Principles in Practice

Lessons from Civil Society and Operational NGOs: Encouraging Closer Collaboration and More Effective Partnerships with USAID

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Introduction

U.S.-based Non-Governmental Organizations (NGOs) engage communities across the globe to build prosperity and help people rise from poverty. U.S.-based NGOs are at the forefront of providing humanitarian and development assistance to those in need. NGOs are mission-driven nonprofits and their incentives are to save lives and provide for better livelihoods. NGOs have refined their methods and have adopted strategies and best practices to maximize benefits from scare resources. NGOs work in the world's most inhospitable environments – where help is needed the most. Nonprofits have built historic relationships with local partners and have unique perspectives and expertise that have a positive impact. There is a long and storied history of close collaboration and co-creation with the US government in responding to humanitarian disasters and promoting development over the years.

As U.S.-based NGOs adapt, so should the relationships between nonprofits and the U.S. government in ways which provide stability and support to our continuing work across Administrations and challenges. As global needs continue to rise due to manmade crises, famine, economic hardships, and health epidemics, NGOs seek closer collaboration with and direction from the U.S. government. When NGOs bring their own substantial resources to U.S. government efforts and resources, U.S.-based NGOs add exponential value, and more people are reached and given hope and opportunity.

Summary

The U.S.-based NGO community is encouraged by USAID's Redesign and Transformation efforts. They will make U.S. assistance more effective and efficient, as well as enable the best use of taxpayer funds. USAID's role is pivotal in the advancement of U.S. defense, development, and diplomatic efforts. As the world rapidly changes, it is natural for U.S. agencies to address challenges, alleviate bureaucracy, and to adapt to changing circumstances. This includes periodic restructuring which USAID has undertaken under prior Administrators. USAID's current leadership efforts provides an opportunity for the agency to renew its foundation – one built on success – and benefit millions across the globe.

Implementing partners, including InterAction community members, recognize the opportunity to better engage with USAID. This will enable more efficient and effective assistance and amplify and leverage scarce resources so that increasing demands are met to the best of our ability. To build an ever-more successful USAID, provide more opportunity for implementing partners, and assist beneficiaries, the InterAction community suggests USAID prioritize its efforts to:

- Maximize the relationship between U.S.-based NGOs and USAID, so that more resources go to those in need in the best way possible and that NGOs have an inclusive role in partnering with USAID in determining assistance priorities and application of effective practices.

- Alleviate the obstacles and burdens faced by USAID staff and implementing partners; and

- Create a climate of success for civil society, including the promotion of lasting relationships between U.S.-based NGOs and local civil society partners, especially when assistance efforts are self-led and where government and civil society partners are accountable.

InterAction kindly makes the following recommendations:

1. Redefining "Partnerships"

Recommendation: Establish NGOs and civil society as preferred assistance providers.

The role of civil society in foreign assistance continues to evolve. Governments and intergovernmental organizations are no longer the primary global actors or the sole source of assistance. In today's inter-connected world, philanthropists, foundations, nonprofits, academic institutions, and others partner hand in hand with local civil society and beneficiaries to collaborate and offer humanitarian and development assistance. Today's assistance is provided more quickly, from more sources, with more checks and balances – and is capable of greater results.

Despite reform efforts in the past decade, USAID's engagement with implementing partners remains transactional, with a growing preference for contractors versus other partners. As reported by the Economist, "nearly a quarter of USAID spending in 2016 went to for-profit firms, a share that was two-thirds higher than in 2008."[1] USAID's procurement models are focused on compliance instead of results, are slow, and burdensome.[2] These current approaches are prohibitive to NGOs and eliminates linkages based on moral, ethical, and traditional values. USAID must recognize NGOs as more than vendors which provide services, but as preferred providers with valuable relationships that transcend borders and connect values across cultures. U.S.-based NGOs bring special contributions which often include their own critical funding, established local networks, assistance expertise, and representative of involved and caring U.S. constituencies.

Funding vehicles affect the extent to which parties to the agreement are fully involved in the design and delivery of project services and are mutually accountable for achieving planned outcomes. Assistance instruments complement and support best practices in sustainable development and capacity strengthening in many ways: by creating greater opportunities to engage local entities and strengthen their capacity; by cultivating local participation and ownership; and by partnering with other organizations as recipients or sub-recipients of federal funding, rather than as contractors or sub-contractors to USAID. As USAID retools further to address more challenges, it should raise the level of partnership and engagement with the NGO community - strengthening where we work well and often and rebuilding cooperation in sectors which have stalled.

Case Study: Public Purpose of Support

The Federal Grant and Cooperative Agreement Act (FGCAA) of 1977 provides the U.S. government with clear delineation of what constitutes an assistance award, versus an acquisition award. This distinction is vital for the U.S. NGO community, as partnering under an assistance award provides needed independence and reflects that the U.S. government is supporting an NGO program being implemented by civil society. However, overtime, USAID has blurred the lines between assistance and

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[1] "A Growing Share of Aid Is Spent by Private Firms, Not Charities." The Economist, May 2017, https://www.economist.com/international/2017/05/06/a-growing-share-of-aid-is-spent-by-private-firms-not-charities.
[2] "Why America's Overseas Aid Agency Needs Reform." The Economist, Sept. 2017, https://www.economist.com/democracy-in-america/2017/09/18/why-americas-overseas-aid-agency-needs-reform.

acquisition, making it unclear for all implementing partners – NGOs, contractors, civil society, academic institutions, and others. USAID's Automated Directive System (ADS) 304 states that the ultimate public purpose is a nondeterminative factor in selecting the type of instrument.[3] With these guidelines, USAID erases a key component that differentiates between assistance and acquisition programming and isn't compliant with current law under FGCAA. Correct compliance with FGCAA is further supported by recent court rulings that determine the importance and distinction of a public purpose of support.[4] USAID should reevaluate its perception of public purpose and align it with current case law.

2.   Budget and Funding Uncertainty

Recommendation: Fully fund programs in the president's budget, to properly meet policy goals; streamline processes; and ensure adequate and timely funding flows to partners.

The fiscal cycle of the U.S. government has become a detriment to U.S. foreign assistance. Delays in funding, cancellations of programming, defunding of current programs, and agency changes without proper notice or adequate timeframes are common occurrences that impact the efficiency and effectiveness of U.S. assistance programming and impedes NGO implementing partners. A dynamic U.S. political landscape and short-term security and diplomatic gains often drive investment, instead of a need-based approach.

Budget uncertainty – brought on by presidential budget requests that are demonstrably lower than global need and impede Congress' ability to pass timely appropriations legislation – has real-world consequences. Without guaranteed funding for the life of a project, partners (foreign governments, public international organizations, civil society, corporations, academic institutions, and private voluntary organizations) often shy away from full engagement with U.S. government agencies. The president should request sufficient funds for foreign assistance in the administration's budget, instead of relying on congressional leaders to "plus up" accounts.

Case Study: Fiscal Year 2017

The U.S. government's delay in passing Fiscal Year 2017 appropriations caused an operational traffic jam. Without clear budget numbers, U.S. agencies were unable to make proper expenditure plans, delayed agency revisions to country development cooperation strategies, and delayed funding allotments to missions and bureaus. This, in turn, delayed resources to implementing partners.[5] Without funds or clarity of a project's future, implementing partners laid off staff, were forced to accelerate pro-

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[3] ADS Chapter 304: Selecting the Appropriate Acquisition and Assistance (A&A) Instrument. USAID, 18 Apr. 2016, "Why America's Overseas Aid Agency Needs Reform." The Economist, Sept. 2017, https://www.economist.com/democracy-in-america/2017/09/18/why-americas-overseas-aid-agency-needs-reform.

[4] Hymas v. United States. No. 2014–5150, 14 Jan. 2016, https://caselaw.findlaw.com/us-federal-circuit/1722922.html.

[5] Worthington, Samuel A., and Lindsay Coates. InterAction Letter to USAID on Program Cancellations and Reductions. 14 Sept. 2017. https://www.interaction.org/document/letter-usaid-program-cancellations-and-reductions

gramming, and even closed programs early (at a cost to beneficiaries). Budget gridlock and government shutdowns impact the safety and security of millions of people, including those in poverty and crisis who depend on the generosity of the U.S. taxpayer.

3. Strengthening and Preserving Civil Society Space

Recommendation: Expand support for Civil Society Space with increased leadership at the most senior levels and emphasize the preservation of civil society space a policy priority.

Across the globe, NGO humanitarian and development assistance providers face legal restrictions on access and funding. These laws and regulations are often adopted under the premise of security (anti-terror laws) or transparency of funding streams. However, they often are used by restrictive regimes to repress opposition and limit the influence of nonstate actors. Governments are increasingly using restrictive registration requirements, indiscriminately applying existing legal provisions, and actively impeding the ability of groups to operate freely. This growing threat prevents civil society from engaging citizens to hold governments and the private sector accountable. Since 2012, 72 countries have proposed or enacted more than 144 restrictions on civil society.[6] These countries are often already fragile, unstable, and comprised of populations who receive humanitarian and development assistance.

Often, these laws directly target U.S.-based NGOs and serve to restrict access, disrupt assistance efforts, and in some cases are used to expel NGOs from the country. According to the Congressional Research Service, "experts and advocates warn that, even in already restrictive environments, civil society actors could face new or additional repressive action, particularly when civil society engages in politically charged or sensitive issues. This will impact the ability of donors – including the United States government, private donors, foundations, and international partners – to work with nongovernmental organizations (NGOs) abroad. Closing space for civil society could also impact broader U.S. engagement on the freedoms of assembly, association, and expression."[7]

USAID provides considerable support for civil society actors and its efforts must continue to expand. USAID's Civil Society Innovation Initiative has helped establish strong local civil society. Cross-sectoral approaches – the inclusion of civil society strengthening in broader development programming – has helped connect citizens with their governments. USAID should continue to expand civic programming and offer support to civil society leaders, especially when they are under threat from repressive governments.

Case Study: Transparency-linked Restrictions

The International Center for Not-for-profit Law seeks to improve the legal framework for civil society, philanthropy, and public participation. Its recent report on "Effective Donor Responses" found that governments around the globe restrict civic space in the name of transparency. Recently-enacted laws or

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[6] Effective Donor Responses to the Challenges of Closing Civic Space. International Center for Not-for-profit Law, May 2018, http://www.icnl.org/news/2018/Effective%20donor%20responses%20FI-NAL%201%20May%202018.pdf.

[7] Tiersky, Alex, and Emily Renard. Closing Space: Restrictions on Civil Society Around the World and U.S. Responses. Congressional Research Service, 8 Apr. 2016, https://fas.org/sgp/crs/misc/R44458.pdf.

adopted regulatory measures have (1) introduced burdensome requirements for reporting and for disclosure of private information (e.g., in Bulgaria, Panama, Uganda); (2) introduced mandatory disclosure of private assets of CSO directors and/or officers (e.g., in Ukraine and India); (3) limited public advocacy by categorizing CSOs as lobbyists or political activists (e.g., in the United Kingdom and Ireland); (4) mandated the disclosure of private and international funders (e.g., in Hungary and Mexico); and (5) introduced disproportionate penal provisions linked to noncompliance with reporting and disclosure requirements (e.g., in Egypt and Russia). Such restrictions often arise in situations where there is a public outcry for government transparency, which governments seek to deflect onto CSOs."[8]

4.   Regulatory and Compliance Burden

Recommendation: USAID should engage with the NGO community to identify and eliminate bureaucratic obstacles, reduce risk for partners, and simplify compliance for implementing partners.

The U.S. government has established bureaucratic compliance regulations and regulatory restrictions, emplaced under antiterror and transparency laws. While the intent and premise of antiterror and transparency laws are widely supported by the NGO community, the restrictions and regulations place an undue burden on nonprofits and divert funding and support away from programming and beneficiaries. While the NGO community strives for transparency, seeks to prevent funding from reaching terrorists, and advocates for open data, USAID must balance the need of openness along with risks that NGO partners face. Broad rules against foreign terrorist financing entangle legitimate humanitarian and development assistance and hinders the delivery of lifesaving and life-altering assistance.

NGOs often face access and security concerns. The provision of clear and precise exemptions by USAID on such antiterror and transparency laws for democracy programs, humanitarian assistance, and other sensitive assistance sectors enable NGOs to operate safely and securely in areas where government entities cannot enter. For example, the ability of an implementing partner to have ownership over what data to submit to USAID, such as omitting local partners and beneficiaries who face retaliatory risks for participating in USAID programming, provides flexibility that ensures safety of local staff and beneficiaries. USAID can alleviate such compliance burdens by adopting smarter, more efficient, and more succinct policy, so that its net does not ensnare legal assistance activities.

Case Study: USAID's Partner Vetting System (PVS)

Partner vetting is a USAID and State initiative to ensure that U.S. foreign assistance does not inadvertently benefit terrorists or those who support terrorism. According to USAID, "The purpose of the Partner Vetting System is to help mitigate the risk that USAID funds and other resources could inadvertently benefit individuals or entities that are terrorists, supporters of terrorists or affiliated with terrorists, while also minimizing the impact on USAID programs and its implementing partners."[9]

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[8] Effective Donor Responses to the Challenges of Closing Civic Space. International Center for Not-for-profit Law, May 2018, http://www.icnl.org/news/2018/Effective%20donor%20responses%20FINAL%201%20May%202018.pdf.

[9] Partner Vetting in USAID Assistance. Federal Register, 6 June 2015, https://www.federalregister.gov/documents/2015/06/26/2015-15017/partner-vetting-in-usaid-assistance.

NGOs' concern with PVS lies with the adverse impacts of the regulation. There exists a negative stigma of U.S.-based NGOs collecting local partner information and turning over the data to the U.S. government. Once NGOs submit the information, they lose proprietary and protection rights – this may endanger local partners working in vulnerable sectors, particularly if USAID releases sensitive data without fully understanding its ramifications. Finally, a separation must exist between the U.S. government and NGOs. The collection of data on local partners erodes NGO independence and credibility in the field.

In a December 2016 study of its members, InterAction determined that "PVS is not consistent with its stated purpose because it goes beyond mitigation, into intelligence collection for the U.S. government."[10] InterAction also found that the objective of minimizing the negative impact of partner vetting on providing humanitarian and development assistance has been unevenly realized. The report recommended that "USAID and State need to address some key areas, among which are: the disparity of burden distribution; the shift of liability – legal, security and operational – to implementing partners; and the uncertainty that pervades partner vetting due to a consistent lack of transparency and information-sharing that directly increases the burden and liability for implementing partners."

5.   Leveraging Resources for Greater Impact

Recommendation: Create more viable mechanisms for NGOs to co-finance assistance alongside USAID.

Private contributions to all U.S. NGOs – including Private-Voluntary Organizations (PVO) – totals $15.4 billion annually. This represents about 35 percent of the $43.9 billion spent on aid and remittances by private philanthropy between 2013-14, according to the Hudson Institute Index of Global Philanthropy and Remittances.[11] Official U.S. development assistance totals $33.1 billion for the same period. While U.S. funds are less than private philanthropy, the U.S. leadership provided through official development assistance gives leverage, sector cohesion, and acts as a force multiplier as foundations and corporations, which donate $4.7 and $11.3 billion, respectively, join PVOs in following the priorities and activities set by the U.S. government.

InterAction members and USAID have an immense opportunity to better leverage resources for mutually beneficial outcomes – as a collective, InterAction members only receive 24 percent of their revenues from the U.S. government.[12] This leaves substantial sums that are disconnected from each

[10] Darter, Kimberly. Partner Vetting; Independent Assessment: Insufficient Justification for a Global Rollout. Policy Paper, InterAction, Dec. 2016, https://www.interaction.org/sites/default/files/Independent%20Partner%20Vetting%20Assessment_FINAL.pdf.

[11] Adelman, Carol, et al. Index of Global Philanthropy and Remittances 2016. Hudson Institute, 15 Feb. 2017, https://s3.amazonaws.com/media.hudson.org/files/publications/201703IndexofGlobalPhilanthropyandRemittances2016.pdf.

[12] Worthington, Samuel A. To Leverage NGO Resources, Partnerships with U.S. Government Must Change. 14 May 2018, https://www.interaction.org/newsroom/blog/leverage-ngo-resources-partnerships-us-government-must-change.

other. Blended Development Financing[13] – the use of private philanthropy, foundation, corporate, and government funds – provides an opportunity to better connect needs and available resources. The U.S. government has pioneered aspects of co-financing and public-private partnerships, but to achieve widespread results – such as the Sustainable Development Goals – the U.S. needs greater political leadership to help overcome funding gaps and to create better mechanisms that allow U.S. NGOs and civil society more opportunity to participate.

Case Study: Global Development Alliances

Global Development Alliances (GDAs), first enacted in 2001 and now implemented by USAID's Global Development Lab, seek to integrate USAID development goals and business interests by encouraging cooperation and partnership, with the goal of more effective development and increased impacts. GDAs utilize innovative and strategic programming promoted by the Global Development Lab, including scalability of programs and evidence-based approaches.[14] However, USAID limits participants under its GDA Annual Program Statement to private for-profit entities; private equity or private financial institutions; private investors; private business or industry associations; and private grantmaking foundations or philanthropic entities.[15] This excludes many U.S.-based NGOs. Currently, for U.S.-based NGOs to enter into a GDA partnership, they must first seek partnerships with the private sector as determined by USAID. USAID's narrow definition of "private sector" excludes most U.S.-based NGOs and PVOs – who from being co-leads and co-designers alongside USAID in a GDA – are implementers as well as funders.

6.   Mechanisms that Enable Civil Society

Recommendation: Promote the availability and use of mechanisms that strengthen partnerships with civil society, while reducing the obstacles and burdens for collaboration. For example, use assistance mechanisms that are as fast, flexible, and efficient as acquisitions.

USAID has at its disposal 26 implementing mechanisms it can use to engage with partners in the delivery of U.S. foreign assistance programming. However, USAID limits itself to a handful of mechanisms, and the use of cooperative agreements has decreased from 35 to 29 percent.[16] One reason for this decline may be that there are more fast, flexible, and efficient acquisition mechanisms available and/or known to field missions, such as Indefinite Delivery Indefinite Quantity (IDIQ) contracts.

The NGO community relies on grants and cooperative agreements (assistance) rather than contracts (acquisition). U.S. funding of an assistance mechanism provides support for the NGO's activity, while U.S. funding of acquisition mechanisms provides support for the U.S. government's activity. While the

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[13] Making Blended Finance Work for the Sustainable Development Goals. OECD, 29 Jan. 2018, https://doi.org/10.1787/9789264288768-en.

[14] Global Development Alliances: Achieving Shared Goals by Working Together. USAID, 11 Oct. 2016, https://www.usaid.gov/sites/default/files/documents/15396/2016-10-11%20GDA%20Private%20Sector_Branded_final.pdf.

[15] "Global Development Alliance Annual Program Statement." USAID, https://www.usaid.gov/gda/global-development-alliance-annual-program.

[16] 2017 Progress Report: Management Bureau, Office of Acquisition and Assistance. USAID, 23 May 2018, https://www.usaid.gov/sites/default/files/documents/1868/2017ProgressReport.pdf.

mission of the U.S. government and NGOs align under assistance mechanisms, the separation of the U.S. government and civil society is an important distinction. Oftentimes, NGOs are aiding in fragile, adverse, and in crisis conditions. The preservation of independence is a security factor that allows NGOs and civil society access in situations and regions where government cannot intervene.

U.S.-based NGOs have local affiliates and historic ties to local civil society, that enhance development outcomes by providing experience and capacity. This includes support and ties with women, youth, and marginalized communities. When contracts are used, the vendor, while taking a profit, engages the community only within the parameters of the agreement and without flexibility to adapt to changing environments. U.S. agencies better resource NGO-cultivated relationships to maximize program benefits and outcomes, while also encouraging relationships that promote local citizen participation in their own development efforts (which often span beyond a U.S. government supported activity and timeframe).

While there are benefits to the use of mechanisms such as IDIQs, which provide the flexibility to the field missions to "buy in" to access technical expertise and other services quickly, IDIQs erode relationships with civil society (for example, IDIQs limit "Grants Under Contracts" to $100,000, which typically represent a fraction of the overall program). USAID can enable better cooperation of NGOs under ID-IQs by eliminating the Grant Under Contract limit, or by raising it to a higher level commensurable to overall value of the IDIQ. In addition, more resources can reach beneficiaries under the assistance version of IDIQs – Leaders with Associate (LWA) awards. Like IDIQs, LWAs have speed and nimbleness for field-driven solutions, while also partnering to strengthen civil society at home and abroad.

Case Study: The VEGA LWA: A Model for Flexible, Fast, and Efficient Partnering with Civil Society[17]

From 2004 to 2017, the Volunteers for Economic Growth Alliance Leader with Associate Award (VEGA LWA) was a flexible funding vehicle used to spur economic growth by efficiently and effectively partnering with civil society to incorporate highly-skilled volunteers into a wide range of field-driven development activities. The VEGA LWA scaled USAID's mobilization of pro bono technical expertise by broadening the activities that could be accessed by missions worldwide, and streamlining that access through a consortium of volunteer-sending organizations called VEGA. Through the VEGA LWA, USAID field missions and bureaus in 41 countries partnered with VEGA to provide opportunity, tools, and training to more than 5 million people seeking self-sufficiency through nearly 40,000 days of expert volunteer service. This saved more than $30 million taxpayer dollars and nearly doubled the program value through cost share and leverage.

Throughout the life of the VEGA LWA, there was consistent demand from field missions not only because of the cost-effective development impact, but also for its speed and flexibility as a procurement mechanism. The average procurement lead times (PALT) under the VEGA LWA was three times faster than the USAID average (89 days versus 300 days). Unique to this type of funding mechanism, the VEGA LWA also included a competition among consortium members to

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[17] Volunteers for Economic Growth Alliance: Leader with Associate Award Final Report, 2004-2017. Volunteers for Economic Growth Alliance, 19 Jan. 2018, http://vegaalliance.org/wp-content/uploads/2018/01/VEGA-LWA-Final-Report.pdf.

ensure that missions received outstanding solutions from the best qualified implementers. The consortium model with a secretariat also provided substantial staff support to the missions, which made it efficient and practical to deploy volunteers. The VEGA LWA proved to be extremely adaptable and well-suited to meet a range of USAID development goals, from discrete technical assistance such as the Emerging Markets Development Advisers Program (EMDAP) to high-priority and large-scale development programs under Feed the Future (FTF), Power Africa and the African Growth and Opportunity Act (AGOA), and economic growth programs in Critical Priority Countries (CPCs) (such as Afghanistan and Iraq) and post-conflict countries (such as Sri Lanka and Cambodia).

7.   Rapid-Response for Emergencies and Crises

Recommendation: Create preapproved partner lists to improve response time.

Development in fragile countries requires flexible and rapid responses. For example, a rapidly changing political landscape could require a good governance partner to shift resources, as the local government actors change pending an elections or event. Currently, due to rigid and prescriptive agreements, partners often don't have the flexibility to meet rapidly changing conditions without going through a U.S. government process that often takes months. In addition, preapproval requirements on spending and travel, partner vetting, and antiterror funding law – while necessary – take time and delay responses. The U.S. government can address these problems by proactively creating preapproved partner and activity lists, especially for regions that are historically volatile.

Humanitarian responses can be even more time sensitive. When crises or refugee influxes develop over brief time frames, response speed is critical. The U.S. Government can, in some cases, mobilize resources quickly, but doing so in the critical first 24-36 hours of a response remains a challenge. Establishing a mechanism to preapprove potential responders and allow them to opt into a rapid response-granting mechanism will ensure that organizations already active in the affected area – particularly those that do not have the resources to front the initial response to rapid-onset crises – can act without delay.[18]

Case Study: Refine, Adopt, and Expand Current Models

There are several efforts that U.S. agencies can expand, adopt, or refine to save lives in rapidly evolving situations.

USAID: USAID recognizes that "Ethiopia remains one of the poorest countries in the world, ranking 174 out of 187 in the 2011 Human Development Index. The country is perennially vulnerable to malnutrition crises and water shortages caused by drought, flooding, disease, and pest infestations."

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[18] USG Humanitarian Reform Outcomes. InterAction, 28 Nov. 2017, https://www.interaction.org/sites/default/files/InterAction%20-%20USG%20Humanitarian%20Reform%20Outcomes%2011%2028%202017.pdf.

USAID's Rapid Response Nutrition and WASH project in Ethiopia targets emergency nutrition and water, sanitation, and hygiene activities countrywide to support populations affected by rapid onset shocks or localized emergencies that arise over the course of the awards.[19]

UK Model: The Rapid Response Facility (RRF) is a "ready-to-go" network of top UK-based businesses and charities that provide emergency relief when major international crises such as floods, famines, and earthquakes hit. It ensures that the UK can allocate funds with speed to trusted partners that deliver high quality results and provide the best value for money in the event of a humanitarian emergency. RRF "allows organizations with extensive experience in disaster response to access funding within hours, thereby reaching affected people faster and saving more lives. It will mean the best organizations from across the UK can be mobilized in the critical first 72 hours following a disaster."[20]

8.   Co-Design with Nonprofits

Recommendation: Create a co-design process that encourages NGO participation, including financing the design process to mitigate NGO risk.

USAID cites the Broad Agency Announcement (BAA) as the emerging mechanism for co-design with implementing partners. According to USAID, "through a BAA, a problem is defined, solutions are co-developed, competencies are identified, and resources are explored."[21] To meet the demand, implementing partners propose activities and then co-design them with USAID to meet assistance challenges. With BAAs, USAID is adapting the use of traditional government procurement mechanisms (often seen in Department of Defense procurement of advanced technology) to foreign assistance programming.

While there are examples of successful BAAs between the NGO community and USAID, the mechanism has been ill-fitted for the nonprofit community, which lacks the resources of large defense contractors or state-funded academic institutions. It is burdensome and unrealistic to expect nonprofits to enter lengthy co-design processes with little guarantee from USAID that material, proprietary information, and workforce hours will result in reimbursement or adoption by USAID. According to USAID, "The BAA is a 4-stage process, from the initial expression of interest to final award. The typical timeline for a BAA from post to potential award could be up to 6 months."[22] An implementing partner takes risk in investing in co-design processes. Nonprofits are not able to recoup risks from the costly and lengthy investments that have been required by USAID's use of BAAs. And resources at stake are often deemed too valuable for a BAA investment, and are instead allocated to traditional development methods with less risk and a guarantee that resources will help beneficiaries.

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[19] Water, Sanitation and Hygiene (WASH) Rapid Response Capacity in. USAID, 10 May 2012, https://apply07.grants.gov/apply/opportunities/instructions/oppAPS-OFDA-FY-12-000007-cfda98.001-cidAPS-OFDA-FY-12-000007-instructions.pdf.

[20] Disasters: Rapid Response Network Ready If Crises Hit. U.K. Department for International Development, 7 Mar. 2012, https://www.gov.uk/government/news/disasters-rapid-response-network-ready-if-crises-hit.

[21] "Broad Agency Announcements." USAID, 26 June 2018, https://www.usaid.gov/partnership-opportunities/respond-solicitation/broad-agency-announcements.

[22] Ibid.

To increase NGO use of BAAs, USAID should quicken the BAA process, as well as offset some risk by providing funding and participation incentives that subsidize genuine collaboration efforts. USAID should also consider a standard template for co-design workshops, and greater transparency on anticipated budgets during workshops. Finally, USAID should take efforts to harmonize the BAA process between missions and bureaus. Often, NGOs are frustrated by the lack of uniformity between BAA processes.

Case Study: USAID FFP Refine and Implement Model

The Refine and Implement model being piloted by USAID's Office of Food for Peace (FFP) in the Democratic Republic of Congo is an approach to program design and procurement that builds in a year of program refinement prior to implementation at scale.[23] This model also rewards progress with a program extension if the final evaluation shows superior results. The "refine year" is to enable community consultation and conduct primary assessments with local stakeholders, so that the program theory of change and activities can be tailored to the local field context.

As the lead implementing partner in this initiative, Catholic Relief Services' close collaboration with FFP on contextual analyses during the refine year established a robust, unified team; garnered trust and deeper relationships; and developed a common understanding with partners, local officials, and community members, which has proven critical to rapid start-up of activities at an expansive scale. The wide ranging, participatory, and inclusive studies conducted led to deeper understanding of the local context and facilitated community review and input into design. The studies confirmed some approaches, strategies, and activities, and led to substantive changes or adjustments of others. It is anticipated that this co-design to refine the program will result in more effective and sustainable program impact.

9.   Monitoring and Evaluation

Recommendation: Update USAID guidelines to streamline monitoring, evaluation, and learning practices across all programs, including commensurate funding relative to the size of the activity.

USAID has taken enormous strides in providing monitoring, evaluation, and learning (MEL) support to its implementing partners and using results-driven assessments – qualitative and quantitative – to design effective and efficient programs. USAID's Learning Lab provides a MEL toolkit focusing on the entire Program Cycle (ADS 201) – USAID's operational model for planning, delivering, assessing, and adapting development programming in a given region or country to advance U.S. foreign policy.[24] In addition, USAID's Centers of Excellence incorporate aspects of MEL into center-designed programming that helps missions and bureaus adapt and produce better country development cooperation

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[23] Frequently Asked Questions: Refine and Implement Pilot Approach for Food for Peace Development Food Security Activities. USAID, Jan. 2017, https://www.usaid.gov/sites/default/files/documents/1866/Frequently%20Asked%20Questions%20final%201_7_2017%20508%20Compliant.pdf.
[24] "ADS Chapter 201: Program Cycle Operational Policy." USAID, https://www.usaid.gov/sites/default/files/documents/1870/201.pdf.

strategies. USAID, in a statement to its commitment, has trained more than 2,600 staff in performance of monitoring and evaluation as of July 2017.[25]

USAID's leadership has made MEL, which can be utilized throughout the course of a program, a component alongside program design and implementation, but MEL use and support still varies between programs, as ADS 201 often uses "should" and "may," versus "shall." USAID can further reinforce its importance by better building MEL and financial support for MEL into all assistance programming.

USAID must fully fund MEL, including the provision of set-aside funds in programming awards to address MEL. There must be more parity between award size and the MEL resources allowed by USAID in an award. In stand-alone MEL awards, USAID must take similar steps and dedicate commensurate resources to ensure MEL expertise and technical capacity is applied to USAID programming. When USAID stretches resources, MEL can take a secondary role behind design and implementation.

Case Study: Empowering Centers of Excellence

As part of its Transformation, USAID is expanding its use of Centers of Excellence. Centers of Excellence focus on development sectors such as Democracy, Rights, and Governance; education; and innovation, technology and research (among others). Centers of Excellence unite technical capacity and development expertise from other bureaus, to encourage greater collaboration; better design practices; higher implementing standards; and use of monitoring, learning, and evaluation. The assistance community recognizes that cross-sectoral programming is key to achieving successful results as growth and results in one sector are complimentary or dependent on growth in another. Centers of Excellence provide support to missions and regional bureaus so that programming can be integrated and more capable of sustained success. USAID can take additional steps to strengthen Centers of Excellence by adopting guidelines that make the use of these centers standard for missions and bureaus across the agency. Currently, the use of centers is at the discretion of bureaus and missions – agreement officers and contract officers aren't mandated to use the skills, expertise, and practices that Centers of Excellence can provide. Without clear guidelines, Centers of Excellence may be underutilized. And, as staff are drawn away from missions and other bureaus, the expertise available will also be underutilized.

10. Adaptive Management

Recommendation: Create a culture that incentivizes adaptation. Provide mission and partner flexibility to change programming to suit the evolving needs of the beneficiary.

U.S.-based NGOs have a unique perspective. They are nonprofit, mission-driven organizations that often have decades of experience and relationships in-country. The experiences of NGOs allow an in-

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[25] Top Management Challenges: Fiscal Year 2018. Office of the Inspector General: USAID, 19 Apr. 2018, https://oig.usaid.gov/sites/default/files/other-reports/fy18_statement_management_challenges_usaid_mcc.pdf.

field perspective and a better understanding of what development and humanitarian assistance is and isn't working.

U.S. assistance agencies' current culture of treating all implementing partners as vendors inhibits NGO partners' ability to adapt to changing conditions (given the competing priority of implementing an activity explicitly as prescribed by the agency in its contract or award agreement). The U.S. agency, often USAID, has set an activity and outcome so specific that it limits the ability of an implementing partner to respond to political, economic, social, and other changes. Instead, as changes, occur, implementers are forced to stay within the now-limiting parameters of an agreement.

USAID is taking proactive steps to better enable NGOs and increase responsiveness and flexibility. USAID can promote its adaptive management guidelines found in ADS 201, and ensure that staff adopt and utilize it as a tool in the design of programming. Implementing partners and beneficiaries work in fluid environments and respond by encouraging greater use adaptive management, based on midstream evaluations, to meet new needs. Expectations must evolve from a culture of "achievement no matter what" to adopting a "change is necessary" approach when complex, dynamic environments present ever changing scenarios. The convergence of MEL, increased emphasis of adaptive management in program design, and making it easier for implementers to be flexible can have a positive impact on assistance.

Case Study: Mercy Corps: A practical example from Karamoja, Uganda from Navigating Complexity[26]

When Mercy Corps' Growth Health and Governance Program's Animal Health Team realized its strategy did not fit with the reality on the ground, they made significant changes. One component of the team's strategy involves strengthening the distribution chain of quality animal health drugs and working with local drug shops and veterinary workers to enhance and expand service delivery. The team had initially planned to strengthen the management capacity of existing community animal health workers (CAHWs), who had previously received training by NGOs and government.

The GHG team encountered hurdles in their work with CAHWs. In particular: (1) CAHWs were disparate, and not all of them were well-trained; (2) the perceptions set by years of NGO-driven distribution of animal health services had created distrust and low willingness-to-pay between CAHWs and local communities. As the Mercy Corps' team worked, they also established relationships with two high-capacity, licensed local drug shops. These drug shops were stable, managed by experienced veterinarians, and were eager to expand.

After six months of attempting to work with CAHWs, the team decided to eliminate that component from their strategy. Instead, the team reoriented their strategy to focus on licensed drug shops that would be able to employ the network of CAHWs over time. The team saw in these drug shops the opportunity for higher leverage and scale.

Instead of being bound to the indicators in their results chain, the team chose to pursue a more impactful strategy that would accomplish the same overarching goal of improving access to animal health products and services. Since then, the team has facilitated a relationship such that Norbrook, a

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[26] Managing Complexity: Adaptive Management at Mercy Corps. Mercy Corps, 17 June 2015, https://www.mercycorps.org/sites/default/files/Adaptive%20management%20paper_external.pdf.

world-class supplier of animal health drugs, has begun distributing in the region through high-performing drug shops. This nascent commercial link, the first of its kind in Karamoja, resulted in an overnight drop of drug prices by 20 to 30 percent.

11.   Staff Capacity Education – Lessening Bureaucratic Burden Internally and Externally

Recommendation: Increase USAID staff levels and emphasize staff training to promote greater program oversight and effectiveness.

USAID has made great strides since the 1990s, when USAID staffing was at its lowest.[27] Multiple administrations have worked to bolster staff capabilities and Congress has incrementally raised funding for USAID Operating Expenses and USAID's Capital Investment Fund. However, as USAID's role in foreign policy has grown, its staff capacity has not kept pace with challenges (often due to budget shortfalls and hiring freezes outside of USAID control). While Congress must act to provide additional funds, USAID's plan to streamline and integrate operations is a much-needed approach that will strengthen the agency and deliver more resources to beneficiaries.

U.S. government agencies constantly balance between responsive strategies and a need to establish compliance to U.S. law and administration guidelines. Without exception, USAID staff – agreement officers, contract officers, mission workers, and bureau representatives, among others involved in program design, implementation, and evaluation – must incorporate ever-increasing regulations and requirements into U.S. assistance activities. USAID can alleviate staff burdens by streamlining its ADS guidelines; encouraging better harmonization with Office of Management and Budget regulations; introducing better internal knowledge management; providing more staff training integrating and updating databases; and, importantly, decreasing staff portfolios so that USAID staff can have better management and oversight of in-country programming. Often, the type of implementing instrument is chosen based on ease of use, versus choosing the right mechanism for the desired outcome. This is caused by portfolios that are too large, overburdening staff.

Case Study: Enabling USAID Staff

USAID personnel are dedicated experts whose daily work benefits millions of people across the globe. As global needs (exasperated by manmade crises) continue to grow, the workloads of USAID personnel have also grown without a corresponding increase in funding or staffing. Today's USAID field workers are tasked with overseeing multimillion-dollar programming – higher-value awards than ever before – while still maintaining legal compliances, vetting partners, navigating bureaucratic guidelines, and other obstacles. The burden on USAID staff has never been higher. The USAID OIG report for Fiscal Year 2017 cited inexperienced staff, staff shortages, and lack of employee training in numerous

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[27] Foreign Assistance: Strategic Workforce Planning Can Help USAID Address Current and Future Challenges. GAO-03-946, U.S. General Accounting Office, 23 Sept. 2003, https://www.gao.gov/assets/240/239377.html.

cases where country programming did not meet full expectation.[28] USAID must refocus efforts to increase staff capacity, redouble efforts to better train its field workers, and streamline oversight of programming to better enable USAID staff to achieve better results. Furthermore, Congress should fully fund USAID Operating Expenses to meet current demands.

Conclusion

InterAction and the U.S.-based NGO community looks forward to continuing its engagement and consultations with USAID, other government agencies, the U.S. Congress, American citizens, and other stakeholders who share a desire to help one another. Together, with the adoption of these recommendations and continued improvement by all parties, we can impact more people and intervene to save even more lives, help create better livelihoods, and end extreme poverty.

About InterAction

InterAction is an alliance organization in Washington, D.C. of NGOs, with more than 180 members working in every developing country. Members are faith-based and secular; large and small; and with a focus on the world's most poor and vulnerable populations. Using its collective voice, InterAction seeks to shape important policy decisions on relief and long-term development issues, including foreign assistance, the environment, women, health, education, and agriculture. Members are at the forefront in responding to humanitarian crises and disasters worldwide, and InterAction acts as a hub in these efforts. InterAction does not serve to provide a consensus position of the involved organizations; however, InterAction leadership does endorse policy positions.

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[28] Top Management Challenges: Fiscal Year 2017. Office of the Inspector General: USAID, https://oig.usaid.gov/sites/default/files/other-reports/fy17_statement_management_challenges_usaid_mcc.pdf.