March 2016

Integrated Development

Strategic Harmonization of Foreign Assistance

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Introduction

Searching for greater coordination and coherence at both the policy and implementation levels has been a prevailing trend in international development over the past decade and a half. Donors, often at the insistence of developing countries, have sought to create mechanisms to improve coordination in specific regions and sectors. This is especially important in fragile or conflict-afflicted countries where there are often a multitude of donors, both official and unofficial, working with distinct aims in both humanitarian relief and development.

At the strategic level, traditional donors have engaged in a diplomatic process beginning at the Paris conference on aid effectiveness in 2005, and culminating with the Busan conference in 2011 that launched the Global Partnership for Effective Development Cooperation (GPEDC). The GPEDC emphasizes four shared principles: ownership of development priorities by developing countries; focus on results; inclusive development partnerships; and transparency and accountability to each other. In 2015, the international community endorsed a new set of development goals—the Sustainable Development Goals (SDGs)—meant to replace the Millennium Development Goals (MDGs). The 17 SDGs (with 169 sub-indicators) aim to end extreme poverty by 2030. Additionally, prior to the adoption of the SDGs donors met in Addis Ababa at the 2015 Third International Conference on Financing for Development to identify sources of financing to pay for the SDGs. Stakeholders in Addis emphasized country-led development strategies, "supported by integrated national financing frameworks."[1]

Each of these agendas seeks greater coherence among donors and local actors in country, as well as at a policy level. While donor coordination in single sectors and at the policy level remains a challenge, many development actors have also sought to create cross-sectoral programming that links development indicators for greater impact. Integrated development, defined as "an intentional approach that links the design, delivery, and evaluation of programs across disciplines and sectors to produce an amplified lasting impact on people's lives," is one vehicle to help donors pursue enhanced coordination in pursuit of development goals.[2]

[1] United Nations, "Countries reach historic agreement to generate financing for new sustainable development agenda," press release, July 15, 2015, http://www.un.org/sustainabledevelopment/blog/2015/07/countries-adopt-addis-ababa-action-agenda/.
[2] FHI 360, "Integrated Development," http://www.fhi360.org/integrated-development.

The aforementioned international efforts are all acknowledgments by the donor community that development is changing rapidly through the proliferation of new donors, the changing composition of financial flows to developing countries, and the shift toward developing countries seeking greater ownership of development, among other factors. Integrated development is a tactical and operational response to the strategic-level shifts that have occurred and are occurring in pursuit of meaningful change. It can also be seen as an effort to update a 60-year-old system of programming, project design, evaluation, and budgeting to be more reflective of the complex nature of international development. There is a great opportunity here, but there are also major structural impediments within the U.S. system and the broader international development community. Tackling these issues will be necessary to achieving a more integrated approach to development that focuses on solving complex problems rather than offering disjointed solutions.

Integrated Development

Integrated development, as defined above, is a process that seeks to link the design, delivery, and evaluation of projects across different sectors. Many practitioners believe that by achieving greater integration, donors can maximize the intended development outcomes by seeking to address more than one simple problem through a discrete intervention. Integrated development acknowledges that actors can seldom solve complex development issues, like improving the health of HIV patients, through a single intervention or a one-size-fits-all approach; it is also a belated recognition that donors need to design solutions that take into account actual conditions on the ground. This means, for example, not just providing a mother and her child with antiretroviral (ARVs) therapy, but also considering whether they have access to safe drinking water that can prevent water-borne illnesses. This requires at least two sectors, namely public health and water, sanitation, and hygiene (WASH), to work together to design projects or programs that seek to tackle this more complicated challenge. In the current U.S. development system, this level of integration can often be challenging, as it runs counter to the system of funding and implementation currently in place.

It should be noted that integrated development is not an entirely new approach. It was deployed with mixed success in the 1970s and 1980s in rural development, and other examples cover many sectors, including seemingly unrelated areas like reproductive health and environmental conservation. Today, revived integration efforts are largely being led by development nongovernmental organizations (NGOs) such as FHI 360 and other members of the Locus Initiative, which have worked to improve their own work by adopting more integrated approaches. These efforts are in line with the SDGs and other international efforts; they acknowledge, however, that without major shifts by donors such as the United States in terms of how funding is allocated to contracting organizations, integrated development will remain a niche tool deployed in a small number of circumstances.

Efforts more removed from bilateral foreign assistance have often had more flexibility to experiment with integration at various scales. At the local level, the Millennium Villages Project (MVP), led by economist Jeffrey D. Sachs and funded by a range of public and private donors, sought to create multisector impact in rural villages across sub-Saharan Africa through intensive, coordinated assistance. The MVP, though viewed as having mixed results, pioneered an approach in which linked interventions in a single community aimed to improve outcomes in eight areas: health, environment, education, gender equality, business development, agriculture, infrastructure and innovation, and water and sanitation. At its core, the MVP sought to create accelerated impact by approaching highly coordinated programming in a hyper-localized setting. Examples of programming included improving access to markets and business opportunities by improving hard infrastructure and communications technologies. Many lessons can be learned from the MVP effort, in terms of both accurate monitoring and evaluation and the risk of a large infusion of capital that may not be sustained over a long period of time.[3] While the approach was innovative, it was later determined that the positive effects observed in the MVPs were also present in areas without the project's intervention.

Outside of the United States, other donors have sought to find ways to use integrated development in their own development programming. The UK Department for International Development (DFID) has used an integrated approach to peace building, state building, and reconstruction in some instances.[4] DFID clearly sees value in utilizing an integrated approach in conflict or post-conflict environments as these complex situations require the range of development assistance from humanitarian relief to long-term support for capacity building and economic growth. In their experience they identify three types of integrated approaches that correspond to level of effort: intrasectoral (development integrated as a mechanism for supporting peace building efforts), multisectoral (development interventions that also seek to influence drivers of conflict), and meta-integration (dual and linked peace-building and development objectives at the strategic level).[5] These are useful approaches that have been deployed according to DFID's reporting in Liberia, Nepal, and South Sudan. Though as with other integrated approaches, their use remains limited in scale.

Challenges to Integrated Development

Integrated development, while in line with the strategic direction of most leading donors and countries themselves, runs into structural challenges when applied in operational settings. This is particularly true for U.S. development efforts. These challenges manifest themselves at both the headquarters level in Washington and the country level where they are implemented. Over the past several decades, U.S. development efforts have become increasingly fragmented as new agencies have been created, and a number of existing agencies have become more involved in international technical assistance, including the Departments of Labor and Treasury. By last count there are 20 executive-branch departments and agencies involved in international development policy and programming. This fragmentation of the system coupled with the placement of efforts into silos through budgetary earmarks reduces the resources and policy mechanisms available to experiment with and implement more integrated development efforts.

The placement of U.S. development efforts into silos has been a steady process over the past several decades, dating back to the original Foreign Assistance Act of 1961. This manifests itself most clearly through the process of budgetary earmarks that have been developed over the past two decades. There are

[3] Michael A. Clemens and Gabriel Demombynes, "When Does Rigorous Impact Evaluation Make a Difference? The Case of the Millennium Villages," Working Paper 225 (Washington, DC: Center for Global Development, October 2010), http://www.cgdev.org/sites/default/files/1424496_file_Clemens_Demombynes_Evaluation_FINAL.pdf.
[4] See Sarah Bayne, *Integrated development and peacebuilding programming: Design, monitoring and evaluation* (London: UK Department for International Development, March 2013), https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/304619/Tools-measurement-monitoring-evaluation.pdf.
[5] Ibid., iii.

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Case Study

Despite its relative stability, Senegal is a food-deficit country, with 16.4 percent of children suffering from chronic malnutrition, and faces significant food insecurity, with 46 percent of households in Senegal classified as vulnerable and 20 percent as highly vulnerable.[1] Approximately half of Senegalese households experience the challenges of poverty and allocate 48 percent of their household budget to food.[1] To combat the challenges of nutrition and food insecurity, the U.S. Agency for International Development (USAID) launched one of the first Feed the Future initiatives, USAID|Yaajeende, in 2010, which aimed to reduce food insecurity and improve nutrition through integrated agricultural programming, particularly in mothers and children under five years.[1] This project aimed to meet its goals by: first, increasing the availability of food by raising agricultural productivity; second, strengthening and connecting key agricultural producers to increase access to quality products; third, promoting better nutrition through better utilization of food and potable water; and fourth, improving the sustainable governance of food.[1]

Through the USAID|Yaajeende initiative, implementers focused efforts on addressing malnutrition, food insecurity, and poverty by increasing and improving value-chain linkages from agribusinesses to communities to individuals. Yaajeende has worked closely with stakeholders at the local and national levels to determine community needs, identify specific concerns, and chart desired outcomes.[1] Since 2010, there have been many tangible successes from this initiative. An evaluation in 2012 found a "22 percentage point increase in 6- to 23-month-old infants consuming a minimal acceptable diet, with a 21 kilogram increase in vegetable consumption among community gardeners."[1] Community-based solution providers (CBSPs), local individuals who serve as "the primary link between local producer and leading input suppliers in agricultural programming," exceeded the initiatives annual goal of $300,000 USD in sales by $55,000, and the majority of CBSPs earn a year's income in five months or less.[1] Reaching a network of 25 rural communities, USAID|Yaajeende has created significant social and economic impacts during its implementation. These successes in combatting poverty, empowering local stakeholders, and increasing access to nutrition can be attributed to the inclusive, interdisciplinary approach taken by Feed the Future.

An integrated development approach addressing the linked challenges of poverty, food insecurity, and malnutrition in Senegal is a natural fit to this multisector challenge. Women and young children in particular face obstacles that require an integrated approach, as resources alone will not solve the challenges they face.

earmarks in the foreign assistance budget for specific public health issues, such as HIV/AIDS, trafficking, basic education, microfinance, and gender, among other areas. The education and training of many development professionals is similarly fragmented, with most skilled professionals focusing in a single sector or discipline; this presents an additional challenge to collaboration across sectors and the integration of program design.

Where new money has emerged in recent years it has largely been directed toward presidential initiatives such as the President's Emergency Plan for AIDS Relief (PEPFAR), the President's Malaria Initiative, Feed the Future, and Power Africa. These initiatives have further complicated the budgeting and programming picture, and contributed to the decline of funding for programs with a smaller political constituency; money for governance programming, for example, has decreased in recent years.

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Support for budgetary earmarks stems from a constituency system of for-profit implementers, NGOs, and advocacy groups. As foreign assistance declined precipitously following the end of the Cold War, USAID and other U.S. government development agencies turned to these groups to apply pressure on Congress to maintain funding for aid. In essence a Faustian bargain emerged: provide support for maintaining U.S. foreign assistance and earmarks would remain in place. Under these circumstances, congressional champions emerged who developed an interest in a particular development issue, reducing the possibility that money will be redirected or reprogrammed toward new or innovative interventions, particularly those that are more difficult to define.

Although the U.S. foreign assistance budget grew post-September 11 and has not returned to the lows seen in the late 1990s, it remains under intense pressure given the lingering effects of the global financial crisis. This has also resulted in pressure for ever-greater amounts of accountability to congressional appropriators to ensure that foreign assistance dollars are being properly spent. Members of Congress understandably prefer quantifiable metrics or simple indicators to measure success or failure of development programs and projects, but this demand often hinders innovation, particularly in funding sectors that are more integrated, and more difficult to quantify impact, such as governance, rule of law, or institutional capacity building.

Another hurdle to institutional support for integration lies in the complexity of building systems for monitoring and evaluation when funding and programs become more nimble and flexible. In emergency relief efforts, in particular, the on-the-ground needs may change daily. An integrated approach would allow for constant adaptation and coordination among programming in order to maximize impact; as a result, funding must be more flexible in order to meet these shifting demands. Though this dilemma is clearest in the case of humanitarian crises, adaptive, multisectoral programming in many cases would result in the need for new monitoring and evaluation strategies. A question then emerges in terms of how to maintain accountability when metrics of success are less familiar than traditional single-sector programming, or when they change throughout project implementation.

USAID and other agencies often prefer to deliver funds through contracting vehicles that are inherently more limited in scope than grants or cooperative agreements, since they offer the opportunity for clearly defined metrics and goals. While many argue that true development gains cannot be demonstrated through short-term metrics, a focus on clear measurement and evaluation is necessary in order for donors and outside stakeholders to maintain accountability. Transparency should be encouraged, without a fear that lessons learned suggest failure to donors or competitors.

Moving from assistance to partnership is central to the SDGs, as well as fostering locally owned development, but these ideas will inherently involve less-direct accountability for donors and their implementing partners. Can donors accept less-than-perfect development models for the sake of country ownership? This remains to be seen, but it is clear that working with forward-looking governments to map out cross-sector, integrated strategies on themes like gender could reap significant benefits. Again, the number of SDG indicators will make it difficult for countries and donors to sort through priorities, but this only ups the ante in terms of the need for integration among donors and recipients of assistance.

Integration of programming inherently requires thoughtful planning processes and additional communication among actors, potentially slowing project timelines. In order to prevent blockages due to increased integration, it will be vital to streamline parts of the development project pipeline, potentially in procurement or contracting. If implemented effectively, the front-end work of integrating programs will pay off in dividends, resulting in greater impact with similar timelines and resources. Competition in development will remain a factor, particularly as emerging donors like China invest heavily in certain countries in sub-Saharan Africa and around the world.

The Opportunity

Although significant barriers to greater integration of U.S. development efforts exist, there is a growing opportunity to rectify this situation. This is especially true on the policy side where the U.S. government has undertaken three efforts over the past 15 years that hold some promise for more comprehensive, innovative, and nuanced development programming. The first two are Obama administration policy initiatives: country development cooperation strategies (CDCS) and the Partnership for Growth (PFG). The third is the Millennium Challenge Corporation (MCC) created as a new development agency during the Bush administration in 2004.

Country development cooperation strategies are an effort by USAID to put a country-level strategy in place that incorporates the range of U.S. development efforts such as presidential initiatives, U.S. government policies and strategies, and USAID policies and strategies. The CDCS is developed by a USAID mission through a process that seeks to identify a series of overarching “development objectives” that can be applied across mission activities. These strategies are then meant to inform assistance planning, budgeting, and resource allocation. To date, 60 of 62 USAID missions have completed CDCSs. As with other policy efforts adopted by USAID, the CDCS offers a framework for the adoption of more integrated approaches to development, but runs into the problem of having an important mandate with little designated staff or directed funding. Country budgets do not always line up with these plans.

MCC was launched in 2004 as part of the United States’ commitments made at the 2002 International Conference on Financing for Development held in Monterrey, Mexico, which addressed a shortage of resources for economic growth and poverty alleviation worldwide. MCC was conceived as a new approach to development by deliberately targeting the best performing developing countries from a governance and economic growth perspective. Countries selected to develop an MCC compact are expected to conduct a joint analysis of constraints to growth with MCC to determine “binding” constraints that most hinder growth potential. Once the constraints have been identified, MCC and the partner country develop a multiyear (5-year), large-dollar compact with projects designed to address the constraints. While MCC’s programs may focus on a single sector, such as infrastructure or public financial management, they are integrated in the sense that they focus on key problems that, once solved, could have a multiplier effect for development. While the constraints analysis is a useful tool that could be used as an organizing principle across agencies and programming, much like DFID’s broadly used political economic analysis, MCC programs themselves are often not well integrated with broader U.S. development efforts, and can be either duplicative of existing USAID efforts or isolated from them. MCC’s success also can be credited to its limited scale, as cases deemed to be compact eligible are meant to be drawn from a small pool of countries; these are the best performers and should remain so to achieve the maximum development impact.

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Similar to MCC, the Partnership for Growth (PFG) is designed to work with a limited number of countries, in this case just four: Ghana, Tanzania, the Philippines, and El Salvador. Launched in 2012, PFG relies upon a constraints analysis similar to MCC in order to identify binding constraints to growth that then inform a Joint Country Action Plan (JCAP). The JCAP highlights reforms and investments the country government could make to address the binding constraints, as well as areas in which the United States would support these actions. Unlike MCC, however, PFG does not have any direct budget, and it remains to be seen whether the analysis produced through the PFG process will drive future USAID programming and allocation of resources.

Conclusions and Recommendations

The integrated development theory is in line with country priorities and could be in the best interest of donors, but its promise remains to be demonstrated on a large scale. International development is at an inflection point: almost every development professional acknowledges that the game has changed, that there are more nonstate actors involved, and developing countries require more autonomy in their own development. Yet development programming, budgets, design, and evaluation remains primarily a system that was created over 60 years ago, and efforts to update to improve coordination and coherence have largely not achieved their desired objectives.

To be sure, there is hope that the SDGs will serve as a unifying force for both donors and recipients of foreign assistance. The United Nations envisions the SDGs as integrating economic, social, and environmental development challenges; yet it remains to be seen if donors will approach the SDGs in a cohesive manner, and whether they will commit dedicated resources to integrated objectives. Many donors entered the SDG process with traditional sector priorities (i.e., water, environmental protections, maternal-to-child health) and advocated loudly for them. At present it seems that these donors will continue to focus their efforts on these individual goals and sub-indicators, and may not be motivated to tackle issues in an integrated manner with their partners.

Even if we are able to achieve better integration of U.S. development efforts at a country level, there remains the issue of broader donor coordination and policy coherence. To be sure, as described above, donors are trying to improve on both accounts but the sheer number of actors makes any effort extremely complicated. As the world's largest international donor (in absolute dollar terms), the United States must exert greater leadership around these areas if integrated development is to be a success (or even a priority). Yet integration, as described above, faces significant challenges in the U.S. context. But the subjects that integration raises—how the United States programs its people, time, and money; the impact that fragmentation and budgetary earmarks have on development efforts; and how development programs and projects are evaluated—are the ones that need to be addressed if U.S. foreign assistance is to remain relevant in the twenty-first century.

1. **Strengthen evidence to support and inform integrated development.** At present, integrated development remains more a theory of change than a proven approach to development project design. Individual efforts show promising results, while others fall short. In order to move the conversation forward, it is necessary to continue building a broader base of evidence to support shifting toward thoughtful, context-specific integration. Given its many manifestations, exploring

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under which specific circumstances and through which particular models integration adds the most value is critical. Without this type of demonstrated nuanced understanding, it is unlikely that USAID, the State Department, Congress, and the administration will be willing to risk political capital around integrated development. It is incumbent upon the champions of integration to seek out this evidence and present it as part of their overall case. Much of this work is underway, but it is important that the findings, both positive and negative, be clear and widely shared. Evaluators should expand production of this evidence that answers key questions for decisionmakers, and champions must present it accurately as part of their overall case.

2. **Identify pilot programs/projects within existing earmarks.** One way that donors and others can look to bolster the case for integrated development is by examining existing earmarks to find ways in which an integrated approach can be adopted in new project design. Integrated programming within existing earmarks can come in many forms, like the cross-sectoral linkages found in Feed the Future. Another example of leveraging existing funding is the recent decision to allocate a portion of PEPFAR funds toward domestic resource mobilization programs in a series of target countries.[6] This allocation of approximately $60 million will be used to generate domestic revenues of $1 billion that will be directed toward greater public health spending in the pilot countries. Though not billed as an integrated development project, this is in fact an example of an intervention in one sector, public financial management, facilitating outcomes in terms of both healthcare and country ownership. This and other projects like it should be used to bolster the case for integration across diverse development constituencies.

3. **Focus on integrated training for professionals in the interagency.** USAID should develop and expand leadership rotational programs, similar to those available to Presidential Management Fellows, for future policy and program managers. After spending time in multiple bureaus, professionals will be better able to understand the structures and goals of many groups at USAID, and be better suited to design and implement cross-sectoral and integrated programming. Many development professionals focus on single sectors in their education and prior work experience, making eventual integration more challenging. USAID and other donors should take intentional measures to counteract these training silos on a large scale.

4. **Continue to work to improve donor coordination and policy coherence.** At the country level, donor coordination and policy coherence, particularly among development and foreign policy actors, remain weak in spite of the frameworks developed over the past 15 years. This reflects the reality that donors frequently pursue their own self-interest in how they direct their foreign assistance, and these priorities may not align. In order to strengthen coordination and coherence, the leading donors in-country and host-country governments should take the lead in forming collective development strategies. This type of organization is a necessary first step for greater integration of inter-donor efforts, as well as intra-donor projects.

[6] U.S. Department of State, "Secretary Kerry Keynotes Frontiers in Development Forum—Announces New Health Commitments by PEPFAR and a Global Resilience Challenge by USAID," media note, September 20, 2014, http://www.state.gov/r/pa/prs/ps/2014/09/231902.htm.

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Acknowledgments

The author would like to thank Christina Perkins, associate director of the CSIS Project on Prosperity and Development (PPD), for her research, writing, and editing support over the course of this project. In addition, Conor Savoy, deputy director of PPD provided yeoman support whenever necessary. The author would like to thank the participants of the two roundtable meetings for their insights into integrated development. Thanks also to Julie Snyder for writing and researching the case study contained in this report. Finally, this report is made possible by the generous support of FHI360.

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Earlier, Mr. Runde was director of the Office of Global Development Alliances at the U.S. Agency for International Development (USAID). He led the initiative by providing training, networks, staff, funds, and advice to establish and strengthen alliances, while personally consulting to 15 USAID missions in Latin America, the Middle East, and Africa. His efforts leveraged $4.8 billion through 100 direct alliances and 300 others through training and technical assistance. Mr. Runde began his career in financial services at Alex. Brown & Sons, Inc., in Baltimore and worked for both CitiBank and BankBoston in Buenos Aires, Argentina. He received an M.P.P. from the Kennedy School of Government at Harvard University and holds a B.A., cum laude, from Dartmouth College.

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