert views and recommendations as an initial roadmap to implement a smart power strategy. Much has been achieved. The Presidential Policy Directive on Global Development and the Quadrennial Diplomacy and Development Review are both firsts in the history of U.S. diplomacy and development. Congress worked on legislation ranging from increasing foreign aid transparency and accountability to rewriting the Foreign Assistance Act of 1961. And with USAID Forward, Feed the Future, Partnership for Growth, and other efforts, we have embarked on a path that will fundamentally change the way in which the United States pursues our national interests through diplomacy and development.

The reports confirm the broad, bipartisan consensus that the need for aggressive U.S. global engagement remains stronger than ever. They make clear the debate is no longer about whether we should invest in our civilian power, but how best to make our investment most effective. They outline the next steps in strengthening America's leadership to advance our global interests.

The United States continues to face enormous challenges both at home and abroad as we grapple with ways to repair our economy and put Americans back to work, increase American competitiveness, eradicate extreme global poverty, support democratic reforms, especially in the Middle East, confront threats to our national security, and prepare for the uncertainties that lie ahead. All of this underscores that continuing to pursue a strategy of smart power is essential for a better, safer, more prosperous America and world.

- 
- i American Academy of Diplomacy, Stimson Center, Brookings, Center for Global Development, Consensus for Development Reform.
  - ii Center for a New American Security, Consensus for Development Reform, American Academy of Diplomacy, Stimson Center.
  - iii Humanity United, Center for American Progress, Stimson Center, American Academy of Diplomacy, General Accountability Office, Center for a New American Security, Brookings, Consensus for Development Reform.
  - iv Brookings, Center for Global Development, Modernizing Foreign Assistance Network, German Marshall Fund, Oxfam America, Heritage Foundation, Save the Children US, Consensus for Development Reform.
  - v Center for Strategic and International Studies, Center for American Progress, Center for Global Development, Modernizing Foreign Assistance Network, Oxfam America, InterAction, Save the Children U.S., Consensus for Development Reform.
  - vi Brookings, Modernizing Foreign Assistance Network, Save the Children U.S., Consensus for Development Reform.
  - vii Center for Strategic and International Studies, Center for a New American Security, Brookings, Heritage Foundation, Consensus for Development Reform.
  - viii Center for Strategic and International Studies, Consensus for Development Reform.
  - ix Center for Strategic and International Studies, Consensus for Development Reform, Brookings.
  - x American Academy of Diplomacy, Stimson Center, Center for Strategic and International Studies, Center for New American Security, Center for American Progress, Center for Global Development, Brookings, German Marshall Fund.
  - xi Center for New American Security, Center for American Progress, Center for Global Development, Brookings, Modernizing Foreign Assistance Network, Save the Children US.
  - xii Heritage Foundation.
  - xiii Center for Strategic and International Studies, Brookings.
  - xiv Center for Strategic and International Studies.
  - xv Center for New American Security.
  - xvi Center for American Progress and Center for Global Development.
  - xvii Save the Children US.
  - xviii Consensus for Development Reform.
  - xix Center for Strategic and International Studies.
  - xx Heritage Foundation.
  - xxi Center for Strategic and International Studies.
  - xxii Center for Strategic and International Studies.
  - xxiii Center for Global Development.

---

## REPORTS ANALYZED

AAD/Stimson-Forging	American Academy of Diplomacy. <i>Forging a 21<sup>st</sup> Century Diplomatic Service for the United States through Professional Education and Training</i> (February 2011).
AAD/Stimson-Diplomacy	American Academy of Diplomacy & The Stimson Center. <i>Diplomacy in a Time of Scarcity</i> (October 2012).
Brookings-AGOA	Brookings Institution. <i>AGOA: Looking Back, Looking Forward</i> (June 2012).
Brookings-Capacity	Brookings Institution. <i>Capacity for Change: Reforming U.S. Assistance Efforts in Poor and Fragile States</i> (April 2010).
Brookings-From	Brookings Institution. <i>From Aid to Global Development Cooperation</i> (September 2011).
CAP	Center for American Progress. <i>Rebalancing Our National Security: The Benefits of Implementing a Unified National Security Budget</i> (October 2012).
CAP/CGD	Center for American Progress and Center for Global Development. <i>Engagement Amid Austerity: A Bipartisan Approach to Reorienting the International Affairs Budget</i> . (May 2012).
CAP/Humanity United	Center for American Progress and Humanity United. <i>It All Starts with Training: Crisis Prevention and U.S. Foreign Affairs Agencies</i> (December 2011).
Cato	Cato Institute. <i>Foreign Aid or Foreign Hindrance?</i> (February 2011).
CGD-Future	Center for Global Development. <i>The Future of U.S. Aid Reforms: Rhetoric, Reality, Recommendations</i> (September 2011).
CGD-Global	Center for Global Development. <i>Global Health Initiative 2.0: Effective Priority-Setting in a Time of Austerity</i> (January 2012).
CNAS-America's Path	Center for a New American Security. <i>America's Path: Grand Strategy for the Next Administration</i> (May 2012).
CNAS-America's	Civilian Center for a New American Security. <i>America's Civilian Operations Abroad: Understanding Past and Future Requirements</i> (January 2012)
CNAS-Managing	Center for a New American Security. <i>Managing 21<sup>st</sup> Century Diplomacy: Lessons from Global Corporations</i> (December 2010).
CSIS-Ecosystem	Center for Strategic and International Studies. <i>The Ecosystem of U.S. International Development Assistance</i> (October 2012).
CSIS-Foreign	Center for Strategic and International Studies. <i>Foreign Assistance in a Time of Austerity</i> (April 2012).
CSIS-Investing	Center for Strategic and International Studies. <i>Investing in a Safer United States: What is Global Health Security and Why Does it Matter</i> (August 2012).
CSIS-Private	Center for Strategic and International Studies. <i>Private Sector Engagement in Food Security &amp; Agricultural Development</i> (March 2012).
CSIS-Sharing	Center for Strategic and International Studies. <i>Sharing Risk in a World of Dangers and Opportunities: Strengthening U.S. Development Finance Capabilities</i> (December 2011).
CSIS-Seizing	Center for Strategic and International Studies. <i>Seizing the Opportunity in Public-Private Partnerships: Strengthening Capacities at the State Department, USAID, and MCC</i> (November 2011).
CSIS-Strategic	Center for Strategic and International Studies. <i>Strategic Foreign Assistance Transitions: Enhancing U.S. Trade and Cooperation Relations with Middle Income Countries</i> (June 2012).
CSIS-U.S.	Center for Strategic and International Studies. <i>U.S. Government Engagement with the Private Sector on International Development</i> (February 2012).
CDR	Consensus for Development Reform. <i>Policy Papers</i> (November 2012).
GAO-Additional	General Accountability Office. <i>Additional Steps Needed to Improve Strategic Planning &amp; Evaluation of Training for State Personnel</i> (January 2011).
GAO-Foreign	General Accountability Office. <i>Foreign Service Midlevel Staffing Gaps Persist Despite Increases in Hiring</i> (June 2012).
GMF	German Marshall Fund. <i>Making the Most of 1%: Investing in America's Global Role Through the U.S. International Affairs Budget</i> (December 2011).
Heritage	The Heritage Foundation. <i>Issues 2012: Foreign Aid</i> (2012).
InterAction	InterAction. <i>Country Ownership: Moving from Rhetoric to Action</i> (December 2011).
MFAN	Modernizing Foreign Assistance Network. <i>From Policy to Practice: Maximizing the Impact and Accountability of U.S. Global Development Efforts</i> (April 2011).
Oxfam	Oxfam America. <i>Capacity: Helping Countries Lead</i> (August 2010).
PNSR	Project on National Security Reform. <i>Power to the People: Building an Integrated National Security Professional System</i> (November 2010).
Save	Save the Children. <i>Planning for Locally Led Development: Reforming U.S. Development Planning Processes</i> (2011).
Stimson	The Stimson Center. <i>A New Way Forward: Rebalancing Security Assistance and Programs and Authorities</i> (March 2011).

1129 20<sup>th</sup> St. NW  
Suite 600  
Washington, D.C. 20036

info@usglc.org  
202.689.8911  
(f) 202.689.8910

[WWW.USGLC.ORG](http://WWW.USGLC.ORG)

