

DRAFT

Past approaches to foreign assistance were designed to address Cold War and counterterrorism problems in ways that are not adequate for present challenges. These approaches aimed to prevent communist insurgencies in poverty-stricken countries, and to alleviate economic and social conditions believed to promote development of terrorist organizations. The United States now confronts a new era of great power competition, with strategic competitors that employ economic, political, informational, and security tools to coerce neighboring states, reshape the geopolitical landscape, and shift the balance of power. Many current foreign assistance programs are either on the sidelines **of** this competition, focused on other foreign policy priorities, or in some cases counterproductively deployed. (In this memorandum, foreign assistance, or foreign aid – both terms are used interchangeably – is as is defined in Section 634 (b) of the Foreign Assistance Act of 1961 (22 U.S.C. 2394 (b)), and also includes financing provided by international financial institutions as defined in section 262r (c) (2) of title 22, United States Code).

The United States and its partners also face an increasingly complex terrorist landscape. While we have succeeded in disrupting large-scale attacks in the homeland since 2001, the large-scale foreign assistance resources devoted to countering what were then thought to be socioeconomic root causes of terrorism have made little lasting progress.

Section 1: Policy and Related Executive Actions

It shall be the policy of the United States to realign its foreign assistance to avoid aiding its adversaries and competitors, focus assistance on friends and allies, require that foreign assistance advance identifiable United States national interests, promote burden-sharing with other partners, and catalyze private-sector investment and trade that also benefits the economy of the United States. Aid recipients should support key United States political and security objectives, and transition from assistance to self-reliance as soon as practicable.

To those ends, in accordance with established budget and funding processes, and to the extent permitted by applicable law, executive departments and agencies (agencies), including the Office of Management and Budget (OMB), with any responsibility pertaining to foreign assistance programs shall design, budget, allocate from available appropriations, evaluate programs, and decide whether to support funding at international institutions, as appropriate, on the basis of the following 10 principles and associated action items:

(a) Win the Great Power Competition

- i. Redirect, reconfigure, reduce, or eliminate foreign assistance that is supporting governments and non-state actors under the strong influence of United States competitors and adversaries, except in rare cases when overriding strategic, national security, or humanitarian considerations make investing foreign assistance that supports such government and non-state actors necessary.
- ii. Emphasize bilateral development finance to advance private markets, economic growth and United States interests.
- iii. Coordinate aid policies with like-minded donors.

(b) Share Foreign Assistance Burden Fairly and Focused Aid on Friends and Allies

- i. Reduce or eliminate foreign assistance to countries and international organizations that are working against or do not support United States interests and focus it on allies and partners that are cooperating with the United States, unless there are overriding strategic, national security, or humanitarian concerns that requires its continuation.
- ii. Seek to move from assessed to voluntary contributions to United Nations (UN) organizations for those UN bodies that do not serve the interests of the United States, and shift foreign assistance to bilateral channels as much as possible.
- iii. Elevate diplomatic efforts with other donors to increase burden-sharing, strengthen coordinated responses to humanitarian crises, and better align their assistance more closely with United States interests and objectives.

(c) Graduate Countries and Organizations from Foreign Assistance

- i. Reserve foreign assistance for the neediest cases and move countries and organizations that can stand on their own off of foreign assistance (“graduation”), as judged by objective metrics, unless such foreign assistance supports overriding United States strategic interests. Graduation metrics should not allow aid recipients to avoid aid reductions by continuing behavior or policies that reduce their development and government scores.
- ii. Reduce, reprogram to other recipients, or eliminate foreign assistance benefiting a country when its government is making policy choices that run counter to the United States interests or policy in providing foreign assistance, to avoid subsidizing those choices or wasting foreign assistance resources, except in the rare cases when overriding to strategic, national security, or humanitarian considerations make cooperating with such governments necessary.
- iii. To speed graduation, shift foreign assistance resources to prioritize technical assistance and bilateral development finance tools to foster effective private sector economic growth.
- iv. Secure financial commitments and policy changes from the recipient countries that will lead to their self-reliance.

(d) Promote the United States Model

- i. Use foreign assistance to strengthen democratic governance, transparency, and individual rights and freedoms, and to build international support for United States policies, while avoiding destabilizing strategic partners, aiding those who misuse democracy to oppress minorities or infringe upon human rights, or fostering popular movements with jihadist terrorist elements.
- ii. Support evidence based programs that counter corruption, promote good governance and the rule of law, and level the playing field between non-government and state-owned enterprises.

- iii. Reform and expand strategic communication efforts to aggressively promote the values, contributions, and image of the United States, while countering competitors' illiberalism, authoritarianism, and disinformation and propaganda campaigns.
- iv. Quantify how the assistance provided pursuant to the directives in this subsection is tangibly advancing those directives.

(e) Scale for Impact

- i. Scale foreign assistance programs to avoid causing economic and political distortions with too-large assistance flows, and coordinate with other donors to calibrate total assistance levels with the size of a recipient's economy.
- ii. Avoid proliferating assistance programs that are too small or diffuse to be well-managed or have significant impact. Consolidate assistance activities into fewer and larger programs that are more targeted, strategic and visible to recipients.
- iii. Increase the detail and precision of aid budgeting categories to improve the understanding and control of foreign assistance by policymakers, which will improve their conduct of foreign policy.

(f) End Foreign Assistance Programs that Fail to Counter Terrorism

- i. End foreign assistance programs designed to address the supposed socioeconomic causes of terrorism.
- ii. End foreign assistance programs that attempt but fail by objective measures to improve recipients' public opinion of the United States.

(g) Support United States Economic Interests

- i. Expand foreign assistance programming that mobilizes the United States private sector, promotes fair and reciprocal trade, increases United States exports, promotes transparent value-based procurement by governments, and expands access to markets, investments, and resources.
- ii. Use technical assistance and bilateral development finance tools to increase access to affordable and reliable energy, and expand United States leadership in the global energy system.
- iii. Support foreign assistance programming for the economic and political empowerment of women, including peacebuilding and security-related efforts, which target subject matter areas and locations where it is most likely to be effective. As part of this work, ensure that foreign assistance includes programming and technical assistance for legal and social reforms that promote inclusion and equality of women
- iv. Support international treaties and organizations, trade rules, and standard-setting bodies that aid United States economic interests.

(h) Refrain from Foreign Assistance If Objectives Cannot Be Met

- i. End foreign assistance programs if their objectives are being overmatched by the destructive consequences of mistaken or malign economic and aid policies of United States competitors, or if the aid and policy choices of allies and partners run counter to United States interests or policy in providing foreign assistance, unless there are overriding strategic, national security, or humanitarian reasons to do otherwise.
- ii. Press for greater alignment of other donors' agendas and economic policies with U.S. policies to increase their impact.

(i) Reform the Multilateral Developments Banks

The National Security Council (NSC) and National Economic Council (NEC) shall co-chair an interagency process under National Security Presidential Memorandum-4 (Organization of the National Security Council, the Homeland Security Council and Subcommittees) (NSPM-4) to evaluate:

- i. Reforms and strategies to avoid imprudent lending, mitigate, or reverse the internal problems of these institutions identified during this process, and permanently end their dependence on periodic injections of shareholder capital.
- ii. How MDBs can more effectively advance the development goals of the United States, as defined in Section 101 (a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 (a)).

(j) Continue United States Leadership and Reform Efforts

- i. Continue to be a leader in emergency humanitarian assistance, global health, and health security, and disease prevention, particularly through programs that contribute to long-term economic growth, while avoiding saturating recipients with so much foreign aid or continuing it for so long that it stunts long-term economic potential.
- ii. Maintain focus on evidence-based technical and security sector foreign assistance with high impact, low risk of misappropriation, and minimal diversion to unintended purposes through indirect budgetary mechanisms.
- iii. Make full use of foreign assistance influence to advance United States foreign policy and aid reform objectives.

Section 2: Implementation Process. The policies and directives set forth in section 1 of this memorandum shall be implemented as follows:

(a) Policy Coordination. To further develop, coordinate, and monitor implementation of this new approach to foreign assistance, the NSC shall charter and convene a new Foreign Assistance Policy Coordination Committee (PCC) under NSPM-4, co-chaired with the OMB. The PCC shall also include participants from the Departments of State (including, as appropriate, the United States Mission to the United Nations) the Treasury, Defense, Justice, Agriculture, Commerce, Health and Human Services, Energy, and Homeland Security, the Office of the Director of National Intelligence, Central Intelligence Agency, United States Agency for International Development, Joint Chiefs of Staff, Overseas

Private Investment Corporation (or successor agency), and the Millennium Challenge Corporation. The NSC staff may invite other agencies, as appropriate, and have the NEC staff chair or co-chairs the PCC if appropriate, pursuant to NSPM-4. The OMB shall participate in the PCC when the NEC is a co-chair.

(b) Improving Interagency Coordination. The PCC shall further develop foreign assistance approaches and messaging to ensure that the agencies administering foreign assistance are aligned to these approaches and messaging and are working in concert. The PCC shall provide guidance to inform current budget processes of OMB, agencies or other NSC-led regional and functional PCCs.

(c) Measuring Effectiveness. To provide foreign assistance in efficient and cost-effective ways, agencies shall propose specific measures of effectiveness for their programs, and revise their processes and programs to measure effectiveness by this memorandum's principles and directives. The OMB, with agencies, shall review existing regulations to determine if any can be reformed in ways that improve the efficiency and effectiveness of foreign assistance according to this memo, memorandum principles and directives.

(d) Legislative Outreach. The Department of State, OMB, USAID, and the NSC staff shall work with agencies to brief the Congress on this memorandum's new approaches to foreign assistance, and review existing authorities and legislation to see if modifications are required.

Sec. 3: Earlier Presidential Action. This memorandum supersedes and replaces Presidential Policy Directive-6 of September 22, 2010. (U.S. Global Development Policy).

Sec. 4: General Provisions. (a) Nothing in this memorandum shall be construed to impair or otherwise affect:

- i. the authority granted by law to an executive department or agency or the head thereof; or
- ii. the functions of the Director of the Office of Management and Budget, relating to budgetary, administrative or legislative proposals.

(b) This memorandum shall be implemented consistent with applicable laws and subject to the availability of appropriations.

(c) This memorandum is not intended to, and does not, create any right or benefit, substantive or procedural, enforceable at law or in equity by any party against the United States, its departments, agencies or entities, its officers, employees, or agents, or any other person.

National Security presidential memorandum / NSPM-XX

Memorandum for
The Vice President
The Secretary of State
The Secretary of the Treasury
The Secretary of Defense
The Attorney General
The Secretary of Agriculture
The Secretary of Commerce

The Secretary of Health and Human Services
The Secretary of Energy
The Secretary of Homeland Security
The Assistant to the President and Chief of Staff
The Director of the Office of Management and Budget
The Representative of the United States to the United Nations
The Director of National Intelligence
The Director of the Central Intelligence Agency
The Assistant to the President for National Security Affairs
The Counsel to the President
The Assistant to the President for Economic Policy
The Assistant to the President, Deputy Counsel for National Security Affairs, and National Security Council Legal Advisor
The United States Trade Representative
The Deputy Assistant to the President for Homeland Security and Counterterrorism
The Chairman of the Joint Chiefs of Staff
The Administrator of the United States Agency for International Development
The Chief Executive Officer, Millennium Challenge Corporation,
The President of the Overseas Private Investment Corporation.

Subject: Realigning Foreign Assistance for a New Era of Great Power Competition