

Security by Other Means:

Foreign Assistance, Global Poverty, and American Leadership

Executive Summary

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A UNIFIED FRAMEWORK FOR FOREIGN ASSISTANCE IN THE 21ST CENTURY

With hard power assets stretched thin and confronting unprecedented global challenges of transnational threats, poverty, and pandemics, America must reform its weak aid infrastructure to leverage its soft power more effectively. While foreign assistance funding has seen the greatest increase in four decades, this has brought a proliferation of programs, policy incoherence and organizational fragmentation. Moving around the organizational boxes or increasing aid will do little to boost impact, unless there is broad agreement around a unified framework designed for 21st century challenges. This requires integrating the national security perspective of foreign assistance as a “soft power” tool intended to achieve diplomatic and strategic ends with that of a “development tool” allocated according to policy effectiveness and human needs.

OBJECTIVES FOR FOREIGN ASSISTANCE IN THE 21ST CENTURY. U.S. foreign assistance should be guided by a unified framework that fuses America’s objectives – supporting capable foreign partners and countering security, humanitarian and transnational threats--with differentiation based on governance and economic capacities.

1. **Supporting the Emergence of Capable Partners.** America deploys foreign assistance to strengthen societies imprinted with shared values and similar economic and political systems– who are aligned with America’s interests by virtue of their intrinsic nature rather than through sometimes short-lived bargains. This is the highest yielding investment of American soft power – and merits far greater prioritization, intelligence in policy design, and constancy of purpose than it currently receives.
2. **Countering Security Threats from Poorly Performing States.** America deploys foreign assistance to counter security threats that emanate from dysfunctional states—currently the highest priority of foreign assistance measured in dollar terms. The experience of the past decade makes clear that America needs to invest far more systematically in soft power tools for conflict prevention in the future or risk finding its hard security assets increasingly drawn into post conflict stabilization and reconstruction.
3. **Countering Security Threats with Foreign Partners.** America deploys foreign assistance to counter security threats by working with governments whose goals are aligned and capabilities are up to the task (rather than around them, as with dysfunctional states). But aid to advance counterterrorism, counter-narcotics, counterproliferation, and coalition building often evidences a tension between supporting repressive governments in order to achieve short term vital interests and promoting open, democratic societies that will better promote U.S. interests over the long term. This calls for a major rethink of the traditional approach to security and strategic assistance.
4. **Countering Humanitarian Threats.** America shines as the biggest humanitarian donor in the world and among the most effective and technically well equipped – consistent with U.S. private generosity. But better internal organization, discipline about directing resources to prevention and objectively assessed need, and systematic evaluation would make the United States far more effective in addressing the growing calls on humanitarian aid and in leveraging a more effective international response.
5. **Countering Transnational Threats: HIV/AIDS.** Foreign assistance is increasingly vital in countering transnational threats that defy national borders and require concerted action. Sustaining America’s commitment to the global fight against AIDS will require maintaining the president’s personal commitment through successive administrations; strong public support for providing life-saving treatment to a growing population of foreigners for an indefinite period at considerable cost; increasing support for an evidence-based prevention agenda; and tailoring programs to rapidly evolving and complex situations on the ground.

UNIFIED FRAMEWORK
FOREIGN ASSISTANCE REPORT CARD

Supporting Partners	Countering Threats from Weak States	Countering Security Threats	Countering Humanitarian Threats	Countering Transnational Threats: AIDS
C (DA) B+ (MCC)	D	C	A	B

Source: Author interpretations based on analysis in remainder of book.

DIFFERENTIATING ASSISTANCE BASED ON STATE CAPACITY AND NEEDS. Foreign assistance must move away from a one-size-fits-all approach. To be effective in advancing each of the five key objectives, aid programs must be customized to the capacity and need of the beneficiary country, recognizing that countries afflicted with poor governance also perform the worst in addressing human needs.

1. **Strong Governance and Capacity:** For those governments with a demonstrated track record of accountable governance, sound economic policy, and health and education investments, funding should support locally defined and implemented programs working in partnership with the government. Funding should be flexible, supporting programs and reinforcing national budgets where appropriate. The U.S. emphasis should gradually switch from program design and management to impact evaluation and accountability.
2. **Improving Governance and Capacity:** For those countries where governance is adequate and the directional indicators are positive, greater oversight and engagement may be needed, especially to ensure broad-based participation in setting priorities and implementing programs, with an emphasis on moving toward greater country ownership.
3. **Poor Governance and Capacity:** For those states afflicted with poor governance, foreign assistance will often need to flow through nongovernmental organizations and subnational governments rather than the central government, primarily focusing on livelihoods, security, and humanitarian needs, and often including a heavy component of commodities rather than cash transfers.

Sectoral Priorities. Foreign assistance budget allocations are currently divided along primarily sectoral lines, such as child survival and health or counternarcotics operations. Sectoral approaches often hold out the potential for powerful solutions to challenges that transcend national borders, and foreign aid advocacy is often most compelling when it focuses on concrete sectoral results. Nonetheless, history provides little support for sectoral silver bullets, and planning must begin with a clearheaded assessment of recipients' full set of interlocking challenges rather than shoehorning country programs into stovepiped budget accounts.

Democracy or Governance. Strengthening *governance* is a sine qua non of effective development and essential for other objectives such as mitigating conflict and transnational threats. The Bush administration has progressively elevated *democratization* as the top goal of foreign assistance, variously labeled as “the freedom agenda” and “transformational diplomacy.” While there is mounting evidence of the virtues of liberal democracies that emerge organically on robust political and societal foundations, disagreement remains over foreign intervention to transplant democracy into societies with weak institutional foundations.

ORGANIZING FOR EFFECTIVENESS

With the recent proliferation of presidential initiatives, there are now more than 50 separate U.S. government units involved in aid delivery. Improving the success of America's aid enterprise requires fundamental organizational and operational transformation.

SEVEN PRINCIPLES are critical to successful reform.

1. **Rationalize Agencies and Clarify Missions:** Recent years have witnessed a proliferation of presidential initiatives lodged in a confusing array of new offices. There are now more than 50 separate units in the U.S. government involved in aid delivery. The result is duplication and disarray.
2. **Align Policy, Operations and Budget:** The current divide between policy and operations needs to be bridged and budget accounts restructured so that program design is driven by objectives and needs rather than restrictive funding categories.
3. **Speak and Act as One.** The current cacophony of actors within the U.S. government undermines American leadership internationally. The U.S. will only have a strong and effective voice in the international arena if it speaks and acts in a unified manner.
4. **Achieve Synergies across Policies.** To maximize impact, the United States must deploy all its soft power tools in a coherent manner by creating incentives for interagency coordination of policy and interagency integration of operations and planning.
5. **Focus on Core Competences.** It must invest in core foreign assistance competences, including in the areas of infrastructure and conflict prevention and reconstruction, rather than allowing in-house capacity to erode through reliance on megacontracts and reinventing the wheel with each new crisis.
6. **Invest in Learning.** It should invest in knowledge critical to the mission, deepen technical expertise, and place much greater emphasis on objective evaluation of results.
7. **Elevate the Development Mission.** Finally, the United States must elevate development as an independent mission alongside defense and diplomacy in practice not just principle.

TAKING REFORM STEP BY STEP. The conditions necessary for fundamental overhaul – an emergent political consensus surrounding the urgency of the mission, compelling advocacy, and personal commitment on the part of the president or key congressional champions – are unlikely in the remainder of a second term presidency. Reform will require three parallel processes:

1. **Improve Current Coordination:** During the remainder of this term, the administration should institute a clear system of policy coordination led by the President's staff with planning and implementation authority delegated to appropriate agency leads.
2. **Lay the Groundwork for Fundamental Improvement:** On a parallel track, congress should use its powers to request analysis, hold hearings and empower commissions to lay the groundwork for fundamental reform. The process leading to the Goldwater-Nichols Defense Reorganization Act of 1986 can serve as a model, perhaps with the HELP Commission leading the way. The best opportunity for fundamental reform is in the first year of a new administration.
3. **Build the Political Case:** The active support of advocacy groups and NGOs – most likely with nontraditional allies such as military specialists-- will be critical to raise the political salience of more effective assistance.

RANKING OF ALTERNATIVE ORGANIZATIONAL MODELS

Principal organizational model	Organizational criteria						
	Clarifies and rationalizes agency roles	Speaks with single voice	Achieves policy synergies	Aligns policy and operations	Strengthens core competences	Invests in learning	Boosts stature and morale
Status Quo Plus Greater Coordination	M	M	M	L	L	L	L
USAID as Implementation Arm of State Department	L	M	L	L	L	L	L
USAID Merged into State Department	M	M	L	H	L	L	M
Department of Global Development	H	H	H	H	H	H	H

Note: H: high; M: moderate; L: low. The table is intended as a preliminary assessment of each organizational model.

ORGANIZATIONAL MODELS. Analysis of four possible organization models makes clear: the greater the potential benefit from transformation, the greater the political hurdle to achieve it:

1. **Improve Coordination while Retaining Decentralization:** Better policy coordination from the White House, combined with the administration’s proposals for coordination within the State/USAID complex is a good short term fix, requiring little political capital. But it does nothing to address 5 of the 7 key principles.
2. **USAID as the Implementation Arm of the State Department:** This is essentially the trajectory chosen by the Bush administration. It is achievable without expending political capital. It would help to clarify the missions of State and USAID and enable these two actors to speak with one voice. But it solidifies the divide between policy and operations, does not improve capacity or address coordination outside of State/USAID, and risks subordinating development to diplomacy.
3. **Merger of USAID and State:** This would be a logical progression and would rationalize actors, clarify missions, and reduce confusion about who speaks for the U.S. But it is unlikely to address the core competence deficit or improve broader coordination. Most critically, it threatens to subordinate development to diplomacy --further imperiling morale, independence, and stature.
4. **New, Empowered Department for Global Development.** Ultimately, a new empowered Department of Global Development with the MCC at its core holds the greatest promise of transforming the United States foreign assistance enterprise to address the global challenges of the 21st century, boost the stature and morale of the development mission to attract next generation talent, and realize the president’s vision of elevating development as a third pillar alongside diplomacy and defense.

The Right Tool for Some Circumstances but Not All. Advancing economic and political modernization in the developing world requires a seamless web of policies encompassing foreign assistance (where appropriate) along with trade and investment, technical assistance, debt relief, and financial stabilization. To increase effectiveness, the United States must achieve coherence not only across foreign assistance but also the full portfolio of policies affecting poor countries.

TRANSNATIONAL THREATS: THE FIGHT AGAINST GLOBAL HIV/AIDS

Globalization has elevated the profile of transnational threats. Nowhere are the consequences more dramatic than in the global AIDS pandemic, which threatens the development prospects, health and education sectors, government capacity, and security of poor nations. The President's Emergency Plan for AIDS Relief (PEPFAR) is an unprecedented, high-risk presidential foreign policy commitment in the field of global public health. It suggests what is possible and the future implications when the White House launches a foreign assistance innovation.

FIVE LESSONS FROM PEPFAR'S EARLY YEARS.

1. **Strong White House Leadership**, backed by major new resources and an urgent strategic purpose, is essential in the launch phase for mobilizing Congress, multiple agencies and embassies, and recipients.
2. **Rapid Launch Has Costs**. The rapid launch of PEPFAR came at the cost of insufficient prior consultations with recipients, public health experts, and international organizations already active in HIV/AIDS services.
3. **Obstacles to Sustainability**. Time has revealed formidable obstacles to sustainability *on the treatment side*, including considerable unknowns related to the true cost of universal procurement, operational difficulties of providing treatment on a mass scale and Africa's growing deficit of skilled health workers, and on the *prevention side*, in the form of a worsening political polarization.
4. **Bilateral vs. Multilateral**. There are inherent tensions and competition for scarce dollars between PEPFAR and the multilateral Global Fund, whose success is critical to the global effort to combat HIV/AIDS.
5. **Fast-Evolving On-the-Ground Reality**. U.S. policies, funding levels, and programs will have to evolve to accommodate the widely varying and changing situations on the ground in the focus countries.

SIX ELEMENTS FOR A SUSTAINABLE U.S. APPROACH.

1. **Sustain Strong Leadership**. Much of the success achieved thus far has rested on the quality and forcefulness of leadership choices made in the start-up phase.
2. **Sustain Presidential Leadership across Administrations**. Beyond 2008, a critical test will be whether the next president attaches equal importance to global control of HIV/AIDS; builds that priority explicitly into his or her foreign policy agenda; and makes the case for a more balanced approach that forcefully affirms the U.S. commitment to sustain both PEPFAR and the Global Fund.
3. **Improve Prevention**. Effective prevention will require more than the current twenty percent of resources. It is critical to elevate the priority of prevention, backed by money, strategy, and political will. Standards and targets need better definition, and the official strategy must be broadened beyond "ABC" to encompass a comprehensive approach that addresses the different routes of transmission and gender inequality.
4. **Strengthen Treatment**. This will require assessing true input costs and the pressures to increase the U.S. commitment to make treatment available to an expanding foreign population. Retaining public support will require demonstrating results from existing commitments and persuading other donors to contribute an escalating fair share. It is critical to expedite procurement contracts and identify reliable producers of generic single dose therapies that meet U.S. qualifications most immediately, and to lower the risk of supply disruptions and encourage investment in the next generation of antiretroviral medications in the future.
5. **Invest in Skilled Personnel**. A more systematic, far-reaching plan of action is needed to build up public health systems in Africa and offset the drain of medical talent out of Africa by offering new training and retention programs in concert with African governments, other donors, and the Global Fund and World Bank. U.S. investments must be broadened to include malaria, TB, and other acute infectious diseases.
6. **Improve U.S. Capabilities**. The State Department must create professional incentives and integrate global health issues into foreign policy by establishing a global health career track; strengthen the capacity of the Office of the Global AIDS Coordinator and U.S. embassies; and better integrate the State Office of Health.

HUMANITARIAN ASSISTANCE: ACHIEVING THE FULL POTENTIAL

Backed by strong public support, the U.S. government is the most generous humanitarian donor. Partly as a result, as well as increased professionalization and technological advance, worldwide mortality rates from disaster, famine, and conflict are at a historical low. Even so, the numbers of people exposed to catastrophic hazards will rise due to population growth concentrated in areas prone to quakes, floods, and food insecurity. To meet these new challenges, U.S. humanitarian assistance must be improved dramatically.

PRINCIPLES FOR IMPROVING HUMANITARIAN ASSISTANCE. The shortcomings in US humanitarian aid parallel those afflicting the broader U.S. foreign assistance enterprise: lack of coherence, faulty coordination, competition between agencies, and a failure to leverage America's potential international influence. The U.S. approach suffers from a shortsighted focus on reaction instead of prevention; excessive preoccupation with disasters that attract the greatest media attention; and neglect of quantitative impact evaluations. Congress should work with the administration to:

1. **Consolidate Humanitarian Funding, Planning, and Response.** A revamped U.S. humanitarian architecture would have greater independence to direct resources according to humanitarian needs and systematic evaluation rather than political considerations. The best alternative would be to integrate all humanitarian funding, planning, and response into one empowered organization -- a merger of USAID's Offices of Foreign Disaster Assistance (OFDA) and Transition Initiatives (OTI) with the State Department Bureau of Population, Refugees, and Migration (PRM), Food For Peace (FFP), and other offices. The combined budget in excess of \$1.5 billion would free up resources for neglected crises, Internally Displaced Peoples, and risk reduction.
2. **Harmonize U.S. Influence to Leverage Strategic Use of UN Agencies.** The United States should press to reform UN agencies to deliver more timely, efficient, and balanced responses to humanitarian needs and to increase accountability through a consolidation of the offices and initiatives spread across a dozen UN agencies into one specialized, operational UN humanitarian assistance agency. The United States should also leverage more and better contributions to the UN's humanitarian budget from bilateral donors. But the U.S. will only be effective if a single office takes the lead role in working with the UN system.
3. **Elevate Risk Mitigation, Prevention, and Preparedness.** Most funding currently trails natural disasters, even though the most effective measures for reducing the impact of disasters take place before they occur, particularly when disasters are frequent and extensive, such as prevention, reduction of vulnerability, preparedness, early warning systems, and indigenous surge response capacity. With world-leading expertise in prevention, OFDA could effectively absorb increased funding for risk mitigation and should lead a UN-wide effort to establish a 20 percent minimum share of humanitarian assistance aimed at disaster mitigation.
4. **Systematically Move from Crisis Response to Sustained Economic Development.** To break the high rate of cycling back into crisis, it is critical to address the economic causes of grievance, conflict, and displacement and to systematically build in sizeable economic and governance programs that facilitate the transition from emergency response to reconstruction and ultimately development.
5. **Mandate Systematic, Transparent Impact Evaluation.** The effectiveness of humanitarian programs can and should be evaluated on the basis of hard evidence.
6. **Focus on Need not Headlines.** Most of the preventable deaths in emergencies occur in areas that do not generate headlines, such as Angola and the Democratic Republic of the Congo in the 1990s. OFDA has for many years been the "best foot forward" of America in responding to a wide array of less-known disasters, but political pressures often divert resources to countries where OFDA provides little value added.
7. **Improve Congressional Oversight.** Congress should request a biannual "Humanitarian Strategy" planning report from the administration and an annual "Humanitarian State of Affairs" report that assesses what works, what does not, the measured results of humanitarian interventions, and the return on investment. These reports should assess the relative costs and benefits of relief, mitigation, and planning and assess how the United States can more effectively leverage the work of multilaterals and NGOs.

HUMANITARIAN ASSISTANCE

8. **Draw on the Military's Unique Capabilities.** The U.S. military should be deployed only for its *unique* capabilities. The UN and NGOs can lease C-130s and helicopters better than the military in the long term, but the military can respond much faster in the hours and days following the onset of an emergency. Second, the military uniquely possesses capability in real-time assistance at sea. Third, the Defense Department controls a network of laboratory facilities that far exceeds the combined capabilities of NGOs, useful in identifying the type and characteristics of drug susceptibility of pathogens encountered in emergencies.
9. **Repair Implementation Gaps Such as Water.** Attention should focus on recurring gaps that result in deaths, disability, and suffering, especially the provision of water supply in emergencies, but also hygiene, field communications, early warning networks, practical protection, child survival related to disease, and cold weather threats. Through control of the purse strings, the U.S. government can force corrective action in bolstering the skills and orientation of UN agencies and NGOs.
10. **Expand In-Country Purchase of Food Aid.** Congress should support USAID's interest in gradually expanding the funding available for the local purchase of food for aid. Congress rejected the administration's fiscal 2006 budget request for \$300 million to procure food within the area of an emergency (if food is available and at a low price) because of U.S. agricultural opposition. Wherever feasible, local purchases of food can save months—and lives-- relative to the traditional approach of procuring, packaging, and shipping food by sea from the United States.

Bilateral or Multilateral. Although multilateral assistance may be poorly suited to the pursuit of America's vital strategic interests in some cases, especially where security assistance is concerned, multilateral approaches are attractive for leveraging U.S. influence where donor interests are aligned, for instance, helping states vulnerable to conflict, tackling humanitarian emergencies and HIV/AIDS, and promoting long-term development. Despite this, major recent initiatives on development and AIDS take a decidedly bilateral approach.

DEVELOPMENT ASSISTANCE: STRENGTHENING PARTNERS

The development objective of foreign assistance – to support the emergence of capable like-minded foreign partners – is the most vital investment the United States can make. Yet in part because it is difficult to see quick results from long-term development strategies, which are context dependent and risky, development assistance has come under fire as ineffectual, wasteful, and even harmful to poor countries. However, there have been many important accomplishments, chief among them USAID's contributions to the Green Revolution. Nonetheless, too much development assistance is wasted on governments not serious about development who are targeted for political and strategic reasons. Too much fuels sprawling bureaucracy in America instead of projects in poor countries. Development projects are often poorly designed, failing to take local requirements into account, and suffering from a lack of participation from the host government. U.S. development aid can be improved dramatically:

- 1. DIFFERENTIATE BASED ON RECIPIENT CAPABILITIES AND NEEDS.** U.S. development aid should target those that need it most and will use it well by pursuing diversified development strategies customized to recipients' governance, institutional strength, and commitment to development. Aid agencies must systematically identify the countries with the greatest needs and best policies and institutions based on an analytical system that enables agencies to allocate aid more effectively and to protect aid allocation against political or commercial considerations. One possibility would be for all U.S. development assistance to adopt the MCC framework for evaluating recipients, extending it to select different groups of performers based on their overall scores.
 - 1. Countries with Good Governance.** Well-governed countries should receive the largest amount of funding on a per capita basis, have the greatest latitude to set priorities and design aid-financed activities consistent with their own development strategies, and in some cases should be provided with direct budgetary support. This would reduce the need for excessive bureaucracy in Washington and allow more resources to be directed to monitoring and evaluation, which are currently under-funded and under-emphasized. Funding can either come from broad development assistance accounts or from specific vertical programs such as PEPFAR. In some recipient countries, a portion of funds could go directly to national governments, not just contractors.
 - 2. Countries with Average Governance.** Greater U.S. oversight and involvement is necessary for countries with average or poor governance, who should receive less funding per capita. Recipients should play an active role in setting priorities and designing projects but should not be given as much flexibility, and the U.S. should be actively involved in ensuring broad-based participation and technical rigor. Projects should be designed in cooperation with, but not fully by, the recipient country's government, and funds should not be provided through the government budget. A larger share of funding should support local NGOs.
 - 3. Low-Income, Poorly Governed Countries.** In extremely weak or failing states, aid should be limited to humanitarian relief, establishing security, livelihood generation, and providing basic services to the poor. In some so-called fragile states, U.S. assistance is likely to be heavily influenced by strategic and security considerations. Close donor coordination and adoption of consistent, joint approaches is critical in these countries. The United States and other donors should focus on a limited set of very high priorities and work with NGOs and, when possible and appropriate, bypass the central government.
- 2. PROVIDE BUDGET AND PROGRAM SUPPORT TO SELECT COUNTRIES.** In countries that meet minimal standards on accounting, auditing, and fiscal transparency, an initially small share of funding could go through the budget, say 10 percent. Benchmarks and targets should be instituted to continue improving financial management, and a growing share of funding could go through the budget as the quality of financial oversight improves. Five or seven years down the road, the country would have strong financial oversight systems in place.
- 3. IMPROVE MONITORING AND EVALUATION.** Emphasis should gradually shift away from direct involvement in implementation to monitoring and evaluation of results. Those responsible for monitoring and evaluation should be involved in the design of projects and programs from the outset to ensure that baseline data are collected and appropriate benchmarks set, and progress should be monitored continuously throughout. A more rigorous evaluation process involving randomized trials or comparisons based on treatment and control groups should be introduced for a small group of projects, designating 3 to 5 percent of funds for this purpose. However, randomized trials are time consuming and somewhat costly and can also present ethical issues

DEVELOPMENT IN THE SHADOW OF CONFLICT

Since the Cold War, the United States has been continuously involved in post-conflict rebuilding, on a grand or small scale, whether in the lead or in support. The United States must create a more robust capability for conflict prevention, peacemaking, and state-building, particularly where U.S. strategic interests are at stake.

NINE RECOMMENDATIONS FOR PLANNING, INTERAGENCY COORDINATION, AND IMPLEMENTATION. The following recommendations provide the greatest capability at the least cost in the shortest period of time:

1. **Elevate Prevention.** The United States needs to assign far greater priority to the hard development challenges of countries afflicted by poor governance and weak institutions. Regional bureaus within USAID, State, Defense, and the intelligence community must work in coordination with S/CRS and the NSC to identify potential conflicts and to develop and execute conflict prevention strategies.
2. **Multilateralize.** International partnerships for stabilization and reconstruction operations are cost-effective, increase burden-sharing, bolster legitimacy, and increase the likelihood of success. International cooperation should include an independent team, perhaps in the World Bank, to assess what is required in terms of financial resources and overall capabilities to succeed in conflict and post-conflict environments.
3. **Strengthen Civilian Capacity and Joint Civilian-Military Cooperation.** Strengthening civilian-military cooperation is critical because development in the midst of conflict requires military, political, and economic expertise in equal measure. The U.S. military has the greatest capacity to operate in conflict situations and conduct stabilization and reconstruction operations. But civilians must be trained and prepared to provide leadership and technical capacity in support of transitional governance mechanisms.
4. **Create Civilian Reserve Corps for Rapid Response.** While “active duty” civilian capacity must be increased, it will be necessary to recruit additional personnel as surge capacity when large operations arise from a reserve civilian corps that is capable of providing key expertise, skills, and knowledge.
5. **Expand Reserve Constabulary and Policing Force.** The U.S. government must develop programs to increase policing units. International partnerships are essential but not sufficient; the United States needs a coherent strategy to recruit domestic police to participate in stabilization and reconstruction operations.
6. **Support NSC Directorate of Stabilization and Reconstruction** in overseeing the development of interagency contingency plans, addressing operational and budgetary requirements, and coordinating interagency actions during operations. The NSC can help to establish lines of authority between Defense, State, USAID, and other relevant agencies in order to promote better cooperation and coordination and can function as an “impartial” facilitator to promote and lead civilian-military cooperation and coordination.
7. **Clarify the Division of Labor between State and USAID.** Despite the inevitable cultural chasm between development and diplomatic organizations, complex contingencies and stabilization and reconstruction operations demand effective collaboration. Secretary Rice’s creation of the dual-hatted Director of Foreign Assistance should promote cooperation, although reforms to budget accounts and authorities are needed.
8. **Provide Adequate Resources.** As the 2006 Quadrennial Defense Review recognizes, U.S. national security strategies will not be achieved by military means alone; civilian resources and capabilities must be substantially increased. Increased funding and personnel will be critical to fulfill the core mission of the State Office of the Coordinator for Reconstruction and Stabilization: “to lead, coordinate and institutionalize U.S. Government civilian capacity to prevent or prepare for post-conflict situations, and to help stabilize and reconstruct societies in transition from conflict or civil strife.”
9. **Establish Clear Guidelines to Accelerate Disbursement.** Commander’s Emergency Response Program funds and other “walking around money” to address the immediate needs of civilian populations with short-term, high-impact programs is critical to the overall success of stabilization and reconstruction operations and, more generally, the campaign to win “hearts and minds.”

NEW MISSIONS FOR SECURITY AND STRATEGIC ASSISTANCE

One of the oldest and most enduring purposes of U.S. foreign assistance is to counter national security threats. In the aftermath of the cold war and such watershed events as September 11, 2001, the United States is moving away from the old security assistance paradigm focused on the single 'C' of Containment to the more challenging four 'C's' of Counterterrorism, Counterproliferation, Counternarcotics, and Coalition building.

LESSONS LEARNED. Thoughtful, balanced decision making in the interagency process as well as meaningful consultation between the executive and legislative branches are essential to bridge security and development.

1. **Integrating Security and Development.** U.S. efforts must advance political and economic reform while working to achieve a stable security environment. Military counterterrorism efforts cannot be successful without judicial and law enforcement, nonproliferation, and stabilization and reconstruction initiatives to address the weak states exploited by terrorist groups. Counternarcotics efforts will not succeed until alternative livelihoods and judicial reform programs are as effective as interdiction and eradication.
2. **Short Term Objectives and Longer Term Reform.** In a climate of greater insecurity, advancing security by working with often repressive regimes will remain a necessary reality. But a better resolution must be found between advancing immediate national security objectives and undermining the enduring commitment to human rights and development norms.

RECOMMENDATIONS. The central challenge is to create a comprehensive strategy to advance security in tandem with economic and political reform.

1. **Comprehensive Review.** Congress should request a comprehensive administration review of the objectives and performance of security assistance programs on a biannual or quadrennial basis. The administration should be asked to provide evidence that "transformational" diplomacy is the surest means to accomplish U.S. national security objectives, as well as detailed country assessments and strategies for implementing security assistance in the Arab world. The State Department may well need new authorities to move funds to different programs, but Congress in turn deserves greater accountability.
2. **Get Democracy Promotion Right.** The administration focus on support of democratic reforms and more accountable governance is appealing, but greater resources will be required to match the rhetoric, and the State Department may not be the best actor to advance this agenda. The Middle East Partnership Initiative should be cancelled if demonstrable successes cannot be documented after five years of spending. If performance falls short, the administration should consider instead contributing to a multilateral fund.
3. **Collaborate with Europe in Promoting Security in the Middle East.** European allies have a comparative advantage in certain areas and types of security assistance, such as rule of law and police training, while the US excels in areas such as health and family planning programs. A robust transatlantic partnership would create a powerful basis for advancing security and development in the Middle East-- improving American credibility and lessening the financial burden.
4. **Refocus Counternarcotics Programs.** Launch an interagency review of barriers to implementation of alternative livelihoods and judicial reform projects in the Andes and Afghanistan. Task lead government agencies to interface with their foreign counterparts to develop comprehensive rural development strategies. Review ONDCP's coordination role and tightly integrate it with the National Security Council, perhaps in partnership with OMB. Convene annual congressional hearings to exercise oversight of executive agencies and review measurable benchmarks in the global counternarcotics effort (including U.S. street prices).
5. **Coalition Building.** Improve accountability by appointing a senior director on the National Security Council to launch an inter-agency review of the coherence and effectiveness of military aid programs. Policy guidance should be developed on conflicts between national security priorities and human rights and development goals in military assistance. Congressional oversight should be strengthened by adding joint hearings integrating committees with expertise on military issues and foreign assistance. State and Defense field staff should be entrusted with increased spending discretion in return for greater oversight via real-time communication with Congressional appropriators.

AN EFFECTIVE PARTNERSHIP WITH CONGRESS

Congress is neglecting its law-making and oversight role over foreign assistance and overreaching in attempts to manage aid implementation. Congressional interest in foreign assistance is too often limited to areas of concern to one or more Members, manifested in the form of earmarks. Three recent trends have compounded these problems: decision-making is increasingly concentrated in the Executive Office; there is a disinclination to seek permanent legislation to validate major foreign assistance initiatives; and legislative initiatives on behalf of special interest or advocacy groups are signed into law without due consideration of their cumulative impact. Restoring an effective partnership between Congress and the executive branch will require both short- and long-term improvements:

SHORT-TERM MECHANISMS

1. **Ban Binding Earmarks** of foreign assistance funds for private or nongovernmental organizations and in amounts that exceed the president's request for countries or functional sectors. Relevant directives in report language would be deemed to be advisory only.
2. **Implement Authorizing Language.** Under most circumstances, the appropriators should seek to reflect modifications recommended by an authorizing committee to the conditions on foreign assistance in annual and supplemental appropriations bills. Where they do not reflect authorizers' modifications, the appropriators should explicitly explain the discrepancy in their report accompanying the appropriation bill.
3. **Increase Transparency regarding Congressional Intent** in foreign assistance appropriations. The level of detail in most appropriations accounts should be comparable to those for domestic and defense agencies. Senate-House conference agreements should expand the use of account text tables that indicate the purposes for which funds are being appropriated and reconcile inconsistent and contradictory report language. This will limit inter- and intra-agency disputes over the allocation of funds and expedite the obligation of funds.
4. **Provide Greater Flexibility in Appropriations.** Abolish ineffective separate "operating expense" budget accounts, repeal outdated laws requiring annual authorization of appropriations levels, and restore a small presidential contingency fund solely for unanticipated policy requirements.
5. **Limit Notwithstanding Authority But Also Country Prohibitions.** Limit the application of provisions allowing foreign assistance to be provided "notwithstanding any other provision of law" to cited laws that restrict foreign assistance. Limit the application of all country prohibitions to the central governments of such countries, allowing the continuation of assistance to private or elected local or regional governments.
6. **Restore a High-level Resource Management Position** in the State/USAID office of director of foreign assistance to serve as the primary contact with appropriations and authorizations committees on resources.

MEDIUM-TERM MECHANISMS

1. **Establish a Panel of Independent Experts** to recommend changes within the executive and the legislature to improve the operational efficacy of all foreign assistance and better reflect the constitutional roles of the two branches. The recommendations should be issued in time for consideration by the 110th Congress.
2. **Reengage the Foreign and International Relations Committees** in the allocation of foreign assistance resources. Resume the process of drafting and passing annual or biannual bills authorizing realistic levels for foreign assistance accounts. Until it is possible to enact foreign assistance authorizations, the account levels reported by the committees or passed by each house should be deemed an authorization recommendation to be considered by the Appropriations Committees. Modify Senate and House rules to require that committee reports accompanying foreign operations appropriations bills include a detailed explanation of funding in excess of those authorized by law or recommended by the authorizing committee.
3. **Rationalize the Reprogramming Notification Process** by negotiating a more transparent and time-limited process for congressional consideration. Executive branch requests to reprogram funds, including presidential initiatives, for purposes different from those for which the funds were appropriated merit prompt acceptance or modification.

REFORM LESSONS FROM U.S. FOREIGN AID COMMISSIONS, TASK FORCES, AND INITIATIVES

There have been at least seven major foreign aid reform efforts since 1960. Yet the Presidential-appointed commissions and legislative branch task forces and law-making attempts have often failed to achieve implementation of their policy recommendations. Only two – the early achievements of the Kennedy Administration and passage of the 1973 New Directions legislation – could be considered successful.

EIGHT KEY LESSONS FOR FOREIGN AID REFORM.

1. **Direct Presidential and White House Engagement.** Having the President, or at least the senior White House staff, play a high-profile, actively engaged role in a foreign aid reform effort is highly desirable and perhaps crucial to its success – with the Kennedy Administration the high water mark. *Congressionally led initiatives have never received strong administration support, let alone direct involvement of the President or Secretary of State.*
2. **Message Discipline.** Following a period of a period of debate and deliberation, the participants must speak in a supportive and consistent voice once proposals are issued and while they are under consideration. The New Directions legislation and the Kennedy Administration reforms maintained strong message discipline. In one of the most successful efforts, the chairman of the task force recommended abolition of his own agency.
3. **Engage Stakeholders Early.** It is essential to solicit the active participation of the broadest array of those that will play a role in implementing a foreign aid reform proposal. Stakeholders include the White House and select executive agencies, Congress, foreign policy activists, private sector interests, non-governmental organizations, and possibly the military. The Carlucci Commission was perhaps the best example of inclusiveness in its makeup and review process-- in contrast to the Wharton project, which was an “inside” effort with little outreach to Congress or the broader foreign aid community until too late.
4. **Secure Early Congressional Ownership.** If legislation is necessary, Congress is the critical institution as recognized by the successful Kennedy Administration effort. Consultations with key Committee Members began immediately after the Kennedy administration took office. President Kennedy’s March 22, 1961 special foreign aid message signaled Congress that a proposal would be forthcoming before the Labouisse Task Force had formed and prepared supportive Members of Congress to act once draft legislation arrived.
5. **Big Reforms Involve Big Risks.** A comprehensive foreign aid restructuring effort that spans all elements of assistance holds the greatest promise of materially improving U.S. policy towards developing nations and American soft power, but also generates greater resistance and risk of failure. The two most successful reforms tackled only a portion of the vast array of foreign assistance programs. The Kennedy initiative began with a broad examination of economic and security assistance, but ultimately focused only on economic matters. New Directions legislation from the outset sought to affect only American policies and programs dealing with development assistance most directly affecting the poorest countries.
6. **Articulate a Clear Policy and Road Map.** Successful foreign aid reform proposals include a clear statement of the problems, actionable recommendations for fixing these problems, and a clear road map for implementation. Three of the failed reform efforts were widely criticized for issuing unclear alternative policy frameworks. The Peterson and Carlucci Commissions produced lengthy recommendations, but fell short on prioritization and integration of the recommendations and a road map to translate them into reality.
7. **Timing is Critical.** It is important to formulate a reform agenda that fits well with the executive schedule and the congressional calendar. New policy initiatives formulated early in a new administration and submitted to Congress before the summer season of appropriation bills have the best chance of success.
8. **Turf Trumps Transformation.** Proposals to abolish agencies or diminish the authority of departments encounter serious resistance, usually from the “losers,” so that new structures are often added without integration or rationalization, compounding bureaucratic rivalries. Not since the 1961 creation of USAID has a foreign aid commission or legislative initiative successfully restructured foreign assistance. A crisis, such as the September 11 attacks, may be necessary for major bureaucratic reorientation, but the path is difficult even then, as evidenced by debates over the 9/11 Commission and the Department of Homeland Security.

REFORM LESSONS FROM THE U.K. EXPERIENCE

The establishment of the U.K. Department for International Development (DFID) in 1997 has proven a successful reform. DFID combines in a single cabinet agency the delivery of all overseas aid and has responsibility for analyzing the impact on developing countries of policies on trade, the environment, and conflict prevention.

SIX MAIN COMPONENTS OF SUCCESS.

1. **Combining Responsibility for All Aid in a Single Ministry.** This has been the case in the United Kingdom since 1964 and has made an important contribution to both the coherence and cost-effectiveness of British aid that other countries would do well to emulate.
2. **Establishing an Integrated Development Ministry,** with influence over a range of government policies that affect development, has had a significant effect on the conduct of policy. While development interests will not always take precedence over other government objectives, they should at least be identified and taken into account in the design and execution of other government objectives.
3. **Setting a Clear Purpose and Focus on Outcomes.** DFID has maintained its long-term strategy in the face of short-term political pressures. This requires powerful political leadership to prevent aid budgets being diverted to other priorities. Both the appointment of a separate cabinet minister and legislation delimiting the use of aid resources have enabled the department to resist other pressures.
4. **Addressing Tension between Short- and Long- Term Interests.** This requires building an understanding among policymakers and commentators of their mutual interdependence
5. **Recognizing Interdependence of Security and Development.** The recognition that development is impossible without security and security is impossible without development has profound implications for government institutions and priorities.
6. **Leveraging Partnerships.** A key principle is that more can be achieved through partnerships and leverage of the multilateral system, even if this means a lower profile for the bilateral program. DFID emphasizes integrated management of bilateral and multilateral aid to ensure synergies and coherence.

CRITICAL FEATURES OF REFORM. The reforms succeeded because they both resonated with a long-evolving way of thinking and captured the mood of the moment. The unified management of aid by a single government department—unusual internationally—has been a long-standing feature of the U.K. system, dating back to 1964. The United Kingdom has also consistently argued the importance of assistance to the poorest countries, although its own aid program did not always reflect that priority. Other elements that enabled and sustained these changes were:

1. **High Profile Political Leadership.** The prime minister and the chancellor of the exchequer were willing to back the new department, and the first minister, Clare Short, provided strong leadership by recruiting the best and brightest and expecting high performance. Subsequent cabinet ministers have ensured that the DFID retains a high political profile.
2. **A Supportive Political Environment** for improvements in the use of aid were critical, buttressed by investment in public education and development awareness campaigns. Many of the changes that the United Kingdom introduced in 1997 and afterwards were in line with new international recognition that increases in aid must be consistent with the broader set of policies that affect developing countries.
3. **Broad Support within Government,** including recognition that reorganizing responsibilities and powers among government agencies is not a zero sum game. British government departments learned that they could be more effective and influential if they worked together to deliver coherent policy objectives than if they spent their time and resources fighting for turf. Other government departments were persuaded that they had something to gain from the emergence of a strong, confident development agency.