

BUILDING A BETTER FUTURE THROUGH SMARTER DEVELOPMENT ASSISTANCE

Initial Steps to Elevate Global Development and Modernize Foreign Assistance

The international and domestic challenges of the 21st century cannot be met with a national security and foreign assistance apparatus created to confront the challenges of the 20th century. America's reputation in the world cannot be restored without a fresh, smart approach that makes global development, defense and diplomacy the cornerstones of our foreign policy. This is a defining moment for U.S. leadership in the world. During today's economic crisis — and partly because it is now a global crisis — we must resist pressure to turn inward and ignore or scale back our interests and commitments around the world. Now more than ever, we must press forward with critical investments in America's capabilities to fight poverty and create economic opportunities, and we must make these investments — which will need to increase over time — more efficient and effective. There is now broad bipartisan consensus that efforts to elevate development and modernize foreign assistance now will be one of the best investments we can make over the long term to restore global stability, security and prosperity.

The Democratic Party platform recognizes this imperative: "We will modernize our foreign assistance policies, tools, and operations in an elevated, empowered, consolidated, and streamlined U.S. development agency. Development and diplomacy will be reinforced as key pillars of U.S. foreign policy, and our civilian agencies will be staffed, resourced, and equipped to address effectively new global challenges."

We fully support this agenda. A comprehensive approach to modernizing foreign assistance and elevating development should include, over time, four key components:

- Develop a National Strategy for Global Development;
- Reach a "Grand Bargain" between the Executive branch and Congress on management authorities and plan, design, and enact a new Foreign Assistance Act;
- Streamline organizational structures and improve capacity (preferably by creating over the long run a Cabinet-level Department for Global Development, but other options exist); and
- Increase funding for and accountability of foreign assistance.

Lead Actions during the Transition:

Achieving this comprehensive agenda will take time. What follows is an action agenda for the President-elect and his transition team to begin the process of elevating global development and modernizing U.S. foreign assistance in our national interest. These initial steps will require few budgetary resources in and of themselves, but will make our development investments more efficient and effective so that over time we will achieve greater results for every development dollar we spend. Each of the actions is important, but the first three steps should be taken in tandem at the outset to signal that development will be a key pillar of U.S. foreign policy:

- **Ensure Secretary of State's Commitment to Elevating Development.** An early and critical discussion with the Secretary of State nominee must include the elevation of development as a top foreign policy priority, including rebuilding and rationalizing organizational structures under a strong, independent development agency with a robust budget and staffing.
- **Empower a Single Individual with Broadened Responsibility for USAID, MCC and PEPFAR.** The individual should have development experience and be respected by Congress. The individual could be confirmed as USAID Administrator, and named interim head of MCC and PEPFAR. This confirmation should occur in a timeframe as close as possible to that for the Secretaries of State and Defense, in recognition of the key

role for development in a 3D national security framework. This will elevate development and make some initial sensible moves toward coherence without prejudging a decision of ultimate organizational structure and broader consolidation.

- Issue, in consultation with Congress, an executive order and/or delegation of authority that gives the new individual budget authority for all programs under his/her responsibility; the current delegation of authority to the Director of Foreign Assistance should be repealed and replaced to transfer relevant responsibilities to the new individual.
 - Immediately begin plans for a robust FY10 International Affairs 150 budget request with a consolidated approach (for presentation purposes) for all foreign assistance programs within that budget function. It will be the first opportunity to jump start the Administration's priorities and begin the process of rebuilding and adequately funding civilian authorities, capabilities and resources.
 - Protect the Senate- and House-recommended level for the FY09 International Affairs budget, with a view to increasing over time.
- **Name a Deputy National Security and Economic Advisor for Development** with joint NEC/NSC responsibility for interagency and White House coordination and coherence of development policy — including programs and policies regarding democracy, humanitarian assistance, and crisis and conflict response — and its consistency with U.S. trade policy. Two key actions to be coordinated by the directorate with the new development nominee include:
- Develop a *National Strategy for Global Development* (in tandem with the new National Security Strategy) to provide policy guidance across executive branch agencies and ensure stronger coordination and coherence; and
 - Initiate a review of all foreign assistance and international crisis management authorities, including those in DoD, to determine which authorities are most appropriately civilian and which are most appropriately military.

Key Reinforcing Actions:

- Ensure that development policies and interests are strongly represented at inter-agency Principal, Deputy and PCC level discussions, with the development nominee added to the NSC, chairing development PCCs and attending any Principal and Deputy discussions touching on development.
- Explore options for the permanent structure of a capable, independent development agency that best consolidates programs, enhances policy and operational coherency, and increases the efficiency and effectiveness of U.S. efforts to fight poverty and create economic opportunity worldwide. Options include:
 - an independent Cabinet-level agency, modeled in part after the U.K.'s successful Department for International Development (our preferred option);
 - a sub-Cabinet agency, modeled along the lines of an empowered and modernized USAID; or
 - a new independent non-Cabinet agency, modeled in part after OPIC or Ex-Im Bank.
- Engage with Congressional leaders on developing a shared vision of foreign assistance, reaching a “Grand Bargain” on management authorities and responsibilities, and enacting a new Foreign Assistance Act that meets today's challenges. A new Act would outline key objectives of foreign assistance, consolidate development decision making and implementation functions into an independent agency, clarify coordination with other agencies, and reduce political and bureaucratic constraints that have hindered the effectiveness of foreign assistance in the past.

*The **Modernizing Foreign Assistance Network (MFAN)** is a reform coalition composed of international development and foreign policy practitioners, policy advocates and experts, concerned citizens and private sector organizations. MFAN's goal is to promote critical foreign assistance reform that will help build a safer, more prosperous world by strengthening the United States' ability to alleviate extreme poverty, create opportunities for growth, and secure human dignity in developing countries. For more on MFAN's leadership and reform plan, please visit www.modernizingforeignassistance.net.*