OBAMA-BIDEN TRANSITION PROJECT

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IMPLEMENTATION OF ASSISTANCE

GOAL: To improve the planning, design, responsiveness and delivery of U.S. humanitarian and development assistance through greater coherence across USG development actors, expanded local and country involvement, increased effectiveness through an emphasis on long-term planning and program continuity, and more effective coordination with the policies and programs of host country governments and other donors.

SUMMARY

PROCESSES: The steps involved in delivering humanitarian and development assistance take place in four distinct stages:

- Problem Identification – Identification and definition of the development need;
- Project Design and Planning – Selecting the technical intervention;
- Procure Needed Goods and Services – Determining the appropriate funding mechanisms, soliciting proposals, and disbursement of funding from headquarters to the field; and
- Project Management and Results Reporting – Tracking of project outcomes, monitoring of project requirements against objectives, accounting for changing conditions, evaluating need for project redesign or extension, and reporting results to headquarters, Congress, and other stakeholders.

STEPS TO IMPROVED PROCESSES:

- Transparency – Greater transparency at all stages will allow for broader stakeholder input and ownership, better understanding of program strategies and designs, enhanced synchronization with recipient countries' national development strategies and other donors' programs, as well as improved understanding of – and realistic expectations about – development successes, key constraints, and outstanding challenges.
- Flexibility – Increased flexibility will make U.S. assistance programs more dynamic and responsive to evolving country circumstances, beneficiary needs, and U.S. development priorities.
- Time – U.S. Government (USG) development professionals are overburdened with reporting requirements that detract from the management and oversight of activities, and these responsibilities are increasingly being passed on to implementing entities and their local partners. Streamlining decision making and eliminating nonessential paperwork and bureaucratic tasks will permit both USG and implementing entity staff to devote more time to program implementation.
- Staffing – Provide adequate staffing and training, with an emphasis on enhanced resources in technical areas, so that the development agency has the human

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resources and technical capacity to fulfill its responsibilities in each stage, from planning to program management and M&E.

- Harmonization and Consistency – The harmonization of rules and procedures across USG development programs and agencies, and the provision of common training across and within agencies, will reduce program and agency-specific policy conflicts and lead to greater coherence across U.S. development assistance. To the extent possible, work to harmonize reporting requirements and procedures with other donors or develop the means to repurpose information to minimize the burden on host country governments, implementation entities, and their local partners.

ANALYSIS

PROBLEM IDENTIFICATION – Identify the Development Need. Based on a careful needs analysis and consultation with beneficiaries, the host country and other key stakeholders identify the root causes, available resources, and binding constraints associated with key development challenges, including linkages with the strategic priorities of the national government, USG regional, national, and sectoral development plans, and initiatives undertaken by other donors. Undertake a value-chain analysis, including an inventory of existing development initiatives, to determine which existing programs and authorities are available, and what new program requirements will be required during the course of the program design phase.

Recommendations:

- **Make the strategic planning process more transparent**.
  - Engage the broad community of stakeholders in defining the problem and identifying linkages with other strategic priorities.
  - Publish the strategic plan, with details on proposed interventions, to inform the host country, beneficiaries, potential implementers, other donors, and the general public about where the USG will be investing public resources. The MCC provides a useful model.
  - Make additional strategic planning information available in a timely manner, enabling both incumbent implementers and new entrants, especially small and medium-sized implementers, to make more effective use of scarce proposal development resources in competing for awards.
  - Synchronize program activities (relief to development) to avoid gaps in performance and support that are detrimental to the ability of implementing organizations and their local partners to sustain their performance capacity.

- **Streamline programming process to reduce time and staffing demands**. USG technical staff spend an inordinate amount of time justifying programs and budgets every year, often at the expense of program oversight. Similarly, the USG's implementing partners bear a

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weighty administrative burden for programs with one-year funding cycles (e.g., OFDA, PEPFAR, etc.), which require annual proposal submissions and constant reporting, and are often duplicative. In each case, these requirements stifle creativity and limit time spent on actual program implementation.

- **Establish a mechanism for quickly re-programming resources** in response to changing circumstances in the field (e.g., civil unrest, natural disaster, changing recipient country priorities, availability of new resources, entry of new development actors, etc.).

- **Collaborate with other donors**, in coordination with the host government, on problem identification, program design, selection of funding mechanism, and monitoring and evaluation (M&E).
    - Establish common definitions of problem and, with other stakeholders, agree on performance metrics and the definition of success, etc.
    - Avoid duplication of effort by harmonizing what are now separate and disparate instruments and uncoordinated M&E efforts.
    - Create and adequately staff a new independent office for evaluating aid programs across all agencies and programs.

- **Ensure that all members of the USG implementation team are involved in program planning** (Program, Technical, Finance, Contracts/Grants, etc.). Encourage information sharing to ensure that subsequent decisions are better informed and made more quickly. Seek partner input as much as possible, to take advantage of multiple knowledge centers.

PROJECT DESIGN AND PLANNING – Select a technical intervention. Based on known best practices, identify the approach that is most responsive to specific development/relief needs.

Recommendations:

- **Develop greater understanding and awareness of latest technologies and approaches** by supporting venues for richer dialogues between the USG and the implementing community.
    - Invest in knowledge management and research, and in professional skills development for USG staff and implementing partners.
    - Organize regular conferences and "trade shows" that go beyond USG "talking heads." Engage different perspectives from stakeholders such as donors, implementers, academia, host governments, and civil society to discuss current trends and promising approaches or technologies. (Examples include state-of-

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the-art conferences on IT, Security, HIV/AIDS, etc. See appendix 1 for more detail.)

- **Develop capacity of USG staff to more effectively define statements of work and program descriptions**.
    - Create training programs that give USG development professionals a greater understanding of the development problem to be addressed, the available technical interventions at their disposal, and the communications skills required to effectively relate to beneficiaries, implementing partners, and stakeholders.
    - Continue the practice of publishing draft solicitations. Encourage feedback from and interaction with development partners in a manner that facilitates the piloting and rapid deployment of innovative approaches while providing safeguards for the protection of proprietary information.
    - Develop templates that will directly translate information on background, results and metrics from program documents into work requirements to assure accurate targeting and greater transparency of development investments.

- **Expand the inventory of funding instruments** that promote greater flexibility, account for the presence of other funding sources, and allow the pooling of funds from multiple sources.
    - Develop clear guidance on what funding instruments fit certain circumstances, accounting for the comparative advantage and capacity of potential implementing partners.
    - Develop more appropriate risk management strategies that promote country ownership by allowing and encouraging greater reliance on recipient country mechanisms when those countries have adequate capacity.

- **Harmonize interventions** across the spectrum of U.S. development actors and programs and with other donors.
    - Authorize co-mingling of USG resources with that of other donors to permit more efficient management of resources by implementers.
    - Monitor USG mechanisms in an integrated manner and empower a single USG official to monitor multiple USG awards in the field.

PROCURE NEEDED GOODS AND SERVICES – Determine the appropriate funding mechanisms, solicit proposals, negotiate, and select an awardee that has the technical expertise and capacity to accomplish the humanitarian or development objective effectively and efficiently.

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Recommendations:

- **Hire more staff**, both contracting and technical, to effectively implement the USG's business models. Prioritize the hiring of local national staff to more effectively manage programs in the field. Identify opportunities for the strengthening of host country capacity for managing procurement with the goal of advancing greater local ownership.

- **Identify and eliminate unnecessary approval requirements**. Adjust the role of USAID personnel to reflect current personnel resources and expertise limitations. Promote a cultural change so that USG development professionals focus on key decisions and approval of systems, not micro-management of minor issues.

- **Regularly publish and update** procurement plans for USG foreign assistance by sector and region, including awards of IQC Task Orders and Associate Awards under Leader with Associate Awards. Systematically publish requests for task order proposals.

- **Provide information publicly on program implementation** so partners know of the USG's achievements and best practices.

- **Make awards long-term** (e.g., 5-year renewable contracts and agreements) to allow sufficient time to achieve sustainable results, reduce transaction costs, and provide implementers with the incentive to address complex challenges through innovative solutions that are not contingent upon strict requirements to demonstrate "immediate returns on investment."

- **Describe in each solicitation why a particular acquisition or assistance mechanism is being used** (i.e., contract or grant), taking into account the comparative advantage and capacity of different development partners, beyond merely asserting that assistance is to support a "public purpose."

- **Develop a better understanding of the implementing community** by capturing and reporting complete and accurate data on procurement (acquisition and assistance) transactions. Supplement federal government-wide reports found in fpds-ng.gov with foreign assistance specific reports on transactions by sector and region.

- **Allow implementing partners to bear a heavier risk burden, given that that the USG out-sources risk and has zero tolerance for financial deficiencies**. Implementing instruments must be calibrated to balance risk and oversight, and should allow for management prerogatives to handle risk without severe penalties.

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- **Reduce the cost of regulatory compliance (training, systems, oversight), and risk of non-compliance**, by establishing a unified set of rules and regulations for all foreign assistance funds. Establish a task force to identify issues and draft policies and procedures that expedite the process of designing and managing development programs across USG development actors. Keep these policies relevant and effective through a consultative process with the implementing community that has the standing of an Advisory Council (such as ACFVA). Assure the unified rules contain special authorities that enable the USG to approve exceptions to requirements in response to circumstances encountered in the field.

- **Taking the previous recommendation one step further, "harmonize" rules and regulations with other bilateral and multi-lateral donors**. Promote the adoption of model agreements developed through consultation with multiple donors. Donors, in turn, decide whether or not to accept the standard agreements.[1]

- **Streamline competitive selection process** to minimize cost to USG and potential implementers.

- **Promote the greater use of pre-qualified applicants, offerors and commercial practices** (FAR Part 12).

- **Double the number of USAID staff and train them** so that the agency is not forced to bundle multiple awards into consolidated procurements that are difficult to manage and discriminate against development partners that lack the capacity to manage large awards or contracts.

- **Streamline separate awards** from multiple agencies, bureaus, and offices when they go to a single implementer operating in a country or geographic region. Modify a recipient's award to accommodate other funding sources (e.g., create a single award to a particular implementer for its activities in Sudan, rather than separate agreements from OFDA, OTI, FFP, AFR).
    - Concentrate responsibility with a single Contracts Officer or Agreements Officer for a country/region.
    - Concentrate responsibility with a single CTO with representatives for each program area making recommendations for actions/approvals/acceptance.
    - Promote greater flexibility and responsiveness by encouraging in-country missions and their implementing partners to combine funding from multiple sources, eliminating bureaucratic restrictions and stove-piped approaches to funding that hinder implementation of U.S. foreign assistance.

[1] The International Federation of Consulting Engineers [FIDIC] provides a useful model. Its national councils participate in a worldwide congress to establish provisions and clauses for its construction contracts.

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PROJECT MANAGEMENT AND RESULTS REPORTING – Implement the proposed intervention, assuring effective oversight, and report on the results.

Recommendations:

- **CTOs should spend the majority of their time on post-award monitoring and management,** rather than on pre-award administration.

- **Provide development programs with adequate staff in the field**, especially technically qualified and trained local nationals.

- **Train and mentor USG development professionals to monitor awards** in a manner appropriate to the business arrangement (contract, grant, cooperative agreement, etc.).

- **Require Post-Award conferences** with all appropriate parties to the award.
    - Establish common objectives, communication standards, clear relationships, means of identifying, elevating and resolving problems, etc.
    - Establish a more trusting relationship, getting beyond "us versus them" perceptions that focus on compliance with rules and regulations at the expense of the accomplishment of the development objectives.

- **Create a system for tracking program results and expenditures by country, geographic region, or functional program area when awards are spread across multiple agencies** (see Sudan example on pg 5). The integration of programs across offices, bureaus, agencies and departments is impeded by the need for those entities to justify their budgets through a demonstration of immediate returns. Accordingly, implementers with integrated programs in a single award must be able to track results and associated funds/costs back to the source of funding. The costs for specific results/metrics must be tracked sufficiently to justify the development investment.

- **Implementers must complement the transparency of the program development and procurement stages** by publicly disclosing information about costs and associated development/relief results. This information informs potential offerors for anticipated follow-on activities or extensions. Solicitations for these follow-on activities ought to be open for transparent public competition, further leveling the playing field.

- **Create and adequately staff a new independent office for evaluating aid programs** across all agencies and programs.

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NOTE ON DONOR COORDINATION

- **To the extent possible, the USG should collaborate with other donors (bilateral, national, private)**, in coordination with the host government, on the activities of planning, program design, procurement, and project management identified above.
    - Establish common definitions of the development problem and, with stakeholders, agree on performance metrics and the definition of success, etc.
    - Avoid duplication of effort by harmonizing what are now separate and disparate instruments and uncoordinated M&E efforts.

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Appendix 1: Improving the Consultative Process between the USG and Its Grantees and Contractors

Objective: An effective consultative process between government and its grantees and contractors (the implementing community) ensures an open, transparent and ethical exchange of information regarding government requirements and the implementing community's capability. The value of this two-way information flow is to create greater awareness and understanding of the needs of beneficiaries, leading to more competition and higher-quality proposals. It also encourages exchanges regarding best practices and innovative approaches which can inform the development of sound technical requirements by government.

From the government side, the steps and measures needed to establish a strong consultative process would include regular and clear communications that:

- Describe in broad terms the government's priorities with respect to geographies, countries, and sectoral issues;
- Articulate key development challenges and U.S. objectives;
- Discuss operating constraints such as earmarks or changes in notification requirements;
- Engage industry in technical exchanges to develop and explore new and innovative approaches to pressing development issues;
- Present an overview of resource allocations with respect to bureaus, countries and functional accounts; and
- Provide early notification to implementing partners regarding specific procurement opportunities, while maintaining procurement integrity.

The ready availability of such information will allow implementing partners to better understand and prepare for specific procurement opportunities, which leads to greater competition. Additionally, a great deal of technical expertise resides within the community of implementing partners. Both the implementing community and the USG would benefit from structured discussions regarding alternative approaches to addressing specific development challenges. For example, are there best practices or promising new approaches to job creation in post-conflict countries? This information can then be used to inform the development of technical requirements for new procurements.

On the other hand, competition is stifled when information flows are weak or incomplete. The failure to share information broadly can lead to a competitive advantage for individual implementers that have a strong ongoing relationship with government decision makers. Furthermore, the technical requirements within the procurement document may not reflect the knowledge or hard-won experience of implementing partners leading to repetition of failed approaches.

USAID Current Status: The current status of the dialogue between USAID – the primary USG development assistance agency – and the implementing community is a mixed bag. USAID's Procurement Forecast was recently reinstated but it proved to have

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very poor predictive value regarding the agency's actual requirements. Online information regarding country strategies and budgets is incomplete and often dated.

From the implementing community's point of view, advanced knowledge of potential procurement opportunities is imperative in order to prepare properly. The term "bluebird" is used by grantees and contractors to describe opportunities that only become known when the procurement document is issued. Chasing down bluebirds is not generally regarded as a sound business development strategy, and USAID does not always recognize the critical importance of advanced notification.

The willingness of individual USAID officials to discuss opportunities that are in the planning stage varies widely. It is not clear whether there is any consistent training on this point. While the FAR encourages the sharing of information with implementing partners at the earliest possible opportunity, many officials, particularly more junior officers, decide the safest course is to say nothing at all.

Different parts of USAID have dealt with the issue of establishing a dialogue with implementers around best practices and promising new approaches, with varying degrees of interest and effectiveness. USAID's recently created Global Development Commons is an effort to harness technology to improve collaboration between USAID and its implementing partners but, overall, the net result is a patchwork of events and activities with very uneven coverage across the major technical areas.[2]

Other Experience: The issue facing USAID is not at all dissimilar from the challenge faced by other entities within the USG. There are many other agencies and departments that, like USAID, outsource much or most of their work. It may be that there are valuable lessons or models that could be used to improve USAID's efforts in this area. While there are important differences in the types of services that USAID obtains, the basic task of acquiring services under the FAR is the same for USAID as for other parts of the USG.

For example, some USG agencies and departments make extensive use of Request for Information (RFI). This is a great technique for identifying the key players with respect to a particular issue and gaining insight on alternative approaches to thorny technical problems. The intent is to incorporate community-wide best practices into a new solicitation document. The RFI helps ensure that the government understands the implementing community's capabilities.[3]

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[2] Micro-enterprise development, on one hand, has an active breakfast seminar series. Invitations recently went out for seminar number 35, which engages technical experts from the implementing community and USAID in a dialogue around critical issues. The EGAT Bureau in contrast has had approximately two partner days to discuss broad economic growth issues within the past five years.

[3] A defense agency recently issued an RFI to understand best practices in the private sector regarding network protection, which required only a 5-page response. Selected firms were invited in to expand on their approach.

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Other examples involve issuing draft scopes of work based more on performance requirements rather than a specified solution. This approach allows innovation to take place in advance of the procurement. While the implementing community is sometimes hesitant to share intellectual capital over concerns that it will become available to competitors, they are often willing and able to provide comments that enable their own solution. The benefit to government is that it does not inadvertently write requirements in a way that limits competition or precludes an innovative approach.

"Partner days" are another way of furthering the dialogue with the implementing community, as well as creating networking opportunities that help foster healthy and ethical working relationships. Partner days can take a variety of forms. Some allow the government to set out a broad statement of its needs and requirements; others focus on a specific technical area, such as health or micro-enterprise. Panel discussions can draw together thought leaders from government, industry, academia, and civil society to explore recent developments in a specific discipline. The impact of such events can be amplified using technology to share information and knowledge.