

THE PRESIDENTIAL POLICY DIRECTIVE ON GLOBAL DEVELOPMENT: A FIRST ANNIVERSARY ASSESSMENT

One year ago, President Obama signed the first Presidential Policy Directive on Global Development (PPD), heralding a new U.S. approach to alleviating poverty, eradicating disease, and promoting economic growth in poor countries. The PPD helped solidify the Obama Administration's commitments to elevating development as a tool of U.S. foreign policy and making U.S. foreign assistance more effective, building on the progress made under President George W. Bush.

In a speech announcing the new policy at the Millennium Development Goals Summit in New York, President Obama said: "My national security strategy recognizes development not only as a moral imperative, but a strategic and economic imperative...we are rebuilding the United States Agency for International Development as the world's premier development agency. In short, we're making sure that the United States will be a global leader in international development in the 21st century."

One year later — amidst famine in the Horn of Africa, continuing wars in Iraq and Afghanistan, and a vastly changed political landscape in the Middle East — foreign assistance has become more important than ever before. The United States' ability to influence events in this new environment will depend much more on development, diplomacy, and trade than in the past. Looming over all of these issues is the real threat of severe cuts to the International Affairs Budget, which would undercut both the reform agenda and a decade of U.S.-led efforts that have saved and improved millions of lives in poor countries. For all of these reasons, U.S. foreign assistance should and must be made more effective, so that we can get better results for every dollar spent.

In this atmosphere, it is well worth assessing the Administration's progress in implementing the PPD. The Administration has made strong progress in elevating USAID's voice in policy and resource debates, elevating sustainable economic growth as the core goal of U.S. development, and incorporating gender concerns into development policy and practice. These are important and significant steps forward. In other areas progress has been slow or stalled: ensuring development policy coherence, improving transparency, instituting selectivity, and enhancing country ownership. The Administration has not resolved fundamental issues about organizational structure and authorities among offices and agencies with development mandates, including PEPFAR, MCC, OPIC, USTDA, and the Departments of State, Treasury, Defense, and Health and Human Services, as well as State and USAID's responsibilities in crisis and conflict operations.

PPD Highlights

In key areas, the Administration has made strong progress in implementing the PPD:

- **Modernizing and Strengthening USAID:** The USAID Forward reform agenda that was launched alongside the PPD is one of the most substantive and concrete efforts underway across government to implement the new policy. The creation of a new Office of Budget and Resource Management was a positive step toward increasing USAID's voice in resource debates, while making the agency more responsible and accountable for the resources under its control. The new Bureau for Policy, Planning, and Learning filled a similar void by reinstating policy and strategic planning capacity at the agency. This has led to a new focus on research and analysis and the launch of a new agency-wide evaluation policy, both of which are also strong steps toward better results and greater accountability. While additional efforts will be necessary to integrate these new entities into USAID's infrastructure, their creation helps reinforce USAID's independence and influence.
- **Economic Growth:** The Obama Administration has taken steps toward elevating sustainable economic growth as the core goal of U.S. development activities, as called for in the PPD. The Partnership for Growth (PfG), a ground-breaking framework that is reshaping cross-agency U.S. engagement in four developing countries, is a strong manifestation of the Administration's pledge to engage in an approach to development that aims for "partnership, not patronage." While the PfG is still in its infancy and little public information is available, indications are that this process is yielding not only new and better avenues for coordination of development policy within the USG, but also new ways of engaging developing country governments in ensuring that U.S. activities and policies respect and address developing country priorities. Evidence of renewed focus on

economic growth is also evident beyond the PfG. In the aftermath of the Arab Spring uprising in Egypt, U.S. leaders pledged robust support centered on economic growth in the form of the U.S.-Egypt Enterprise Fund, OPIC's Middle East investment facility, emergency economic assistance, letters of credit from the Export-Import Bank, qualified investment zone (QIZ) creation, and region-wide diplomacy on economic integration. The Administration's strong support for Feed the Future, and its emphasis on supporting the infrastructure and investment needs of Middle Income Countries, demonstrated renewed dedication to pursuing broad-based economic growth.

- **Gender:** True to the PPD's focus on elevating gender concerns in policymaking and program execution, the Obama Administration has made progress on this issue. Secretary of State Clinton and USAID Administrator Shah continue to highlight the importance of gender publicly and to seek to integrate gender throughout our diplomatic and development policies and activities. USAID has created two new positions — Senior Coordinator for Gender Equality and Women's Empowerment and Senior Gender Advisor in the Policy, Planning, and Learning Bureau — to oversee the agency's work. USAID has also made gender a core component of its new program evaluation and human resource promotion policies and is reviewing its gender policy for the first time in 30 years.

Priority Areas for Action

Below we outline four priority areas for action to accelerate implementation of the PPD:

- **Organizational Authority and Structure:** USAID is still far from becoming "the U.S. government's lead development agency," the goal set by the PPD. Despite the steps taken to strengthen the agency, fundamental issues about organizational structure and authorities have yet to be resolved. The Office of the Global AIDS Coordinator (OGAC), which has statutory authority for America's dominant foreign assistance program — the President's Emergency Plan for AIDS Relief (PEPFAR) — remains under the State Department, and no clear benchmarks have been developed and made public to determine whether and when USAID will take over the leadership of the GHI — as called for in the QDDR — and assume responsibility for and authority over the largest portion of U.S. poverty-focused development assistance.
- **Country Ownership:** While the new Partnership for Growth is the premier manifestation of the economic growth focus of the PPD, it is unclear to what extent PfG country-level input encompasses non-governmental actors as well as elected officials. Reports from the field are that country-level PfG consultations are not fully inclusive of civil society and private business sector voices. In addition, if PfG aims to truly achieve broad-based economic growth in these countries, the Administration must include social analysis, including gender, in determining the constraints to economic growth. The same is true for the new Country Development Cooperation Strategies being prepared under the leadership of USAID. While MFAN commends the adoption of a more strategic and country-focused approach to determining development funding priorities, indications from the field are that there are no guidelines or set processes governing how to meaningfully incorporate non-governmental actors into the process of determining developing country priorities. Civil society and private business sector participation during the creation of the country strategies and throughout the development process, as well as increased support for building the capacity of local organizations to implement programs, will help ensure U.S. development efforts are long term, sustainable and responsive to local needs.
- **Civil-Military Balance:** In a budget environment in which security-focused foreign assistance programs are on a stronger footing than humanitarian and development assistance programs, the issue of civil-military balance must be addressed. The Department of Defense (DoD) remains heavily engaged in the delivery of U.S. development assistance, despite repeated assurances that the majority of these efforts would be transferred to civilian management. Moreover, the U.S. military's role in the development space has been safeguarded through numerous budgetary authorities and administrative structures for use in stabilization and reconstruction operations rather than appropriating funding directly to civilian agencies like USAID. Although the QDDR modeled itself on DoD's similar Quadrennial Defense Review, it did not expound on the issue of how to improve and increase coordination with DoD in conflict areas. Similarly, the PPD notably failed to address this critical issue in a meaningful way. As the U.S. military missions in Iraq and Afghanistan wind down, the White House must weigh in on how and when DoD's role in development initiatives should evolve from central to supportive.
- **Congressional Engagement:** More robust engagement with Congress is essential if the Obama Administration hopes to make reforms durable by giving them the force of law. It is also essential to building a strong policymaker consensus around the importance of development. The Obama Administration should nominate a capable person to fill the long-vacant position as head of USAID's Legislative and Public Affairs Bureau, and

begin a process of working with Congress to rewrite outdated statutes that govern foreign assistance, including the Foreign Assistance Act of 1961, which has not been updated in decades. Both Democrats and Republicans on the House Foreign Affairs Committee have introduced legislation or expressed interest in working together and with the Administration on these issues.

Other Areas for Further Improvement

In other areas, initial progress has not yet led to the desired follow-through:

- **Development Policy Coherence:** To ensure policy coherence during implementation, the PPD called for: a regularly updated U.S. Global Development Strategy to be approved by the President; the creation of a U.S. Global Development Council of outside experts to advise the White House; and the reestablishment of an interagency coordinating committee on development. While the interagency committee has continued to meet under White House leadership in the past year, it is unclear to the public how this mechanism is fundamentally transforming flawed interagency coordinating mechanisms. One year later, the Global Development Council has not been formed, and the Administration has failed to produce a timeline for the formulation of a comprehensive Global Development Strategy.
- **Selectivity:** The PPD clearly stated that the United States “cannot do all things, do them well, and do them everywhere,” but not enough tangible progress has been seen in the allocation of resources to satisfy this construct. While Feed the Future and the Global Health Initiative are a step toward sector-level prioritization, the Administration has done little to address selectivity more comprehensively — i.e., fundamentally realigning budget priorities around a smaller set of objectives and geographic areas.
- **Transparency:** The creation of the Foreign Assistance Dashboard, which publishes data from USAID and the State Department on where foreign assistance resources are going, was a positive first step towards increasing transparency. However, there remains a need to provide more comprehensive information to the American public, policymakers, and global partners. For example, agencies other than the State Department and USAID that are involved in foreign assistance, such as the Treasury and Defense Departments and the MCC, must be included, along with more granular detail on specific programs and projects.
- **Field Coordination and Authority:** While the PPD is clear that “In the field, the Chief of Mission [CoM] will ensure the coherence and coordination of development cooperation across U.S. agencies,” in practice, many CoMs lack the development experience necessary to manage a remarkably complex duty. In order to ensure cross-cutting engagement that builds on best practices in development and prioritizes USAID’s role, the Administration should clearly articulate how USAID Mission Directors will provide guidance to CoMs in the execution of these responsibilities.
- **Conflict and Crisis Operations:** Although the PPD and QDDR pushed for a more coherent and cooperative approach to conflict and crisis operations between the State Department and USAID, there is scarce detail and no clarity provided about how this will work in practice. The State Department’s nascent Under Secretariat for Civilian Security, Democracy, and Human Rights and Bureau for Conflict and Stabilization Operations are likely to dramatically reconfigure the U.S. government’s approach to conflict prevention and crisis response, but a specific timeline and substantive information on how it will be integrated into a current mechanism for stabilizing fragile environments has been lacking. As presently constituted, the QDDR’s lead agency model for crisis response creates confusion, as its distinction between “humanitarian” and “political” crises provides little practical clarity on who should lead, given that most complex crises inherently pose both humanitarian and political challenges. Moreover, the QDDR’s vision for an expanded “operational” role for State in crisis response seems merely to duplicate existing capacities at USAID. The implementation of the QDDR would greatly benefit from a clear framework for resolving conflicts between near-term and longer-term policy priorities in transitional settings.

MFAN is a reform coalition composed of international development and foreign policy practitioners, policy advocates and experts, concerned citizens and private sector organizations. MFAN was created to build upon the bipartisan consensus that has emerged over the last decade that the U.S. should play a leadership role in achieving economic growth and reducing poverty and suffering around the world, and that we can play this role more effectively, efficiently, and transparently. In 2011-2012, MFAN will monitor and encourage the Administration’s development policy reform agenda and support action in Congress to achieve bipartisan agreement and legislation in support of reform.