Background Research - Research Synthesis

Gates Forum II

The Imperative to Reinvigorate U.S. Development Assistance Capabilities to Better Advance America's National Interests

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Table of Contents

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Acronyms

AGOA	African Growth and Opportunity Act
Defense	U.S. Department of Defense
DFC	U.S. Development Finance Corporation
MCC	Millennium Challenge Corporation
NGO	Non-governmental Organization
NSC	National Security Council
NSS	National Security Strategy
OECD	Organization for Economic Co-operation and Development
PEPFAR	U.S. President's Emergency Plan for AIDS Relief
PRC	People's Republic of China
State	U.S. Department of State
Treasury	U.S. Department of Treasury
U.S.	United States
USAID	U.S. Agency for International Development
USDA	U.S. Department of Agriculture
USG	U.S. Government

1. Introduction

This research volume sought to answer a single overarching question: how might we reinvigorate development assistance to better advance America's varied national interests (e.g., humanitarian, diplomatic, economic, and security)? This synthesis distills top-line insights from five background papers (Box 1) for U.S. public, private, and civil society leaders to consider: (i) lessons from how the U.S. supplies humanitarian relief and development assistance in response to strategic imperatives and local demand; (ii) promising innovations and cautionary tales from how other donors resource, organize and deliver resources to support overseas development; and (iii) the relative merits of policy options to strengthen U.S. development assistance. Section 2 highlights four critical messages from the research to define the strategic challenge. Section 3 summarizes fifteen possible policy options to consider in response.

Box 1. December 2023 Gates Forum Background Papers on Reinvesting in America's Development Assistance
Paper 1. *U.S. Development Assistance: Evolving Priorities, Practices, and Lessons from the Cold War to the Present Day* (Custer, 2023). Retrospectively looks at U.S. development assistance at three junctures: the Cold War, the post-Cold War and 9/11 period, and the contemporary era. It discusses how the Global South perceives the U.S. as a development assistance supplier in a crowded marketplace.   Paper 2. *Catalytic Partnerships: Opportunities and Challenges in Mobilizing U.S. Private Sector Resources to Scale America's Contribution to Development Overseas* (Burgess & Custer, 2023). Examines how the private sector expands the total resource pool available to support economic growth and development worldwide. Assesses the tools the U.S. government has used to engage these actors over the last 20 years.   Paper 3. Humanitarian-Development-Peace Nexus: Successes, Failures, and Lessons from U.S. Assistance in Crisis and Conflict (Horigoshi & Custer, 2023). Explores how the U.S. and other donors integrate and coordinate humanitarian response, peacebuilding, and development assistance. Incorporates historical

financial and policy analysis, county case studies, and practitioner interviews to surface cross-cutting lessons for consideration.

Paper 4. *Aid in the National Interest: How America's Comparators Structure Their Development Assistance* (Mathew & Custer, 2023). Describes how the U.S. and ten comparators organize and deploy development assistance to advance multiple objectives. Incorporates a global survey to assess how leaders in low- and middle-income countries weigh the value proposition of these donors in a crowded aid marketplace.

Paper 5. *(Re)invigorating U.S. Development Assistance: Alternative Models and Options* (Custer, 2023b). This paper reflects on strategic challenges across four companion papers and practitioner interviews. It offers fifteen policy options to alleviate strategic, structural, and operational pain points in U.S. development assistance.

2. Defining the Strategic Challenge

2.1 In the absence of clarity and candor, U.S. development assistance lacks strategic focus

In an increasingly competitive global landscape, America must be intentional about articulating its value proposition as a preferred development partner. Embarking on this exercise, the U.S. government (USG) should go back to the basics: strategic clarity about what it wants its assistance to achieve, where, how, and why. Development assistance—as with any instrument of national power—is a means and not an end. It is not pure altruism, but neither is it pure self-interest. Perhaps the most honest articulation of the purpose of development assistance is to advance the mutual interests of the U.S. and a counterpart nation toward shared goals.

Aid in the national interest is not a new idea. Chapter 4 describes how donors from West to East juggle multiple national interests—open markets, access resources, cultivate influence, curb migration, counter instability, and contain competitors. These interests are dynamic, not static, and influenced by myriad and conflicting factors such as geostrategic position, global norms, and domestic factors, from public support to electoral politics. Chapter 1 chronicles how past U.S. political leaders, Republican and Democrat, have had to rationalize why it is a good idea for America to send taxpayer money and expertise to assist people in faraway places.

Examining stated commitments and revealed priorities across administrations and donors, four points of intersection between national security and development assistance rise to the top:

- Humanitarian: improve the lives of citizens in other countries and strengthen the ability of governments to deliver peace, prosperity, and stability
- Security: protect Americans from harmful spillovers due to poverty and fragility, natural disasters, eroding democracies, and climate change
- Diplomatic: derive reputational benefits from building goodwill with foreign leaders and publics in an era of geostrategic competition

- Economic: help other countries become more prosperous and open two-way trade, investment, and innovation as a boon to the American economy

Although America has an overabundance of development assistance strategies and plans, there is a dearth of guidance to ensure agency efforts are aligned with these (or other) U.S. national interests, coordinated with each other, and coherent in adding up to more than the sum of their parts. Some administrations offer grand statements elevating development alongside diplomacy and defense but with little specifics. Others put forth a laundry list of priorities absent a clear hierarchy and with limited resources. High-level interagency processes, at times, achieve momentary consensus but fail to stick or move beyond paper into operational practice.

Candor about what America wants to achieve with its development assistance efforts, why, and how this can work with other instruments of national power creates flow-down benefits at an operational level. It allows for specialization across agencies, programs, and funds in that every individual activity need not do all things, provided development assistance serves the breadth of U.S. interests at a portfolio level without subsuming one under the others. It informs how political leaders, government bureaucrats, and the American public think about what success looks like to evaluate progress, make course corrections, align incentives, and report results. It can elevate interagency dialogue and learning around how development assistance should work to support inclusive economic growth, peaceful democratic societies, and global public goods. Finally, being forthright about aid and the national interest can level the playing field to work with Global South counterparts as equal partners in a shared enterprise with mutual benefits.

The U.S. government faces another uphill battle: overcoming a credibility deficit with foreign leaders and publics about America's intentions, contributions, and value proposition relative to other development assistance suppliers. Global South leaders are uninterested in a geostrategic tug-of-war between Washington and Beijing or Moscow. They want to hear and see America embrace a pro-development, rather than anti-competitor, strategy. Counterpart countries are less interested in big promises than in seeing America follow through on its commitments, be responsive to partner priorities, and show global leadership in mobilizing strong coalitions.

Once the largest bilateral supplier of financing for development by far, the relative dominance of the U.S. as a development finance provider has lessened over the last two decades. More countries have joined the OECD's club of 30+ major donors, the Development Assistance Committee. In parallel, the People's Republic of China (PRC) has arisen as a major financier of overseas development. In an increasingly crowded marketplace, U.S. development assistance needs a clearer value proposition of what it can offer to counterpart nations and why America is well-positioned to deliver.

Four-fifths of leaders in 129 Global South countries said that the U.S. was active in supporting overseas development in their country, according to a 2022-2023 AidData survey (Horigoshi et al., forthcoming). Nevertheless, the U.S. has left the door open to fall behind its peers in some geographies and surprising ways. The PRC is seen as more active than the U.S. in supporting local development in Africa and across the Indo-Pacific, particularly in supplying financial assistance, despite these regions being a focus of the last three administrations (ibid). Leaders in the Global South view the U.S. as better positioned to support governance and the rule of law, along with improving social services in areas like health and education. They are less interested in working with America on infrastructure, viewing the PRC as their preferred partner, irrespective of U.S. leaders' fixation on competing with the Belt and Road Initiative.

2.2 America's development assistance is often short-sighted, inflexible, and grant-dependent

Resources have a way of dictating priorities, and a growing share of funds managed by the U.S. Agency for International Development (USAID) has focused on humanitarian relief. USAID is vulnerable to seeing its long-term development mission displaced by short-term imperatives of crises, conflicts, and disasters. Chapter 3 introduces the humanitarian-peace-development nexus as a helpful way of working through how the U.S. might more intentionally coordinate its emergency relief, conflict stabilization, and long-term development projects to help countries address vicious cycles of poverty and instability. It surfaces the need for success metrics to shift from how quickly money is spent to how well it moves countries a step closer to resilience that enables them to withstand and recover from cyclical crises and protracted conflict.

Urgent humanitarian imperatives to alleviate immediate suffering and the desire for tactical military wins can create perverse conditions without clear, strategic goals. Instead of building capacities in local authorities to allow America to withdraw safely and leave stability behind, U.S. assistance operates parallel systems and pursues overly ambitious projects with hefty price tags that are hard to implement in unstable security environments. U.S. agencies need holistic, long-term plans paired with flexible and nimble financing to help countries transition between crisis response and long-term development.

U.S. assistance has a colossal vulnerability that is problematic in emergency and non-emergency settings. It channels minuscule funding through local governments, relying instead on non-governmental organizations (NGOs) and other implementers. Even with USAID's rhetorical commitments to localization and routing more of its funding through local organizations rather than U.S.-based implementers, it is unclear whether and how these resources will be oriented to build the capacity of local authorities as opposed to non-governmental actors. This hamfisted approach does little to win America friends and allies to advance diplomatic and security aims.

Corruption and financial mismanagement in host governments are legitimate concerns and ones that Global South leaders share, according to surveys of public, private, and civil society elites (Custer et al., 2022). However, this status quo provides no clear exit strategy that allows for a sustainable transition of financing and oversight of programs to counterparts. Insistence on parallel systems means that when the U.S. pulls back, investment and capacity vanish with it, as in Iraq, or never take root, as in Haiti. America has made more gains in contexts like Nepal, Sierra Leone, and the Philippines, where patient investment in relationships and local capacity have helped civilian and military authorities better withstand and recover from crises or conflict.

Beyond who receives the money, a further sticking point can be: for what purpose? Congress appropriates money in annual chunks, specifying how most of it should be spent via earmarks and directives. Agencies parcel funds out via grants and contracts within strict parameters, often privileging a small coterie of implementers trusted to deliver projects in discrete periods and in line with predetermined targets and reporting regimes. This reality makes it challenging for development assistance agencies to be agile and responsive to work with counterpart nations.

Chapter 4 argues, based on demand-side surveys of leaders in 141 low- and middle-income countries, that a donor's ability to adapt and align its resources to support locally identified priorities is a comparative advantage—it is not only the right thing but the smart thing to do. Influential donors tend to be big spenders, but a consistent predictor of how leaders rated the performance of their partners was the degree to which they saw donors as deploying expertise and financing to help them address the problems they viewed as most important to solve (Custer et al., 2021).

Another constraint is the color of the money. U.S. development assistance relies heavily on grants rather than loans (at any interest rate level) and investment guarantees. This state of play artificially limits the capital that America can deploy to advance shared interests with its partners. As the Development Finance Corporation (DFC) picks up steam, the USG has increased non-concessional lending and equity as a share of its assistance portfolio from 4 to 36 percent in 2021. However, the DFC navigates several challenges: a limited presence in partner countries, developing a steady pipeline of bankable projects, the imperative to balance multiple strategic objectives, and risk intolerance within the agency, as well as from Congress and the Department of Treasury (Treasury), that deters it from investing in riskier sectors and markets.

Alongside grants and the DFC investment guarantees, the USG should also consider how to responsibly expand concessional lending (at no- or low-interest rates) while taking steps to ensure that these debts are sustainable. As Chapter 4 describes, Germany, Portugal, and Japan offer interesting case studies to learn from as these donors make more extensive use of no or low-interest loans with generous repayment and grace periods to expand the financing they can offer to the Global South even in a constrained budget environment

2.3 Perverse incentives can make U.S. assistance incoherent, penny-wise, and dollar-foolish

There has been a proliferation of agencies involved in development assistance: Chapter 1 traces the build-up from 8 in the Cold War to 20 today. Distrust in USAID prompted congressional and political leaders to form new agencies or vehicles as a workaround to advance their preferred development assistance priorities. With a development assistance budget of less than one percent of U.S. federal spending, America must get the most from every dollar spent. However, agencies exacerbate operational incoherence through active competition or lack of coordination. The status quo ignores frustrating resource inefficiencies, the rise of parallel bureaucracies, and activities that work at cross-purposes.

The big four development assistance agencies include USAID, the Department of Agriculture (USDA), the Department of State (State), and Treasury. However, all but State have seen their share of the development assistance pie decline over time. The Department of Defense (Defense) and the Millennium Challenge Corporation (MCC) have vocal constituencies and robust bipartisan support, but each only represents 2 percent of the development assistance budget. Many domestic agencies maintain small international technical assistance programs in their areas of expertise. The Department of Health and Human Services, along with other agencies, implements U.S. President's Emergency Plan for AIDS Relief (PEPFAR) programs. Regionally focused agencies such as the Inter-American Foundation and the African Development Foundation each account for less than 1 percent of the assistance budget.

Bilateral and multilateral donors are confused by the bewildering array of U.S. interagency representatives they deal with, which may not speak with one voice. The more agencies a host government or non-governmental actor interacts with, the greater the operational burden. The U.S. compounds this problem as a given country may have as many as 15-17 USG agencies operating within their borders and nine on average. A coordination deficit not only exists among U.S. agencies but also with other bilateral and multilateral donors.

While this state of affairs is not ideal in any circumstance, Chapter 3 highlights how a breakdown in coordination is particularly problematic in contexts of crisis and conflict. Formal structures and rules of engagement are helpful but insufficient, as highlighted in Iraq and Haiti. More successful collaboration in Somalia and Nepal benefited from pre-existing relationships between local authorities and donor counterparts, as well as across interagency players. In the Philippines, there was a clear appreciation for the roles and value-additions of different agencies, along with personnel who valued interagency collaboration and working adaptively to respond to local needs that aided coordination. In longer-term development situations, the U.S. might also benefit from closer coordination and amplification of efforts with allies focusing on specific regions such as Australia, India, and Japan in Asia or France and Portugal in Africa.

Chapter 4 acknowledges that the U.S. is not alone in grappling with challenges of coordination and coherence, though it is among the most fragmented players. While no single donor has devised a perfect solution to optimize assistance, smaller players offer innovations that could be adapted and replicated in the United States. France and Japan have top-down mechanisms to facilitate interagency coordination in targeting aid to advance strategic objectives buoyed by high-level political leadership. Portugal has emphasized coordination from the bottom up by establishing dedicated cooperation centers in its priority countries that serve as a clearinghouse for multiple agencies to integrate their assistance as a coherent offer to counterpart leaders.

Another pain point is that development assistance agencies are prone to an auditor's mindset: tracking dollars spent rather than managing for results, allocating assistance based on congressional earmarks and directives rather than clear performance metrics and rewarding consistency and compliance over innovation and outcomes. There are good reasons why agencies adopt this penny-wise, dollar-foolish stance, namely fear of congressional scrutiny, budget cuts, and public backlash that could arise in the case of waste, fraud, or abuse.

However, the research volume notes several unintended consequences of these systems.

The Federal Acquisition Regulations were a common point of discontent for agency personnel that also repelled private sector actors who viewed the processes as not worth the effort for the reward. Agencies struggle to staff contracting officer roles, and private sector actors are impatient with inefficient and labor-intensive bureaucratic processes seen as out of step with the speed at which the private sector is accustomed to operating. The role of State's Office of Foreign Assistance ("F Bureau") in overseeing current aid budgets, coordinating future requests, and managing the 653(a) reporting process[1] to Congress was another point of friction. Internal and external critics of the State that the value proposition "F" brings to the table is unclear. Complex, multi-step budgeting processes are opaque and hamper agencies from being nimble in co-creating development projects with private sector partners and counterpart nations.

If the adage is true that "you can't manage what you don't measure," then America's systems for data, monitoring, learning, and evaluation often fall short of its aspirations. Private sector engagement is one case in point. The USG notably lacks a comprehensive publicly available dataset or repository to monitor how it supports public-private partnerships or uses blended finance to advance development outcomes beyond ad hoc agency efforts. Existing platforms, such as ForeignAssistance.gov, track government funds committed and disbursed but are not yet positioned to capture concepts of private sector leverage and additionality.

Better data is necessary but insufficient without a clear idea of what success looks like. This, too, has been elusive for the USG's private sector engagement. Traditional tools to evaluate grant-based development projects are not fit for purpose when applied to blended finance and public-private partnerships. Similar arguments about the inadequacy of data and methods could be made in monitoring other complex and emerging topics in U.S. development assistance,

[1] The Federal Assistance Act of 1961 requires the USG to report on how foreign assistance is allocated within 30 days of Congress appropriating funds. In practice, this involves extensive coordination with USAID, the Office of Management and Budget, overseas embassies, and regional and sectoral bureaus to incorporate hundreds of Congressional instructions (GAO, 2019).

such as USG efforts to “counter malign foreign influence” or bankroll sustainable infrastructure investment via the Partnership for Global Infrastructure and Investment.

2.4 Failing to synchronize U.S. aid, trade, and investment makes assistance less sustainable

Chapter 2 chronicles USG attempts to crowd in private sector dollars and expertise to amplify the impact of taxpayer money to the mutual benefit of Americans and counterparts in the Global South. Getting the incentives right is easier said than done. Private sector actors can be reluctant to invest in poor or fragile states because of political, financial, or reputational risks that threaten profit potential. Even when the will to engage is present, companies may be at a loss as to whom and how to work due to a lack of information, networks, or skills.

Mainline development agencies have considerable experience and expertise working with private sector implementers—including NGOs, companies, universities, and more. However, they have a shorter track record in brokering public-private partnerships or structuring blended finance initiatives to pool financing, risk, and expertise (Lawson, 2013). The U.S. private sector is not monolithic. It includes profit-seeking institutions (e.g., businesses, investors) along with private philanthropies, voluntary organizations, universities, investment promotion entities, and other implementers of development projects. However, the USG’s approach to private sector engagement is often unhelpfully generic and vague. There is insufficient attention to thinking through which private sector actors to engage where, how, and why.

Rather than working against the grain, the USG should be more strategic in pursuing focused partnerships with disparate private sector actors in areas of their revealed interest. Private foundations are likely the preferred partners for the USG in fragile states, vertical funds, and helping agencies operationalize their commitments to localization. They are also well positioned to support health programs—from primary healthcare and reproductive health to developing robust disease management systems—in India and Sub-Saharan

Africa. Environmentally focused foundations may also align with USG concerns about climate vulnerability. Private voluntary organizations with specialized skills and clear mandates to operate in crisis and conflict zones may be natural partners in humanitarian relief, peacebuilding, and conflict settings.

Historically, many successful examples of private sector partnerships have been oriented around grand challenges in specific sectors—from power generation (Power Africa) and agriculture (Feed the Future) to public health (International AIDS Vaccine Initiative) and extractives (Responsible Minerals Trade Alliance). These sectors, along with telecommunications and infrastructure, may be relatively more conducive to blended finance, investment guarantees, and other solutions that turn classic market failure challenges into viable investments.

As the USG seeks to push forward meaningful collaboration with the private sector, they will need to be proactive in addressing emerging questions about how this reconciles with the Biden administration's localization agenda (e.g., strengthening local systems, putting local actors in the lead) and the risk appetite of agencies. Localization is not necessarily a new idea: MCC and other agencies have long emphasized country ownership of development projects. The controversy is related to USAID's explicit financial targets to channel 25 percent of its funding to local organizations in the next four years and 50 percent of funding towards projects that put local communities in the lead.

For some U.S. implementers, the concern is lost access to valuable development assistance dollars. Other existing and prospective partners tend to interpret "localization" as synonymous with "increased risk" that threatens profitability. Agency leaders must articulate how localization and private sector engagement are not at cross-purposes and can be mutually reinforcing. There is also a broader insight that is not unique to localization. USG agencies and the private sector must learn to appreciate and reconcile how each understands risk: public entities focus on transparency, procurement compliance, and project delivery, while the price sector looks at a spectrum of risk that could impact their commercial or financial position.

Trade, investment, and financial services are an essential part of the growth equation for Global South leaders and entrepreneurs to access low-cost capital sustainably. Countries may have more options to finance their country's development than ever before, but it comes with a steep financial cost, often three times higher than for advanced economies (Spiegel & Schwank, 2022). Moreover, the USG's ability to mobilize resources to support overseas development is severely curtailed if limited to state-directed assistance, which represents just 0.22 percent of gross national income.

Unfortunately, countries that receive American aid and those that attract trade and investment minimally overlap. This is a missed opportunity. America is the largest supplier of outbound foreign direct investment and the second largest trading partner globally, but it channels few of these resources into emerging markets and fragile states. American commercial banks have also fallen behind their peers in Europe, Japan, and the PRC for foreign governments and private actors to raise project finance for development projects.

Non-reciprocal tariff preference programs, when designed well, can help developing countries create jobs, increase wages, and diversify their economies. Rather than altruism, these programs lower prices for American consumers, diversify supply chains and curb costs for American companies. For example, the three-year lapse of America's longest-standing non-reciprocal tariff preference program, the Generalized System of Preferences, hurts Americans just as it does counterparts in 119 eligible countries. American consumers now pay up to 25 percent more for once duty-free exports, and a typical American business pays an extra US$100,000-$200,000 in extra duties to access these products (Murphy, 2023).

Of course, these benefits may not be realized if eligible countries do not increase their exports under the duty-free categories due to lack of technical capacity, resources, or business climate issues, which occurred under the African Growth Opportunity Act (AGOA). Ninety percent of non-energy exports from AGOA countries to the U.S. are from five countries: South Africa, Kenya, Lesotho, and Mauritius (CRS, 2023). Others often have a utilization rate of 2 percent or lower, such that "98 percent of their exports to the U.S. [are] subject to tariffs" (Signe, 2023).

Mainline development agencies have specialized expertise that could diagnose governance deficiencies or market failures that lead to under-utilization of programs like AGOA. More broadly, with additional resources and a clearer mandate, trade capacity building ("aid for trade") managed by USAID and State, regional investment hubs, and embassy deal teams, among other instruments, could be bridge builders in helping the USG synchronize tools of aid, trade, and investment with greater effect.

3. Policy Options

The research volume surfaces three structural and strategic pain points in the U.S. development assistance practice: strategic ambiguity, operational incoherence, and a mismatch with market demand. There are two different reform paths that U.S. policymakers might consider in responding to these challenges: (1) reduce the number of existing players and (2) refocus, de-conflict, and coordinate existing players' mandates.

Section 3.1 outlines ten policy options that would fundamentally alter the architecture of U.S. development assistance efforts at either a structural or strategic level. Section 3.2 identifies five additional opportunities for less dramatic but still consequential reforms to overcome operational-level pain points that arose across the various chapters of the research volume. The options are by no means exhaustive, nor are they necessarily mutually exclusive, though some choose a pathway that closes the door to others. The order does not reflect a relative preference nor endorsement of the merits of these ideas.

3.1 Options to Overcome Structural and Strategic Challenges

3.1.1 Reform Path One: Reduce the Number of Existing Players

Option 1: Review and Fold Unique Functions and Mandates of Smaller Agencies into Larger Ones, Beginning with the Inter-American Foundation and African Development Foundation

Congress would authorize a review of existing activities and mandates of the Inter-American Foundation and African Development Foundation in order to assess the degree to which these are already incorporated within USAID's remit. Duplicative activities and mandates would be dropped, and the remaining personnel, resources, and activities would be folded into USAID.

Option 2: Have Smaller Domestically-Focused Agencies Transition From Operating Independent Technical Assistance Activities and Second Relevant Technical Resources to Larger Ones

The White House would stock take the development-focused technical assistance efforts supplied by domestic agencies via small international programs. It would crosswalk offerings to the internationally focused agency that most closely deals with these issues. Duplicative activities and mandates would be dropped. The Intergovernmental Personnel Act Mobility Program could allow short-term secondments between agencies to respond to requests.

Option 3: Consolidate Development Assistance Activities and Resources into a Single Cabinet Level Development Agency with a Permanent Seat in the NSC Principals Committee

Congress would establish a single U.S. Global Development agency that integrates short-term humanitarian relief, long-term development assistance and engagement with multilateral development banks in one agency home. The head of this cabinet-level agency would have a permanent seat on the National Security Council (NSC) Principals Committee.

3.1.2 Reform Path Two: Refocus, Deconflict, and Coordinate the Existing Players' Mandates

Option 4: Institute an interagency policy committee in the NSC for development assistance to develop joint strategies, share best practices, and fund joint activities.

The White House could form an interagency policy committee in the NSC for humanitarian relief and development assistance, with representatives from internationally focused agencies and the Treasury. The committee would have a mandate and resources from the President to promote interagency coordination at a strategic and operational level—from plans to projects.

Option 5: Create a White House “coordinator” for development assistance in the NSC with the authority and resources to incentivize improved coordination across foreign assistance agencies

The White House would establish a position to lead the administration’s efforts to strengthen development assistance in ways that advance America’s national interests. The coordinator would develop a development assistance roadmap responsive to the 2022 National Security Strategy (and future ones), with input from relevant interagency leaders, marshaling resources and partners to implement said strategy, and reporting on progress to the President and Congress.

Option 6: Require the President to produce a U.S. development assistance strategy or roadmap to achieve the U.S. NSS and annually report on progress through the appropriations process.

Congress would incorporate language into the annual appropriations process that requires the President to work with all relevant agencies to develop a coherent U.S. roadmap or strategy that articulates how development assistance efforts should be resourced, targeted, organized, coordinated, and measured to advance the national security strategy. Congress could mandate a time period in which the strategy must be produced and the reporting frequency.

Option 7: Clarify Roles and Deduplicate Interagency Activities in Areas of Highest Convergence —Humanitarian Assistance, Conflict Prevention and Stabilization, Global Health, Food Security

The White House would stocktake agency activities and funding in the above four priority areas. It would issue an executive order or looser strategic guidance stipulating the mandates of each agency, requiring action plans to eliminate duplicative activities and streamline structures within a defined period of time and tied to the President’s annual budget request.

Option 8: Revisit the Role of the F Bureau (Office of Foreign Assistance Resources) to Refine its Value Proposition in Supporting Interagency Development Assistance Efforts

The White House would task the NSC to review the F Bureau's mandate to manage current development assistance budgets, coordinate future budget requests, and assess past performance. With input from the interagency, the NSC would assess how the F Bureau has operationalized its responsibilities thus far, recommending to the President and Congress whether and how its value proposition could be strengthened and clarified in the future.

Option 9: Adopt an Interagency Performance-Based Allocation Framework for Development Assistance to Optimize Resources Against Measurable and Transparent Objectives

The White House would form a Task Force of agency, congressional, and private sector experts to recommend how the U.S. government could establish an interagency performance-based allocation framework to guide resource allocation for U.S. development assistance. The Task Force would study existing examples in USG agencies and intergovernmental organizations.

Option 10: Pilot the Formation of American Cooperation Centers within a Select Number of Priority Countries as a Clearinghouse for Interagency Support Responsive to Local Demand

The White House would pilot American Cooperation Centers in 10 countries as a clearinghouse for interagency development assistance activities. Under embassy oversight, the centers would collaborate with local counterparts on a demand-responsive country development strategy. It would source relevant technical expertise and financing from the interagency, with access to a dedicated pot of flexible funding to be disbursed using performance-based allocation criteria.

3.2 Options to Overcome Operational-Level Pain Points

Option 11: Commission a Task Force to Streamline Federal Assistance Regulations and Recommend Predetermined Levels of Acceptable Portfolio-Level Risk

The White House would form a Task Force composed of agency, congressional, and private sector representatives to recommend how the USG could streamline interagency acquisition, procurement, and reporting regulations for development assistance agencies to maintain minimum viable oversight and remove unnecessary requirements. The Task Force would also recommend acceptable levels of pre approved risk across an agency's portfolio.

Option 12: Pilot a Responsible Concessional Lending Window Administered by MCC to Increase Sustainable Debt Financing Available to Support Compacts

Congress could expand the authorities and resources of the Millennium Challenge Corporation to pilot a concessional lending window to increase the total financing available to countries participating in its compacts. Congress could mandate a set of predetermined criteria for concessional lending eligibility and indicators it will use to safeguard sustainable repayment.

Option 13: Prioritize Trade Capacity Building Assistance ("Aid for Trade") in Value-Add Industries within Reauthorizations of Non-Reciprocal Tariff Programs to Boost Utilization Rates and Impact

Congress should renew the Generalized System of Preferences and the African Growth Opportunity Act but mandate that USAID and MCC optimize the targeting of their aid for trade efforts towards countries and sectors eligible under the two agreements to maximize utilization. This could include requiring the agencies to develop focused strategies and targeted advisory services to help eligible countries overcome barriers to participation in the agreements.

Option 14: Invest in Whole-of-Government Metrics to Help Policymakers Communicate with Foreign Publics About the Total Value of the U.S. Contribution to Their Economies

The White House would help agencies identify and scale quantifiable metrics to build shared understanding with foreign publics about the many ways in which U.S. assistance touches and improves their lives. These metrics could include USG bilateral financing, private philanthropic flows, private sector trade and investment, multilateral contributions, and outcomes of interest.

Option 15. Where Possible, Invest Early and Often in Host Government Systems to Withstand Short-Term Shocks and Deliver Long-Term Development Sustainably

Congress should remove roadblocks for agencies to channel more assistance funds through host government agencies. It could mandate transparent performance-based criteria, evaluated and updated annually, to determine country eligibility for government-to-government assistance and at what levels. USG agencies should increase investment in multilateral efforts to build the financial capacity of partner countries to responsibly mobilize and manage public resources.

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