HELP Commission – Status of Recommendations
(as of June 17, 2011)

HELP Commission Intro:

- **H**elping to **E**nhance the **L**ivelihood of **P**eople around the Globe
- Created by act of Congress (PL 108-199) in 2004 under the sponsorship of Rep Frank Wolfe (R-VA) and with grassroots campaign by Oxfam
- Purpose: To conduct a review of U.S. foreign assistance policies, delivery and effectiveness
- 21 members (7 appointed by Senate (4 R and 3 D); 7 appointed by House (4 R and 3 D); 6 members and the Chair appointed by the President ; 8 full-time staff plus 19 part-timers and un-paid interns; $4 million budget
- Initially, the White House was not very interested in the Commission and so start-up was stalled; Secretary of State Rice then changed her mind and the final members were appointed to the Commission in late 2005
- Formally met 20 times 2006 – 2007 plus held other meetings; spoke with dozens of experts and government officials; 7 overseas missions to see what was happening on the ground; visit to Gates Foundation

HELP Commission Report:

- Full report can currently be found at www.helpcommission.info
- The report was approved by all members of the Commission except for Jeffrey Sacks
- **Findings -** The final recommendations of the Commission were based on a variety of findings, including the following:
  - The world has changed and U.S. assistance programs have not kept pace.
  - Foreign assistance alone is not sufficient to help developing countries achieve long-term, sustainable economic growth.
  - Long-term economic growth and job creation contribute the most to sustainable development.
  - We need a clear and common vision for development across and throughout both branches of the United States Government.
  - An integrated approach to our government's development assistance is needed.
  - We must play to our strengths and work with others.

HELP Commission Recommendations (verbatim) and Notes about Implementation:

Specific notes about implementation since 2007 are below (in red) next to all relevant recommendations. More broadly, in September 2010, President Obama signed a Presidential Policy Directive on Global Development, the first of its kind by a U.S. administration (http://www.whitehouse.gov/the-press-office/2010/09/22/fact-sheet-us-global-development-policy).

The directive provides clear policy guidance to all U.S. Government agencies and enumerates core objectives, an operational model, and the modern architecture needed to implement this policy.

Apply a New Integrated Approach to Development

Our deliberations underscored the importance of distinguishing between the tool of assistance and the goal of development, which are separate and distinct:

- • Foreign assistance is a tool that can be used effectively by the U.S. Government for a number of legitimate purposes, among them humanitarian relief, security, political persuasion, and development.

- • Development, on the other hand, is a goal which other states aspire to achieve, and that America can support through foreign assistance and foreign policy.

Any attempt to reform our development and humanitarian programs must take a coherent approach as they cannot succeed in isolation.

Reforms in three areas other than foreign aid can, along with foreign aid reform, enhance our nation's ability to promote development in a comprehensive manner. These areas are trade, security, and public diplomacy:

2.1 Support Trade and Infrastructure

2.1-1 Offer Duty-Free, Quota-Free Access to More Countries
- • Recommendation: Grant duty-free, quota-free access to U.S. markets to those countries that are eligible for an MCC Compact or Threshold Program.
- • Recommendation: Provide the same duty-free, quota-free status to those countries with a per capita Gross Domestic Product (GDP) under $2,000. Those countries that are otherwise ineligible for U.S. foreign assistance would be denied such access.
- • Recommendation: Encourage duty-free quota-free eligible countries to embrace trade liberalization by committing to: (1) reduce their trade barriers gradually toward Most Favored Nation (MFN) status; (2) provide greater respect for worker rights; and (3) enhance environmental protections.
- • Recommendation: (1) Provide through legislation, improved and expanded Trade Adjustment Assistance (TAA) to help displaced American workers and communities retrain and retool for the future; and (2) promote labor rights and environmental protections as part of bilateral trade negotiations with developing countries.
- • Recommendation: Promote trade capacity building in the governments, regulatory agencies, and trade and business associations of developing countries.
  USAID had such programs at the time this recommendation was made and continues to have an active program in this area. In FY2009, USG support for Aid for Trade totaled $1.8 billion. FY2010 figures will be released shortly - they will be the same or slightly lower. (More detailed information is available on-line at: ttp://tcb.eads.usaidallnet.gov/) On June 12, 2010, Secretary of State Clinton announced at the AGOA Forum the U.S. commitment to spend at least $120 million over the next four years on African Competitiveness and Trade Expansion (ACTE) initiative.

2.1-2 Consider the Adverse Effects of Agricultural Subsidies
• Recommendation: Exert leadership within the Group of Eight (G8) in encouraging its members, individually and collectively, to take practical and immediate actions to minimize the adverse effects of their respective domestic agricultural subsidies and practices on the economies of developing countries and their own agricultural industries.

2.1-3 Remove Physical Trade Barriers with Infrastructure
• Recommendation: Increase the profile of infrastructure in our development programs and be receptive when countries make requests for infrastructure support. Give priority to landlocked countries and regions. This is recommended with a specific interest in removing barriers to trade and does not propose a specific earmark.
• Recommendation: Lead the G8 countries in supporting an increase in infrastructure investment in developing states.
• Recommendation: Urge the World Bank to continue to support infrastructure lending and investment. We understand that the Bank reversed its long-standing decline in infrastructure lending in 2002; we commend that reversal.

2.2 Ensure Coordination between Security and Development
• Recommendation: Adequately fund the State Department and USAID in areas where DoD has taken on their traditional development responsibilities in recent years so that DoD can remain focused on its core functions.
• Recommendation: Bolster the legislative requirements to require concurrence between the Secretary of State and DoD on all foreign aid activities consistent with scale and scope of projects carried out by DoD. (This is currently true for Section 1206 and 1207 Defense Department programs for military and police training.)
• Recommendation: Strengthen and fund the capacities of the State Department Office S/CRS and assign it responsibility for coordinating State and Defense Department programs for security-related aspects of addressing crises and weak and failing states.
• Recommendation: Encourage Congressional Armed Services and Foreign Relations/Foreign Affairs Committees to hold joint hearings on the coordination of aid activities between DoD on the one hand and the State Department and USAID on the other. Congress should also consider sequential referral of legislation that affects foreign aid matters of both DoD and State/USAID.

The QDDR calls for the creation of an Overseas Contingency Operations budget/account and for exploring the creation of a joint pilot pooled fund between DoD, State and USAID for security, justice sector and stabilization assistance.

2.3 Expand Public Diplomacy
• Recommendation: Enhance the public diplomacy capabilities of U.S. field personnel by strengthening the training and coordination of country spokesmen, and by expanding collaborative efforts between the United States and foreign governments or NGOs.

- On a quarterly basis, USAID's Development Outreach and Communications (DOC) program conducts regionally-based training sessions for Mission communicators, typically for four days, with a focus on improving media relations.
- Training topics include: working with local and international media; serving as a spokesperson for USAID projects; liaising with Embassy Public Affairs spokespersons; training USAID Mission personnel for media interviews; and, developing messaging specific to an individual Mission.
- Strong emphasis is placed on coordinating USAID efforts to promote foreign assistance stories through Regional Media Hubs (run by State Department) to regional and international media.
- On a regular basis, U.S. Ambassadors, USAID Mission Directors, Ministerial-level leaders in host countries (Health, Education, etc.), and other host country government officials regularly participate in co-sponsored events to promote USAID-funded projects.

• Recommendation: Encourage each USAID mission to undertake surveys — conducted by local professionals — that can help U.S. development officials: better understand how their programs are perceived; assess how people get their information (as done by USAID in Egypt); expand relationships with in-country media outlets; and determine how outreach and communication efforts can be improved. This should help inform an overall communications strategy that is coordinated, long-term, and evaluated through appropriate metrics.

- Recent discussions between USAID's Director for International Communications and State's Bureau for Intelligence and Research (INR) Director have yielded a positive relationship and the desire to include development-focused questions in regularly scheduled, INR-conducted in-country polling.
- INR surveys will be conducted on a quarterly basis for Afghanistan/Pakistan/Sudan-type countries, yearly for the LAC region, and Africa on an ad hoc basis.
- USAID Missions are strongly encouraged to create and adhere to Strategic Communications and Performance Monitoring Plans; undertake regularly scheduled in-country polling to determine how foreign assistance is perceived in country; and, to monitor and evaluate the effectiveness of communications.
- USAID Missions implementing Communications Outreach Campaigns integrate baseline surveys, focus groups, and after action polling into all campaigns.
- Polling and surveys are very much budget-dependent. USAID Missions often work with Embassy Public Affairs Sections to include development related questions in the Embassies' regular polls (unrelated to INR polling.)

• Recommendation: Use integrated media campaigns in host countries to increase awareness of U.S. assistance programs.

- **Many USAID Missions conduct regularly scheduled media campaigns in host countries to increase awareness of foreign assistance.**
- **USAID/Bolivia's annual media campaign is arguably one of the most successful campaigns undertaken by a USAID Mission. Despite the U.S. Ambassador's expulsion from the country, USAID/Bolivia continues to maintain strong public support credited primarily due to strong media support of the development programs. USAID/Bolivia has a Mission-wide communications contract (BCA – Bolivia Communications Activity). Its Work Plan includes media events, site visits, media trainings, campaigns, support to branding, management of online technologies and development of communications networks (among a larger list of deliverables). With the DOC's guidance, the activity has also designed specific products to track the impact of our communications through a Performance and Monitoring Plan (as any other project, BCA has its own target indicators). The Monthly News Analysis is part of this effort to help manage the Mission's communications.**
- **West Bank and Gaza conducts a media campaign annually. For example, in 2009, they ran a campaign under the slogan "Step by Step We Build and Develop," focusing mainly on health care, education and youth empowerment. The one-month-long public awareness campaign included ads on local radio stations, internet sites, billboards and in two main local newspapers.**
- **In 2010, WBG produced a campaign under the headline "Together, Realizing Hope." The campaign focused on beneficiary stories and testimonials. The photos are of real USAID beneficiaries who also gave video testimonials which were edited into short 30—40 second TV ads. The campaign included internet ads, radio and TV ads, newspaper advertising and billboards. The total cost of the last campaign was about $200,000.**
- **USAID/Pakistan is currently planning a media outreach campaign; a 3-year, $13.5M contract, with research being done under a separate series of purchase orders. The roll-out is scheduled to begin in August, and they will be using a local public relations company.**
- **USAID/Kyrgyzstan is currently working on Public Service Announcement (PSA) development with the public relations company implementing their outreach campaign. One PSA on National Scholarship Testing is ready and pending further focus group/hall interview testing. Scripts for health, education, agriculture are also pending approval.**

- Recommendation: Harmonize public diplomacy efforts by all U.S. Government agencies engaged in overseas development. Focus branding messages on a single core message, such as "From the American People." Select and apply only one or two prominent identifiers for all civilian assistance (e.g., the American flag or "clasped hands") as opposed to using the logos of many agencies.
- Recommendation: Brand with sensitivity. Ambassadors should be able to waive branding regulations when it might be dangerous for employees or for other reasons appropriate to local circumstances. In addition, there should be clear and open avenues for grantees and contractors to discuss branding concerns with Ambassadors.
- Recommendation: Affirm and expand to all foreign assistance USAID's existing policy regarding identifiers for "acquisition awards" (e.g., contracts). That policy requires that the USAID logo be placed on these goods or services delivered and paid for by the U.S. Government.
- Recommendation: Affirm and expand to all foreign assistance USAID's existing branding policy on "assistance awards" (e.g., grants), with one exception: whenever USAID's cost-sharing

burden is 90 percent or more of the total project cost, the Commission recommends that the acquisition branding policy should apply.
• Recommendation: Consider how to improve awareness of U.S. Government funding for multilateral relief and development organizations, including the World Food Program and others.

2.4 Extend the Integrated Approach to the Legislative Branch and Include Private Stakeholders

Forge a New Executive/Legislative Relationship

Recommendation 3.1
• Rewrite the Foreign Assistance Act of 1961

Recommendation 3.2
• The Commission therefore recommends that the authorizing committees re-engage and enact bi-annual reauthorization measures. The authorizing committees should focus on becoming policy and program experts.
• **Recommendation:** *authorizing committees should permanently maintain a dedicated foreign assistance subcommittee*s
• **Recommendation:** Encourage members of authorizing committees to take part in site visits to countries receiving foreign assistance. Encourage the President to invite members of Congress regularly as participants in official American delegations to important international conferences and forums on global development. While this occurs on occasion, the systematic inclusion of lawmakers would elevate the stature of U.S. representation and foster greater partnership between the Legislative and Executive branches.

Recommendation 3.3
• Strike an agreement on uniform procedures for reprogramming, Congressional Notifications and holds, and other procedures governing the movement and allocation of funds.

Recommendation 3.4
• Fund the ESF account appropriately and ensure that management of the foreign assistance budget includes provisions making clear that ESF is for short-term economic needs. Further, the Development Assistance Account must be ring-fenced so as to ensure that funding for long-term goals is protected.

Recommendation 3.5
• Authorize two rapid-response crisis funds: (1) A permanent Humanitarian Crisis Response Fund that can be drawn upon to respond to natural disasters; and (2) A Foreign Crisis Fund to allow for maximum flexibility when confronted with security challenges.
The QDDR (see below) calls for the creation of an Overseas Contingency Operations budget/account and for exploring the creation of a joint pilot pooled fund between DoD, State and USAID for security, justice sector and stabilization assistance.

To address international humanitarian crises the Congress appropriates funds for the International Disaster Assistance account which provides funds to address humanitarian relief, rehabilitation, and reconstruction needs of foreign countries affected by natural and man-made disasters, and for activities to manage and reduce the vulnerability to disaster hazards. The account also provides funds to complement U.S. food assistance abroad through local and regional procurement of food and cash vouchers. This account is managed by USAID.

Two other accounts for this purpose are Transition Initiatives account and the Complex Crises Fund. The TI account addresses the opportunities and challenges facing conflict-prone countries and those making transition from the initial crisis stage of a complex emergency to sustainable development and democracy. The CCF supports activities to prevent or respond to emerging or unforeseen crises that address reconstruction, security, or stabilization needs. Both of these accounts are managed by USAID.

The Congress appropriates funds to both USAID and the State Department for the Civilian Stabilization Initiative to coordinate and respond rapidly to reconstruction and stabilization crises with a civilian response corps.

Recommendation 3.6
• The Legislative branch should consider the consolidated budget as a whole, maintaining the combined National Security and Foreign Assistance resources.
On May 27, 2010 at the Brookings Institution, Secretary of State Clinton said "We have to start looking at a national-security budget. We cannot look at a defense budget, a State Department budget, and a USAID budget without defense overwhelming the combined efforts of the other two, and without us falling back into the old stovepipes that I think are no longer relevant for the challenges of today." This position was reiterated in the QDDR (see below).

• Eliminate the Operating Expense (OE) account as a separate line item in the budget in the 150 account.

• **Recommendation:** Adopt the following procedures to improve relations:
1. The Executive should offer a "fenced" or consolidated National Security and Foreign Assistance budget that establishes appropriation levels for defense and foreign aid, including development assistance. In turn, the Legislative branch should consider the consolidated budget as a whole, maintaining the combined National Security and Foreign Assistance resources.
2. The Executive should consider joint guidance from the National Security Council (NSC) and Office of Management and Budget (OMB) that sets program goals, benchmarks and timing. Such guidance should be detailed enough to guide individual agencies.
3. Eliminate the Operating Expense (OE) account as a separate line item in the budget in the 150 account, as discussed in Chapter Four.
4. Align priorities of both branches under the actual budget processes, timetables, and accounts. Under one possible option, the Executive would submit to Congress an optional, revised Congressional Budget Justification (CBJ) closer to the time of Congressional legislative action on the pending foreign aid budget. This modified CBJ would reflect changes in

administration priorities, money transfers, and significant Executive branch policy adjustments that occurred after the President's budget was set late in the previous calendar year. This revised CBJ would allow both sides to identify where the most problematic differences remained prior to passage of the final appropriations and authorization bills. Some of these differences might be worked out in advance of enactment and reduce the often extensive and time-consuming consultation process that can dramatically delay program implementation after passage. A revised CBJ could also inform Congress of how the current-year program is operating, including the effects of reprogramming. Care must be taken, however, not to overtax the Executive branch with an overwhelming reporting burden. The Executive should view this as a last opportunity to justify resource realignment, not for launching new initiatives. Such new activities should require the submission of a budget amendment that would include a request for additional funds.

Recommendation 3.6
• Recommendation: Invest in a new unified accounting system for long-term planning, near-term budget formulation, current budget execution, and real-time and historical reporting for our development activities, regardless of organizational location. As elaborated on in Chapter Seven, coverage of the system would extend to all foreign assistance activities of all U.S. Government departments and agencies.
State and AID are undertaking a joint stream-lining exercise which may save 20-40,000 person days of work per year. Some of the reporting to be stream-lined involves planning, budgeting, tracking and reporting.
• Recommendation: Create a single point of contact within the U.S. Government for reporting to the public and the Congress on financial, program, and budget information.

Recommendation 4.1
• Recommendation: Substantially increase and better train the U.S. foreign assistance agency's direct-hire workforce. Merely to fulfill current mandates, USAID or its successor agency needs a substantially larger, better-trained workforce to reduce its dependence on PSCs. Restoring staff to a level twice that of current direct-hire employees would not be unreasonable.
In its final two years in office, the Bush Administration worked with Congress to implement the HELP Commission's recommendation to substantially increase and better train the U.S. foreign assistance agency's direct-hire workforce. The Development Leadership Initiative (DLI) is a multi-year effort to enhance the Agency's capability to effectively deliver U.S. foreign assistance and to increase its overseas presence. Substantial progress has been made in increasing the direct hire workforce; since 9/30/2007, the total direct hire workforce has increased from 2603 (Civil Service and Foreign Service combined) to 3635 (CS and FS). This compares to an on-board strength of 3406 in 1992. Under the DLI initiative, the Agency has hired more than 700 new foreign service officers.

• Recommendation: Adopt the best practices of modern human resources management within our nation's foreign assistance agency. In keeping with employee wishes for greater mobility, USAID should accept mid-career hires, unpaid sabbaticals, and other flexible employment practices, including granting employees the option to leave the Agency and then return.

With Congressional support, USAID has been able to increase the number of foreign service mid-career hiring, and has taken greater advantage of other hiring mechanisms such as the Presidential Management Fellows Program (14 being hired this FY), increased its use of Intergovernmental Personnel Agreements, fellowships and interns, and granted LWOP for employees to pursue educational programs.

Recommendation 4.2
• Recommendation: Lengthen overseas assignments of foreign assistance agency staff when feasible. Moving personnel from country to country or region to region on short rotations prevents foreign assistance staff from developing the level of expertise they need.
• Recommendation: Recruit and train the development agency workforce to the same standard of language and cross-cultural sensitivities as its counterpart in the Foreign Service at the U.S. Department of State. Provide sufficient funding for training in critical competencies.
• Recommendation: Train U.S. foreign assistance personnel in change management techniques.

Recommendation 4.3
• Abolish the OE account and replace it with a more accurate accounting process.

Recommendation 4.4
• Recommendation: Recognize contract personnel as key contributors to program success. Devote sustained high-level attention to the substance of program design, the selection of implementers, the post-award surveillance of performance, and the processes by which these are accomplished.
• Recommendation: Provide U.S. foreign assistance agencies with sufficient staff and related funding so that grant and contract operations can precede appropriately. Use transparent and competitive processes to the maximum extent possible, which will require a substantial increase in U.S. procurement personnel at USAID — perhaps as many as 125 additional people.

- **Through the QDDR process (see below) and USAID Forward (**http://forward.usaid.gov/ **) initiatives for reform, USAID raised these issues of how to best integrate the acquisition workforce into the planning stage of a project and into each stage of the development assistance process to better shape our procurements and to better streamline our processes.**
- **From these internal discussions and external consultations, USAID realized the need to strengthen the acquisition workforce overall. USAID is pursuing this now with a request in the Presidential Budget FY 2012 for a working capital fund to support a sustainable solution to match the acquisition workforce to levels of program funding appropriately, as well as support consistent trainings.**
- **Thanks to the USAID Forward reform efforts, USAID is initiating new trainings designed around better program design as well as increased understanding of Acquisition and Assistance processes and instruments.**
- **USAID is also expanding the authorities for increased warrants for some USAID Contracting and Agreement Officers. For example, it recently approved 54 warrant increases from $3 million to $5 million.**

• Recommendation: Limit the size, range of activity, and number of umbrella contracts and grants that are awarded. Ensure that large, multi-year, multi-million dollar projects are subject to full and open competition.

- **USAID Forward's Implementation and Procurement Reform efforts are dedicated to expanding USAID's partner base and increasing competition. In furtherance of this objective, USAID will:**
    - **Increase the number of awards reserved for U.S.-based small, disadvantaged and women-owned businesses;**
    - **Ensure that prime contractors and grantees provide more sub-grants or sub-contracts to small and start-up NGOs and small and disadvantaged businesses, and that these lower-tiered instruments are for substantive and technical components of the programs;**
    - **Increase the number of prime contract awards and percentage of total dollars obligated to U.S. based small and disadvantaged businesses and small NGOs; and**
- **Decrease both the number and/or dollar value of large indefinite quantity contracts (IQCs) and Leader with Associates (LWAs) and increase the number of full and open competitive, stand-alone contracts and grants awarded by operating units.**
- **In February 2010, USAID instituted a new process into its review of project designs prior to solicitation with this exact goal in mind. The Board for Acquisition and Assistance Review (BAAR) reviews USAID's larger awards to reduce our reliance on these types of awards.**
- **Since it began, the BAAR has reviewed 29 of the Agency's largest planned awards with a total estimated funding level of $15.9 billion. USAID split these 29 planned awards into 38 separate awards. Given that some of the IQCs had multiple prime awards, USAID was able to include 40 small business set asides.**
- **During this process, USAID also introduced a dollar threshold provision that requires any proposed IQC task order less than or equal to the threshold to be awarded to a small business, if they are capable of carrying it out. In addition USAID reduced the lengths of the awards so it could increase the opportunities for future competitions.**

• Recommendation: Harmonize procurement practices, guidelines, and policies across all major foreign assistance programs when possible, and incorporate state-of-the-art procurement practices. Adopt and enforce policies and procedures within the foreign assistance agency that: (1) are uniformly followed both in Washington and in the field missions; (2) resolve common contract and grant issues consistently; and (3) handle post-award interventions similarly. Such policies and procedures can be crafted to achieve the sought-after uniformity of process without compromising the ability of overseas missions to tailor development assistance to local conditions.

• Recommendation: Minimize "tied aid" procurement requirements. According to the Center for Global Development's publication "U.S. Assistance for Global Development," U.S. laws on development assistance require that "…70% of these funds must be spent on U.S. contractors and goods. This 'tied aid' may be good for the U.S. economy, but it substantially reduces the value of U.S. assistance by up to 25%, because poor countries are not permitted to purchase less expensive goods and services of equal quality elsewhere."

- **Blanket Waiver for Procurements by PIOs/Bilateral Development Partners: The Administrator approved a blanket waiver to authorize procurement in Geographic Code 935, any area or country, including the cooperating country, but excluding the foreign policy restricted countries, under grants to bilateral donors and PIOs as eligible in accordance with ADS Chapter 308. This waiver provides the Agency with more flexibility to engage with our development partners in instances where USAID determines that awarding grants to bilateral and multilateral development partners best accomplishes the Agency's development objectives.**
- **USAID's Administrator has signed a blanket waiver of source/origin/nationality requirements for procurement of goods and services up to $5 million per award to provide interim relief while the Agency revises the regulation through the public rule-making process.**
- **USAID is also working on processing a blanket waiver for source, origin, nationality issues. For certain types of needed vehicles to help sustain a program, this has become a significant point of inefficiency in the use of U.S. foreign assistance resources, incurring unnecessary time and expense.**

• Recommendation: Permit only direct-hire employees of the U.S. Government to write Requests for Proposals (RFPs) and Requests for Applications (RFAs), barring extraordinary circumstances.

USAID has strengthened its process for the Contract Review Board (CRB), an internal quality review panel that addresses all USAID awards above $25 million. USAID is hiring permanent staff to manage this quality review Board and creating standardized templates for acquisition actions to lead us to more consistency throughout the Agency. Results of the CRB reviews will also feed directly into decisions regarding both general and individual training recommendations for Contracting Officers that will address quality control and performance.

• Recommendation: Design new procurement processes and vehicles to help implement other recommendations of this Commission. Take into account through these processes the increased participation of recipient countries in their own assistance plans, as well as new efforts to monitor and evaluate the effectiveness of development assistance.

The USAID Forward initiative is moving precisely to implement this recommendation.

Host Country Government Partnerships
- **Objective 1 under Implementation and Procurement Reform addresses how USAID will move forward to provide more direct assistance to host country government institutions when appropriate.**
- **The goal is to increase use of reliable partner country systems and institutions that meet certain minimum standards; and enhance USAID governance programs in order to provide further support to partner countries in strengthening public accountability, including public financial management and procurement systems.**
- **USAID has already put in place a pilot program designed to assess risks with working within a host country government ministry, identifying weaknesses, and providing us with more knowledge to design appropriate programs.**
- **New guidance on the use of Partner Country Systems was released setting forth the approach and requirements for carrying out initial rapid appraisals of country-level fiduciary risks regarding public financial management.**

<u>Local Partnerships</u>
- **Under Objective 2 for Implementation and Procurement Reform, USAID is working to directly strengthen local civil society and private sector capacity to improve aid effectiveness and increase sustainability of development results.**
- **The goals include:**
  - **Work closely with our implementing partners to ensure that in all of our programs there is a focus on strengthening the capacity of local entities.**
  - **Build into implementing partners' agreements metrics to achieve capacity building objectives;**
  - **Increase the number of partners and percentage of total dollars through direct grants with local nonprofit organizations; and**
  - **Increase the number of partners and percentage of total dollars through direct contracts with local private businesses.**

• Recommendation: Enact legislation to include host country recipients, civil society, and government officials as substantive participants in the grant and contract scoring and award processes in order to ensure country ownership of the projects.

• Recommendation: Create a new business model for foreign assistance programs based on the following eight core principles:

    5.1-1 Principle 1: Understand that Development Must Be Locally Led and Owned
- **USAID Forward's Implementation and Procurement Reform is aggressively moving forward with this as a guiding principle. Objective 2, which focuses on building sustainable assistance programs directly with local entities and the local host government have achieved much in less than a one-year time frame.**
- **For instance, USAID now has Local Capacity Development teams in the field and ready to engage with Missions to expand their capabilities to work directly with the local organizations.**
- **USAID also issued revised policy guidance on the use of fixed obligation grants (FOGs), which allow grants with first time and higher risk recipients that have demonstrated technical capabilities. The new instrument has revised eligibility requirements, allows for advance payments under specific conditions and makes payments based on the completion of defined outputs or milestones. The Agency has already awarded FOGs for activities in Ethiopia, Sri Lanka and Benin.**
- **USAID also launched a pilot program under Objective 1 for risk assessments of host country government entities that will allow us to better determine where and how to engage with host country governments for the most effective solutions.**

    5.1-2 Principle 2: Acknowledge the Importance of Private Partners
- **Objectives 3 and 4 under Implementation and Procurement Reform specifically note this for large and small partners. USAID's goals under our USAID Forward initiative is to expand our partner base, including private sector and non-profit.**

5.1-3 Principle 3: Embrace Risk and Innovation

- **Administrator Shah is moving precisely in this direction. USAID is doing more risk assessments, such as the rapid risk appraisals of host country systems, so that it can understand the risks and then make educated decisions about how to approach them.**
- **Under USAID Forward, USAID also has an entire reform package focused on Innovation. Under this for example, USAID's Development Innovation Ventures are helping to attract global thought-leaders and social entrepreneurs to submit ideas and concepts.**
- **One of its many goals is to help reinvigorate USAID's culture for continuous learning and maximize the utilization and benefits of new innovations.**

5.1-4 Principle 4: Increase Flexibility

5.1-5 Principle 5: Reward Graduation

5.1-6 Principle 6: Focus on Programs that Will Lead to Economic Growth
President Obama's speech outlining his Administration's policy on development states _____

5.1-7 Principle 7: Concentrate on Results and Improve Monitoring and Evaluation
The USAID Forward initiative is moving precisely in this direction. On January 19, 2011, Administrator Shah announced USAID's new Evaluation Policy during his speech at the Center for Global Development. The evaluation policy sets out an ambitious recommitment to learn as we "do," updating our standards and practices to address contemporary needs. In an increasingly complex operating environment, the discipline of development demands a strong practice and use of evaluation as a crucial tool to inform our global development efforts, and to enable us to make hard choices based on the best available evidence. To read USAID's new Evaluation Policy, go to http://www.usaid.gov/evaluation/USAID_Evaluation_Policy.pdf

5.1-8 Principle 8: Support the Promotion of Democratic Principles and Recognize that Good Governance and Accountable Leaders Advance Development
USAID Does

Recommendation 5.2-1 Create an Initiative to Support Small and Medium Enterprises
• Recommendation: Provide technical assistance from the U.S. Government to aspiring small business owners in developing countries.
• Recommendation: Consider offering modest-sized U.S. Government loans, loan guarantees, and equity investments to support the growth of financial, commercial, and industrial enterprises. Require within the authorizing legislation that all investment capital be repaid to the U.S. Treasury. This is designed to spur increased job creation, and to lead to sustainable economic growth.
In November 2010 at the Seoul G20 meetings, the Obama Administration made a commitment to participate in the new global SME Finance Innovation Fund and SME Finance Challenge. Through this exciting global partnership, USAID will join with G20 members to support 14 private sector partners with innovative approaches to providing debt, equity and technical support with a goal of reaching tens of thousands of SMEs around the globe.

Among others, USAID support for Peace Divided Trust will enable local SME's to win disaster relief contracts, historically bid-out to large international firms. USAID will fund another NGO, Bid-Web to deliver cost-effective web-based technical support – linking emerging business with local equity investors. Financing for the Medical Credit Fund will open up much needed local financing for SME's providing medical services in their community, while the Entrepreneurial Finance Lab is working to develop a personality profile-based credit scoring methodology, which if successful, could unlock commercial bank financing for local entrepreneurs.

USAID is also playing an important role levering financing for small and medium enterprises from local commercial banks through the Development Credit Authority. Specifically….

Recommendation 5.2-2 - Create an Institute to Support Technology Research
• Recommendation: Create a new U.S. Government organization that can develop and apply innovative technologies to development problems in order to jumpstart research and development aimed at reducing global poverty.

<u>Development Innovation Ventures</u>. As part of its commitment to increase investments and engagement in cost-efficient innovations, USAID launched Development Innovation Ventures (DIV) as a way of producing development outcomes more effectively and cost-efficiently while managing risk and obtaining leverage.

Through DIV, USAID seeks to identify and rigorously test promising projects with the potential to significantly (rather than incrementally) improve development outcomes, and help replicate and scale projects that are proven successful. USAID/DIV expects its most successful of investments will have an accelerated growth path to reach tens of millions of beneficiaries worldwide within 10 years. However, USAID/DIV also expects that some of its investments may not produce projected outcomes or produce suboptimal outcomes. USAID/DIV manages this risk by staging financing to correspond with evidence of success, and USAID/DIV expects to learn from those projects that run into challenges. USAID/DIV will not fund basic scientific research or large engineering challenges. Instead, USAID/DIV's comparative advantage is its focus on innovations with direct application to the development practice.

USAID/DIV Supports Innovators By:
- Enabling external applicants to be partners in generating development solutions, rather than just implementation of development projects;
- Providing staged financing to support the process of developing and testing projects with the potential to significantly improve development outcomes.
- Developing, refining, and rigorously testing the impact of the ideas which prove most promising and can credibly replicate and scale to improve the lives of tens of millions of people in multiple countries;
- Focusing on rigorous measurement of to help USAID learn as much from high performing projects as those that run into challenges;
- Helping to transition to scale innovations for which there is either compelling evidence of a cost effective impact on the lives of beneficiaries that justifies the long-term use of public funds or a credible plan for long-run scaling using private funds without public support; and
- Valuing new partnerships which allow USAID investments to access and leverage the financial, staffing, ideas, expertise and distribution networks of others

Grand Challenges for Development is another new model for moving development forward

- **Achieve Scale — "Moving the needle" in development requires solutions that can be scaled and the mechanisms and incentives to achieve impact at scale**
- **Be Adoptable — the most important stakeholders in the Grand Challenges for Development initiative are individuals, families, and organizations within developing communities. Our approach to Grand Challenges for Development explicitly acknowledges and respects that development is about meeting needs.**
- **Be Sustainable — Success requires that scaled solutions be sustainable. Broad-based economic growth depends on productive collaboration among the public, private, and nonprofit sectors. Sustainable development must create the conditions in which solutions eventually require no outside assistance.**
- **Utilize 21st century infrastructure — the initiative will leverage leading edge technology and low-cost solutions.**
- **Example – Saving Lives at Birth – USAID, Gates, Norway, Grand Challenges Canada**
  - **The onset of labor marks the start of a high-risk period for both mother and baby that do not ease until at least 48 hours after birth. During this short period of time, 150,000 maternal deaths, 1.6 million neonatal deaths, and 1.2 million stillbirths occur each year.**
  - **There will be two types of grants: Seed Grants of up to $250,000 USD each to demonstrate proof of concept, and Transition Grants of up to $2 million USD each to support the transition to scale of promising innovations.**
  - **USAID has received over 600 applications and are in the process of selecting finalists.**

Scientific Partnerships: Leverage billions of dollars in science community. The Partnerships for Enhanced Engagement in Research (PEER) program competitively funds developing country researchers to collaborate with U.S. researchers funded by the National Science Foundation (NSF). PEER aims to build developing country research capacity through funding scientists in these countries while supporting projects critical to development objectives, in areas like food security, climate change, biodiversity, and global health. USAID is also working on developing or expanding partnerships with other federal science agencies, such as NASA, NOAA, USGS, USDA and NIH as well as the academic community.

Recommendation 5.2-3

• Support initiatives to permit greater local purchases of food aid. The Bush Administration has indicated the need to amend U.S. laws to increase the amount of food our nation's aid dollars provide by increasing the amount of food that is purchased from markets in close proximity to areas of need. The HELP Commission strongly endorses these changes in P.L. 480 to permit more local food buying.

Recommendation 5.2-4

• Recommendation: Overhaul, rejuvenate, and adequately fund Biden-Pell Development Education Programs, an initiative begun 27 years ago in order to promote better engagement of Americans and foreign nationals living in the United States regarding development issues.
• Recommendation: Clarify the intent of the statutory provisions (Sec. 539 of the Foreign Operations, Export Financing, and Related Programs Appropriations FY2006, as continued in

FY2007 and FY2008) that have, at times, been interpreted by Executive agencies to limit their ability fully to explain U.S. development activities to the American people. The Commission believes that this clarification would facilitate the government's communication with the American people aimed at raising their level of understanding about and support for foreign assistance.

5.2-5 Shore up Agricultural Development Programs
• Recommendation: Increase U.S. Government support for agricultural development programs that capitalize on our technological expertise, designed and implemented with partnerships between American and developing country organizations and based on the principles listed above. This is not a recommendation for specific earmarks for agriculture programs.
In April 2009, President Obama announced at the G-20 Meeting in London his intention to ask Congress to double U.S. agricultural development assistance to more than $1 billion in 2010. The initiative is now underway and has been called "Feed the Future". It embodies several ideas about how to go about development policy: for example, supporting country-owned programs, doing so in a comprehensive way; covering all the various parts of the agricultural development, agricultural productivity and food security issues; doing so in a coordinated fashion among donors so that instead of each doing scattershot programs, we're working together to fill the needs of the country-owned programs; leveraging multilateral institutions where appropriate; and making a significant and sustained financial commitment to the area.

5.2-6 Encourage Education to Build Human Capital
• Recommendation: Support education as an important component of development assistance.
In January 2011, USAID issued its new Education policy (http://www.usaid.gov/our_work/education_and_universities/documents/USAID_ED_Strategy_feb2011.pdf). This strategy ushers in a new era of evidence-based strategic guidance that will lead to more focused and collaborative education investments aimed at improving learning outcomes and institutional sustainability in our partner countries. It is an example of USAID's commitment to use development resources selectively, efficiently, and with greater accountability and impact. Administrator Shah stated in his introduction to the new strategy, "Where access to education has been secured, we must shift focus to the quality and relevance of learning. To achieve our goals, we must deploy the power of new technologies and promote the natural curiosity and entrepreneurial spirit of our young people. And we must do so sustainably and in close partnership with national governments, municipalities, civil society, the private sector, and most critically, with parents and children themselves. Together, we have the ability to eradicate illiteracy, provide safe spaces and learning opportunities for the most vulnerable children and create engines of economic growth through higher education institutions."

• Recommendation: Encourage U.S. citizens, be they farmers, business leaders, or local government officials, to help train their counterparts in developing countries, through exchange programs and other initiatives.
• Recommendation: Apply technological tools and other innovative new approaches to increase education and literacy in partnership with recipient countries.
USAID Education Office is moving precisely in this direction. As the Strategy states, "USAID is actively encouraging the use of science, technology and other innovations in our education programs. Examples of innovations include private financing and delivery mechanisms, higher education

partnerships, and a Grand (technology) Challenge: All Children Reading by 2020. Information and communication technologies can, for example, collect and transmit data by mobile phones to monitor real time teacher absenteeism, facilitate the delivery of instruction or learning materials through audio and video materials, radio, television, computers, internet, mobile devices, and improve access to communication technology through partnerships with communication service providers."

Recommendation 6.1-1
• Reduce the number of agencies responsible for development.

Recommendation 6.1-2
• Re-write the Foreign Assistance Act of 1961.

6.1-3 Improve Interagency Coordination
• Recommendation: Establish a high-level policy coordinating mechanism in the Executive Office of the President (EOP).
At the start of his first term in office, President Obama appointed Gayle Smith to serve as Special Assistant to the President and Senior Director for Relief, Stabilization, and Development, National Security Council. In addition, USAID has an expanded role in the Development Interagency Policy Committee (IPC) with expanded involvement in agenda-setting, participation, etc.

6.1-4 Link Authority and Accountability
• Recommendation: Vest both authority and accountability in the same decision-making structures. Ensure that those with the authority to set development policy are also accountable for its execution.

Recommendation 6.1-5
• Create a new structure for foreign assistance activities.

7.3 Provide Funds Based on Strategy
• Recommendation: Make realistic decisions on a country-by-country or region-by-region basis about strategic conditions; establish achievable goals for U.S. Government assistance to each developing country; and determine the cost of achieving these goals based on a long-term commitment with the partner countries.
The USAID Forward initiative's work to rebuild USAID's policy-making capabilities includes:
- **Providing the strategic basis for country-level budget allocation and programming decisions, linked to identification of priority development challenges and results.**

- **Streamlining and reducing planning and reporting burdens to enable our staff to spend more time thinking and acting strategically, designing and evaluating projects while working more closely with our host country and other development partners.**

- **Reestablishing, through project design, a rigorous, analytically based approach to achievement of results targeted in country-level strategic planning.**

Specific measures include the following:

- **Strategy and Program Planning**
  - **Country Development Cooperation Strategy (CDCS)**
    - **The Agency's commitment to a multi-year strategic plan based on strong analysis and an appreciation of the value of explicit priority-setting. USAID will work in collaboration with other agencies to formulate CDCS's that are results oriented and will partner with host countries to focus investments in key areas that shape countries' overall stability and prosperity. Currently, 20 USAID bilateral missions and one regional platform will develop a CDCS by June 2011, representing approximately 40 percent of USAID's FY 2013 budget.**
- **Project Design**
  - **Project Design Assistance Corps (PDAC) – to assist Missions in the design process and to provide greater support to the field in implementing the USAID Forward reform agenda**
  - **Streamlining**
    - **Mission Strategic Resource Plan (MSRP), Congressional Budget Justification (CBJ), Operating Plan (OP), Performance Planning & Review (PPR) will now all be integrated so not repeating information several times in different formats. Also, significantly reduced narratives and OP will be modified to serve as Congressional Notification (CN) for Congress. To the extent possible, USAID will reduce the lag time between appropriations and getting money to the field by having parts of narratives prepared and cleared for the OP used for CNs. USAID is automating this as much as it can, and eliminating the cut-and-paste work and minor tweaking of language that can be so time-consuming. Initial reforms will result in a reduction of approximately 20% of the staff time.**

- **Policy/Strategy Process**
  - **Evaluation Policy**
  - **Education Strategy**
  - **Development Policy for CVE and Insurgency**
  - **Climate Change**
  - **16 new demand driven proposals:**
    - **Economic Growth**
    - **DHG**
    - **Youth**
    - **Gender**
    - **Service Delivery in an increasingly Urban World**
    - **Donor Engagement**
  - **White Paper on Development**
  - **PPD Implementation – 20 agencies**
    - **Partnership for Growth (4 countries – El Salvador, Philippines, Ghana and Tanzania**

7.4 Make Promises We Can Keep

• Recommendation: Honor the U.S. Government's long-term commitments to international development goals and make only those commitments the U.S. is prepared to honor.

7.5 Consider Government Contributions beyond ODA and the Importance of Private Giving
• Recommendation: Develop strategies that better acknowledge and include the impacts from these very substantial private sector activities in developing countries. Create opportunities for the U.S. Government to invest in and partner with emerging local organizations and businesses in developing countries.
The USAID Forward initiative is moving precisely in this direction (see 4.4 above)

7.6 Create a Unified Policy, Budgeting, and Evaluation System
• Recommendation: Create an integrated policy, budgeting, and evaluation system for civilian foreign affairs to unify and integrate our nation's approach to strategy, budgeting, programming, and evaluation.
• Recommendation: Produce a Country Development Estimate (CDE) for each country assisted by the United States as a collaborative effort between the U.S. and recipient governments. Draw on the PRSP, which is already prepared by the host country in conjunction with the IMF and the World Bank, 10 in order to reduce the burden on the partner country. Consider aid recipients' relationships with other bilateral and multilateral donors as the CDE is developed.
• Recommendation: Create two new strategy documents, in addition to the existing National Security Strategy (NSS), that will articulate our nation's development and humanitarian goals in a comparable formal process.

    1. National International Affairs Strategy (NIAS): A derivative document of the National Security Strategy, this new document would further elaborate U.S. international affairs objectives on both global and regional levels as well as on a country by country basis. It would also outline government-wide capabilities and assistance needed to achieve these objectives. This strategy would cover all efforts funded by the International Affairs (150) budget function.

    On September 22, 2010, President Obama issued a Presidential Policy Directive on Global Development (http://www.whitehouse.gov/the-press-office/2010/09/22/fact-sheet-us-global-development-policy), the first of its kind by a U.S. administration. The policy is focused on sustainable development outcomes by placing a premium on broad-based economic growth, democratic governance, game-changing innovations, and sustainable systems for meeting basic human needs. When combined with the Administration's commitments to the G-20 including participating in the new global SME Finance Innovation Fund, this policy seeks to do more to help developing countries build vibrant private sectors.

    2. Quadrennial Development and Humanitarian Assistance Review (QDHR): Given their complexity, U.S. development efforts should be reviewed every four years to evaluate their effectiveness. This review should propose any needed changes to U.S. objectives and to how the government approaches them. The contents of this document should influence both the NSS and NIAS and should be modeled on the Quadrennial Defense Review. Reviews might also be conducted for other functions of civilian foreign affairs.

    On December 15, 2010, the U.S. State Department and USAID released a Quadrennial Diplomacy and Development Review (QDDR) (http://www.state.gov/s/dmr/qddr/). According to the State Department, the QDDR is an "assessment of how the Department of State and the United States Agency for International Development (USAID) can become more

efficient, accountable, and effective in a world in which rising powers, growing instability, and technological transformation create new threats, but also new opportunities."

7.6-3 Step 3: Improve Budget Formulation

• Recommendation: Create a Unified National Security Budget that includes both the Defense and International Affairs budget functions.

On May 27, 2010 at the Brookings Institution, Secretary of State Clinton said "We have to start looking at a national-security budget. We cannot look at a defense budget, a State Department budget, and a USAID budget without defense overwhelming the combined efforts of the other two, and without us falling back into the old stovepipes that I think are no longer relevant for the challenges of today." This position was reiterated in the QDDR.

• Recommendation: Provide National Security Guidance through a mandatory process to implement strategy through a biennial National Security Planning Guidance.

7.6-4 Step 4: Enhance Feedback through Continual Monitoring and Evaluation

• Recommendation: Reestablish an independent Office of Monitoring and Evaluation (OME) within the agency responsible for U.S. foreign assistance operations and provide it with sufficient funding to monitor and evaluate performance. Make this independent office accountable to Congress as well as to the Executive branch.

Administrator Shah created an Office of Learning, Evaluation, and Research within the new USAID Bureau of Policy, Planning and Learning (PPL). On January 19, 2011, Administrator Shah announced USAID's new Evaluation Policy during his speech at the Center for Global Development. The policy established agency-wide practices with respect to managing research (including adhering to principles of scientific integrity, data sharing, peer review, etc). To read USAID's new Evaluation Policy, go to http://www.usaid.gov/evaluation/USAID_Evaluation_Policy.pdf

Other components of USAID's efforts are:
- **Creating knowledge networks that meet the needs of specific technical communities**
- **Working with USAID's M Bureau and State Department's F Bureau to rationalize performance reporting/indicators.**
- **Transparency – All evaluations will be posted on web within 3 months; establishment of the Aid Foreign Assistance Dashboard**
- **Evaluation – Translate policy into Mission orders, conduct training, assign specialists and for policy implementation, SOWs, guidance for working in complex countries, working with initiative leads**

• Recommendation: Harmonize the reporting formats, benchmarks, and frequencies of the various government entities providing development or humanitarian assistance to eliminate unreasonable burdens on foreign assistance recipients.

• Recommendation: Collaborate with other donors throughout the world to adopt the good donor initiatives that have been established through multilateral agreements.

• Recommendation: Adopt best practices in monitoring and evaluation by working closely with the private sector, educational institutions, cooperatives, private voluntary organizations, and NGOs.

The USAID Forward initiative is moving precisely in this direction. On January 19, 2011, Administrator Shah announced USAID's new Evaluation Policy during his speech at the Center for Global Development. To read USAID's new Evaluation Policy, go to http://www.usaid.gov/evaluation/USAID_Evaluation_Policy.pdf The policy was developed by USAID staff with input from external experts and draws, in significant ways, on the evaluation principles and guidance developed by the OECD/DAC Evaluation Network.

• Recommendation: Ensure that evaluation strategies rely as much as possible on control groups and randomization, particularly as project settings become more mature and rich with data.
USAID's Evaluation Policy strongly embraces randomized control testing. As the Policy states, "Impact evaluations in which comparisons are made between beneficiaries that are randomly assigned to either a treatment or a control group provide the strongest evidence of a relationship between the intervention under study and the outcome measured."

• Recommendation: Consider new ways evaluators can assess projects, including using professional associations or accreditation agencies.

• Recommendation: Build, in collaboration with other bilateral and multilateral donors, the capacities of recipient governments to create and report on reliable baseline data.

7.6-5 Step 5: Work Closely with Congress to Improve the Funding Process

Recommendation 7.7
• If assistance is delivered in a new business model based on real partnerships; if the assistance is demand driven; if it creates lasting institutions and human capabilities; and if impacts can be responsibly monitored and evaluated, then our government should increase assistance funding substantially.