

Earmarks and Directives in the Foreign Operations Appropriation

By Michael Casella, Rodney Bent, and Daniel F. Runde

Executive Summary

While not actual “earmarks,” both “hard” and “soft” directives have a significant impact on the U.S. government’s ability to program, implement, and evaluate foreign assistance. There are as many reasons for the application of these directives as there are sectors where they are applied; however, the outcome is the same: an inability to flexibly adapt assistance to changing contexts. The increase in directives has squeezed funding in other areas such as democracy building and economic reforms, consequently reducing the U.S. government’s ability to pivot quickly with non-humanitarian economic assistance funding to address a crisis or take advantage of an opportunity for development. By studying the composition of these directives, this paper serves as a starting point for Congress and the executive branch to engage in meaningful strategic reform and implementation of foreign assistance operations.

Introduction

The past three decades have seen a significant increase in earmarks and directives in the foreign assistance portion of the annual [State, Foreign Operations, and Related Programs Appropriations Bills and Act](#) (the 150 account).

While this proliferation of directives might appear at first glance to be a non-issue to non-budgeteers, it has had a real impact on the ability of the executive branch to use foreign assistance to address critical foreign policy and development requirements. Practically, this includes:

- Constraints on the U.S. Department of State and the U.S. Agency for International Development (USAID) to quickly reallocate development funding to address new threats and unforeseen opportunities;

- Reduced availability of development funding for non-directed sectors and programs, most notably democracy and governance and non-agriculture economic growth; and
- Limitations on the ability of the State Department and USAID to develop and implement long-term country-specific strategic plans.

Before solving these problems, it is important to quantify the level and type of earmarks and directives over time. To do so, this study compared two appropriations acts 21 years apart and explored possible reasons for and negative implications of the trends. The study team also examined possible changes in the budget and appropriations processes that might mitigate the negative impacts of earmarks and directives.

Analysis of Directives in the Foreign Operations Appropriation

ACCOUNT HISTORY

The [Foreign Assistance Act of 1973](#) authorized the appropriation of funds for three “Functional Development Assistance Programs” (collectively known as FDAP):

- Food and Nutrition
- Population and Health
- Education and Human Resources Development

The Foreign Operations Appropriations Act (State Department funding was appropriated in a separate act until FY 2006 in the Senate and FY 2008 in the House) appropriated funds to these FDAP “sub-accounts,” as well as others that were added in subsequent appropriations acts, within the Development Assistance account until FY 1996. That year, the House Appropriations Subcommittee on Foreign Operations and Related Programs created a new Child Survival and Disease Programs account, which incorporated most of the funding now included in the Global Health Programs account.

Similarly, separate regional accounts date back at least to the late 1980s. The [Development Fund for Africa](#) was a separate budget account first funded in FY 1988, with its last appropriation in FY 1995. The five-year, \$200 million [Multilateral Assistance Initiative for the Philippines](#) was funded through a separate account in the early 1990s. Other separate budget accounts were created for assistance to Eastern Europe in FY 1990 and to the former Soviet Union states in FY 1993 (these were later merged into the current assistance account to Europe, Eurasia, and Central Asia).

By FY 1999, the economic assistance accounts that were programmed by country looked much as they do today. After reviewing all budget accounts in the FY 1999 Appropriations Act, the study team found they can be tracked directly to the FY 2020 act, with only two exceptions. The International Fund for Ireland was a separate budget account in FY 1999, and no longer exists; meanwhile, the Democracy Fund is included in the FY 2020 act, but it did not yet exist in FY 1999.

The study team chose to look at the economic assistance accounts programmed by country as the baseline, as well as International Narcotics and Law Enforcement (INCLE). The team included the latter because a sizeable proportion of the hard directive for democracy in the FY 2020 act is funded through the INCLE account. The accounts analyzed for each fiscal year are in Table 1.

Table 1: Accounts Analyzed

FY 1999	FY 2020
Child Survival and Disease Programs Fund	Global Health Programs
Development Assistance	Development Assistance
Economic Support Fund	Economic Support Fund
International Fund for Ireland	Democracy Fund
Assistance to Eastern Europe and the Baltic States	Assistance to Europe, Eurasia, and Central Asia
Assistance to the New Independent States	International Narcotics Control and Law Enforcement
International Narcotics Control and Law Enforcement	

DEFINITIONS

Specific and directed spending requirements in the State and Foreign Operations acts are informally called “earmarks” among development policymakers. However, the Congressional Research Service states that “any congressionally directed spending, tax benefit, or tariff benefit be considered an earmark if it would benefit a specific entity or state, locality, or congressional district other than through a statutory or administrative formula or competitive award process.” Therefore, while there have been a few “earmarks” in these appropriations acts, most of the requirements are truly “directives.”

There are two types of “directives”—“hard” and “soft.” The main difference is the use of the language “should” or “shall” in appropriations acts, as well as the placement of the directive in the act or the Joint Explanatory Statement (JES) that accompanies an act:

- A “hard” directive refers to an appropriations proviso or general provision in an act that states that “no less than” an amount of funding “**shall be made available for**” a specific country, region, sector, or program.
- A “soft” directive refers to language in an act that states that “no less than” an amount “**should be made available for**” a country, region, sector, or program; an amount that appears in a budget table in an Appropriations Committee report or the JES; or language in a report or JES that “directs” or “recommends” a specific amount for a specific country, region, sector, or program.

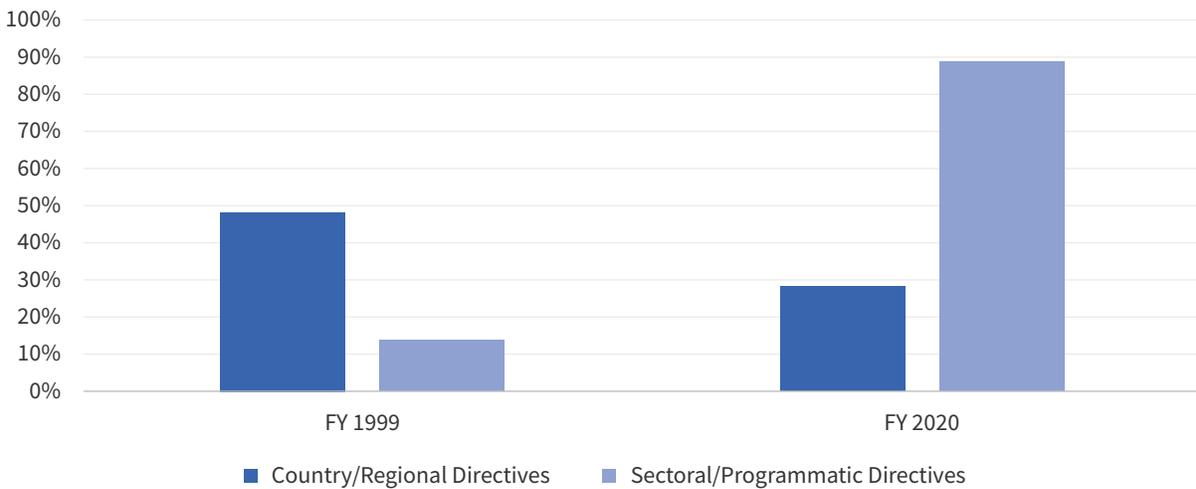
These directives either require (“shall”) or encourage (“should”) spending, with varying degrees of flexibility.

RESULTS

Directives in the economic assistance portions of State and Foreign Operations Appropriations Acts (SFOP) have indeed increased over time. Furthermore, this analysis finds that the type and scope of directives has shifted considerably over the period analyzed. Directives have shifted focus from geographic to sectoral/programmatic. For example:

- In FY 1999, 48 percent of funding in base economic accounts plus INCLE was included in hard and soft country/regional directives, while only 14 percent was included in soft sectoral/programmatic directives (and there were no sectoral/programmatic hard directives in FY 1999).
- By FY 2020, these proportions had reversed: 28 percent of the core economic accounts plus INCLE were encumbered by hard and soft country/regional directives, while 89 percent were encumbered by hard and soft sectoral/programmatic directives.

Figure 1: Disparities in Types of Directives between FY 1999 and FY 2020



Source: Authors' own analysis of State, Foreign Operations, and Related Programs Appropriations Acts and Joint Explanatory Statements for fiscal years 1999 and 2020.

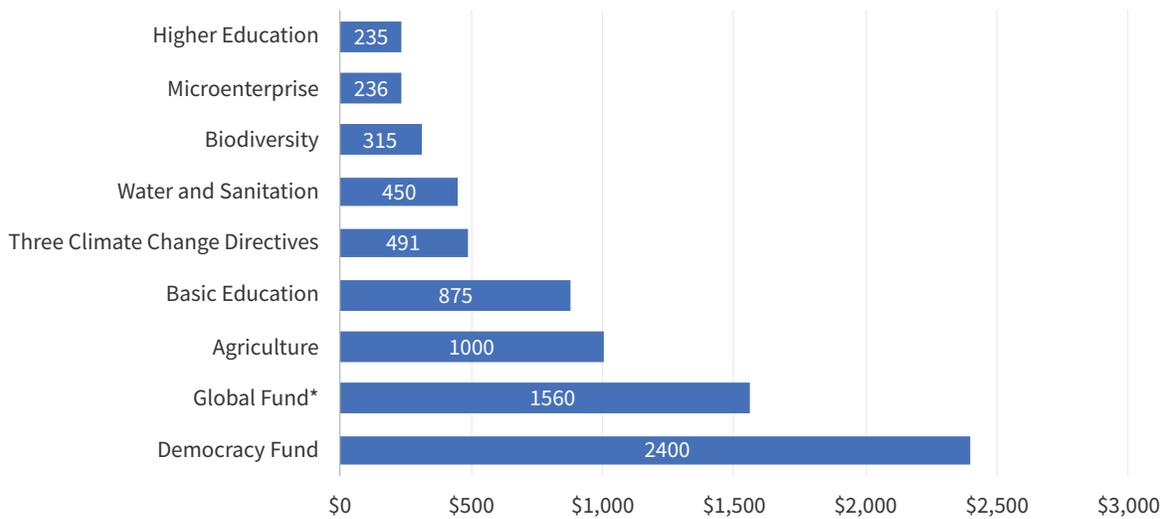
The overall reduction in country/regional directives can be explained largely by the elimination of the Economic Support Fund (ESF) hard directive for Israel (which was \$1.08 billion in FY 1999) and the significant reduction in the ESF hard directive for Egypt (which fell from \$775 million in FY 1999 to \$125 million in FY 2020).

- Israel and Egypt ESF directives alone accounted for 32 percent of the entire base of core economic accounts and INCLE in FY 1999, while the remaining Egypt ESF directive accounted for less than 1 percent of the total in FY 2020.
- The total number of country/regional directives increased by a factor of almost five, from 16 in FY 1999 to 77 in FY 2020. However, overall funding for the base accounts increased much more than total funding under a directive. As a result, the percentage of base funding accounted for in country/regional directives fell by almost half, even as the number of these directives quintupled.

The sectors subject to directives are HIV/AIDS and other health programs, democracy, agriculture, basic education, climate change, water and sanitation, biodiversity, microenterprise, and higher education. Most of these sectors, with the exception of democracy, had directives in the FY 1999 act or JES, all of which were soft directives. By FY 2020, most were hard directives. The principal drivers of the increase in these directives between FY 1999 and FY 2020 are:

- The quadrupling of the number of sectoral/programmatic directives, from 14 in FY 1999 to 55 in FY 2020, including 23 hard directives and 32 soft directives.
- The significant increase in funding of many sectoral/programmatic directives. In FY 1999, the largest directive was \$305 million for agriculture, and only two other directives exceeded \$100 million. By FY 2020, the largest sectoral/programmatic directives were \$5.93 billion for HIV/AIDS and \$2.4 billion for democracy programs, and 14 other directives exceeded \$100 million.
- The fact that most of the largest sectoral/programmatic directives were hard directives in the FY 2020 act (with the exception of HIV/AIDS and other Global Health Program directives, which are primarily included in the JES).

Figure 2: Largest Sectoral/Programmatic “Hard” Directives, FY 2020 (USD, millions)



*A component of the total soft HIV/AIDS directive

Source: Authors' own analysis of State, Foreign Operations, and Related Programs Appropriations Act for fiscal year 2020.

IMPACT OF INCREASED SECTORAL/PROGRAMMATIC DIRECTIVES

The rise in sectoral and programmatic directives has had a significant impact on the ability of the secretary of state and the USAID administrator to effectively leverage economic assistance. Between FY 2011 and FY 2016, these impacts were exacerbated by the strict discretionary budget caps negotiated between the Obama administration and the Republican Congress, which in turn put downward pressure on the core budget accounts that fund economic assistance. By making such assistance a zero-sum game, increases in sectoral directives ensured that decreases would be required elsewhere.

The negative impacts of increased sectoral directives fall into three categories:

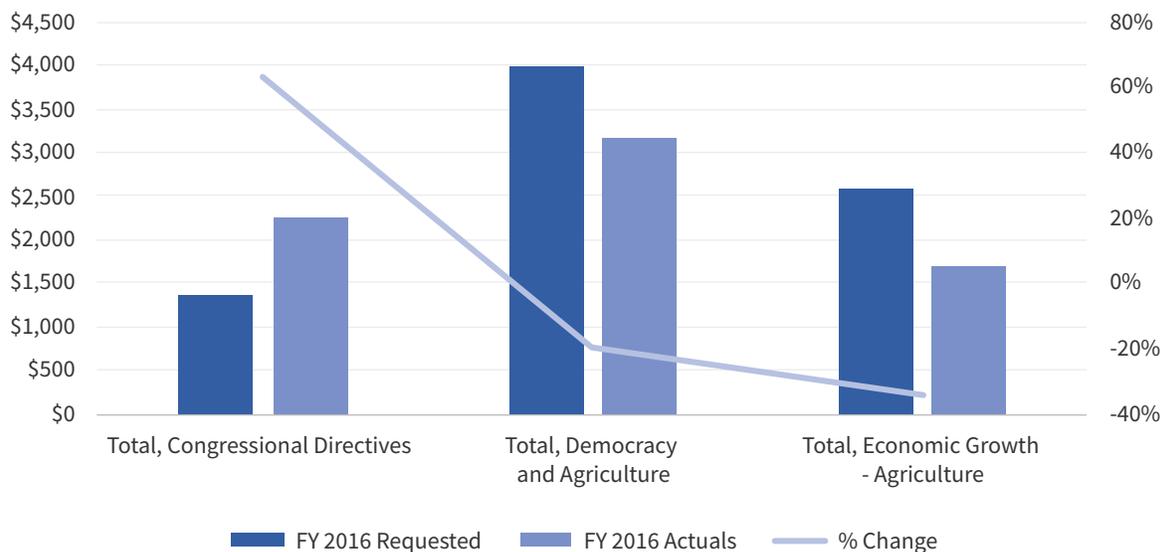
1. Reduced capability to quickly reprogram funds to address unforeseen threats and opportunities.
 - As sectoral directives have become a greater part of the economic assistance budget, executive branch policymakers have less flexible funding to rapidly counter emerging foreign policy threats or to respond nimbly to a developing opportunity. The humanitarian response budget accounts are flexible in their use and are generally unhindered by directives, as Appropriations Committee leadership and staff have recognized the need for rapid flexibility for these programs. However, funding for longer-term reconstruction efforts from a humanitarian disaster or to provide quick policy reform and other assistance to a newly democratic government is often difficult to find without breaching directives. This has implications for the ability to close the gap between those working across the [peace-humanitarian-development](#) nexus.
 - Congress has recognized the inflexibility that directives create and has responded by providing new directives to respond to new requirements. The [FY 2020 Appropriations Act](#) includes three such directives which operate across countries and regions and encompass funding for multiple sectors:
 - The Relief and Recovery Fund, which provides stabilization assistance to areas liberated from the Islamic State and other terrorist organizations;

- The Countering Russian Influence Fund; and
- The Countering Chinese Influence Fund.

2. Limited funding for democracy, governance, and economic policy reform and other related programs.

- It is difficult to measure the impact of directives on specific sectors for the past few fiscal years, given the large differences between total funding requested by the president’s budget and appropriated funding for the underlying budget accounts.
- However, working with the FY 2016 budget request, enacted appropriation, and actual allocations, the study team was able to make such a comparison, which again supported the conventional wisdom. The graph below compares the FY 2016 request and actual allocations to show which sectors were increased and which were reduced.

Figure 3: Requested and Actual Budgets for Directives in Key Sectors of Development Accounts, FY 2016 (USD, millions)



Source: Authors’ own analysis of State, Foreign Operations, and Related Programs Appropriations Act and Joint Explanatory Statement for fiscal year 2016.

- The category of sectors that traditionally have hard directives in appropriations acts increased by \$869 million (63 percent) between request and actual allocations. This category includes basic and higher education, biodiversity, sustainable landscapes, gender-based violence, microenterprise, trafficking in persons, and water and sanitation.
- Agriculture and democracy were reduced by \$801 million (20 percent), despite the act having a soft directive for the former and a hard directive for the latter. Most of the reduction (\$607 million, or 21 percent) came in democracy, which was requested at a significantly higher level than the prevailing directive level. Ironically, democracy now has a hard directive in appropriations acts in part because the House and Senate Appropriations Committees were concerned about democracy and governance programs being cut for other purposes.

- Remaining economic growth programs, which include macroeconomic foundations for growth, trade and investment, financial sector reform, infrastructure, private sector competitiveness, and economic opportunity, were cut by \$886 million (34 percent).

3. Reduced partner country ownership.

- The [2005 Paris Declaration on Aid Effectiveness](#) includes a partnership commitment that aid recipients will “exercise leadership in developing and implementing their national development strategies.” The multilateral [Global Fund to Fight AIDS, Tuberculosis and Malaria](#) and the U.S. [Millennium Challenge Corporation \(MCC\)](#), which were created during the discussions leading to the Paris Declaration, include country ownership of development strategies and implementation as founding principles.
- However, the significant increase in sector directives since FY 1999 has made it difficult for most U.S. international development assistance programs to meet the country ownership principle. The overwhelming proportion of development funding required to meet sector directives significantly constrains the ability of USAID and other implementing agencies to fully incorporate country priorities in development strategies, and leaves them with little flexibility to adapt to changes in such priorities.
- The MCC, for which country ownership was a founding principle, has not been subject to congressional directives. However, funding for the MCC has never approached the \$5 billion annual appropriation initially envisioned by the Bush administration when the MCC was authorized in 2004, peaking at \$2 billion in FY 2007 and plateauing at slightly under \$1 billion annually for the past decade. Given recent directive levels and overall funding levels in State and Foreign Operations Appropriations Acts, funding the MCC at significantly higher levels would likely require the application of sector directives to some of its funding.

EXPLANATIONS FOR INCREASED SECTORAL/PROGRAMMATIC DIRECTIVES

There are a number of possible explanations for the increase in the number of both regional and sector directives, as well as the huge increase in the amount of funds included by sector directives.

Separation of Powers

The separation of powers between Congress and the executive branch constitutes an initial barrier to any effort toward longer-term cooperation between the two branches of government.

- Neither the legislative branch nor the executive branch wishes to be seen as giving up its independence, and while the executive branch foreign assistance budget is focused on carrying out the singular foreign affairs policies and priorities of the president, the congressional appropriations process must balance a much broader range of views and priorities, across 535 members and the constituent interests that inform their foreign assistance priorities.
- This is not a partisan issue. Even during years when the legislative and executive branches are controlled by the same party, the executive branch continues to propose cuts to programs that are popular with Congress, such as basic education and water and sanitation. This is done in order to fund other priorities, such as democracy and economic growth programs. It often results in insufficient undirected funds. The table below shows the futility of this approach on three sectors with large hard directives: basic education, biodiversity, and water and sanitation (in USD millions).

Table 2: Differences between the President’s Requested and Actual Budget for FY 2015–2017 (USD, millions)

SECTOR	FY 15 REQ	FY 15 ACT	FY 16 REQ	FY 16 ACT	FY 17 REQ	FY 17 ACT
Basic Education	534	800	290	800	561	800
Biodiversity	93	250	114	265	149	265
Water and Sanitation	231	382	277	400	256	400

Source: Authors’ own analysis of State, Foreign Operations, and Related Programs Appropriations Acts and Congressional Budget Justifications for fiscal years 2015, 2016, and 2017.

- Congress constitutionally has the upper hand when it comes to appropriations of funding (as Appropriations Committee staff like to say, “the president proposes and the Congress disposes”), so continuing to lowball requests for sectors of importance to Congress has been a losing proposition for administrations under both parties.

Lack of Trust between Branches of Government

The lack of trust between an administration and a legislature has always been a factor in the existence of directives in the SFOP. However, the level of mistrust has grown over the past two decades and, when combined with the inherent conflicts stemming from separation of powers, has been an important driver of the increase in directives.

- In some sectors, such as international family planning and climate change, policy differences between political parties have led to hard directives or limitations on those sectors. In a few instances, an administration or Congress has taken what the other party has seen as unfair or extreme measures to thwart the other’s prerogatives.
 - During the Clinton administration, the Republican controlled House imposed monthly “metering” on international family planning funding, which had no policy purpose other than to hinder program execution.
 - After the 2016 election, the Obama administration forward funded \$1 billion in contributions to the Green Climate Fund, removing the ability of the incoming Trump administration to reduce or eliminate that contribution.
- The Trump administration destroyed much of the remaining trust between the executive and legislative branches, not just by proposing cuts of one-quarter to one-third of the entire SFOP, but also by attempting each year to delay and rescind funds that have been appropriated, to the consternation of Appropriations Committee members from both parties.

Each time an action such as these is taken, it depletes trust between an administration and a Congress, which requires time and effort to renew.

Disconnect between Country and Sectoral Focuses

Recent administrations and Congresses have both moved over the past two decades toward a greater focus on sector strategies and funding. During both the Bush and Obama administrations, massive initiatives in health, agriculture, and climate change were created, and Congress increased the number, size, and firmness of sector directives. However, strategic budget planning in the executive branch is still anchored firmly to a country and regional framework, while congressional thinking, especially in the Appropriations

Committees, has moved more firmly to a sectoral framework, including not only more and larger sector directives, but also an increased demand for sector strategies and sector information in budget requests.

Executive Branch: The major focus of executive branch planning is on a country and regional basis. This is due in part because of the dominance of foreign policy considerations at the State Department. Moreover, the organization of the State Department and USAID has tended to empower regional bureaus over their “global” bureau counterparts.

- The imbalance between sectors has shifted somewhat over the past two decades in favor of sectors that have been the subject of presidential initiatives. This shift began with the [President’s Emergency Plan for AIDS Relief \(PEPFAR\)](#) during the Bush administration, followed by the addition of other health programs, agriculture, and climate change during the Obama administration. Outside of these areas however, only health and gender continued to hold a somewhat privileged position during the Trump administration; executive branch budget requests for foreign assistance continued to originate in embassies and USAID missions and have had only peripheral inputs from sector bureaus.
- While the executive branch has developed a number of additional sector strategies, including democracy, basic education, and water and sanitation, no strategies outside of health and agriculture (and during the Obama administration, climate change) have had significant impact on budget requests.
- The sector strategy development processes (with the exception of initiatives) have not been well coordinated between the State Department and USAID’s country and regional strategies; furthermore, with the exception of initiatives and the water and sanitation strategy, priority countries for sector focus have not been designated.

Appropriations Committees: Congress sometimes focuses on country/regional and sector priorities.

In fact, the Senate Foreign Relations and House Foreign Affairs Committees are largely organized along regional lines. However, during the past two decades these committees, and in particular the Appropriations Committees, have shifted from a largely regional focus to a more evenly divided approach or, in the case of appropriations, one that is weighted toward sector concerns. There are a number of reasons for this shift:

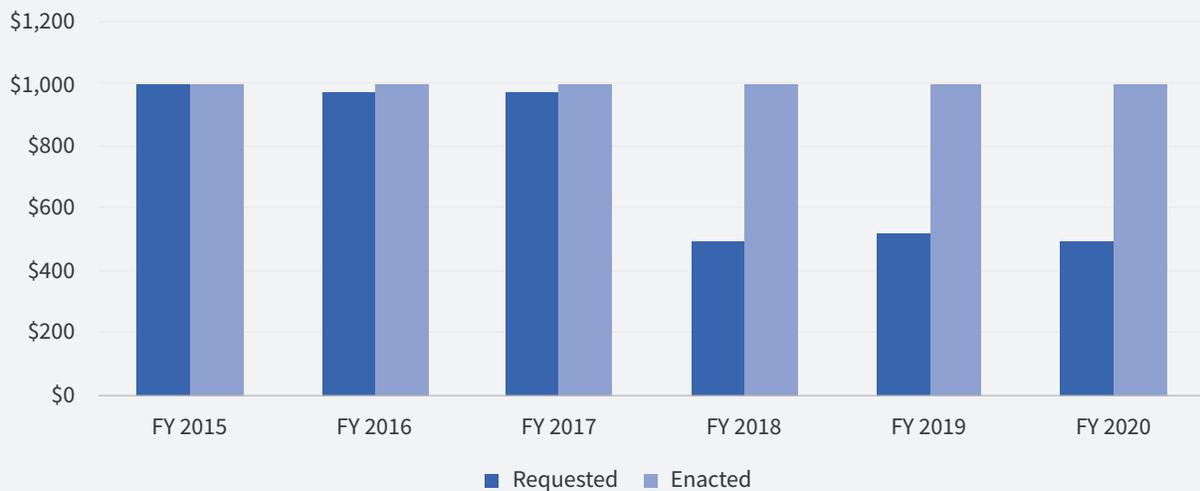
- The number of single-issue nongovernmental organizations (NGOs) and coalitions have [proliferated](#) during the past two decades. The push by some NGOs to address HIV/AIDS in Africa demonstrated how influential these types of organizations can be, spurring the formation of single-issue NGOs and coalitions around a number of other sectoral development priorities. These groups have proven to be extremely influential, both in developing convincing arguments and data on the benefits of supporting a specific sector and in marshalling grassroots and celebrity pressure on Congress at the committee and individual member level.
- Individual members of Congress, and often their staff, have heartfelt yet niche interests in seeing progress in particular sectors.
- Sector development goals have been easier to explain to the public than broader concepts such as “sustainable development” or “integrated development.” The United States (prior to 2017) and other governments have focused on sector-specific goals in making multilateral commitments on development, such as the Millennium Development Goals that were adopted in 2000 and the Sustainable Development Goals that replaced them in 2015.

The Global Food Security Act (2016): Best Practice Case Study

The Global Food Security Act of 2016 offers a best practice example of when an administration and Congress have collaborated effectively on sectoral planning and strategy. The Global Food Security Act, which was negotiated between the Obama administration and a Republican-led Congress, included an authorization of appropriations of two years at a level of \$1.006 billion, which was the amount requested by the Obama administration for FY 2015. The Appropriations Committees funded this full amount with soft directives (“should”) in the FY 2016 and 2017 Appropriations Acts.

When the Trump administration requested cuts of approximately 50 percent to the food security budget, in each of its requests for FY 2018, 2019, and 2020, Congress continued to provide the amount authorized by the Global Food Security Act and shifted in each of these years to hard directives (“shall”). Notably, the first use of the hard directive for food security was in the FY 2018 Appropriations Act, when the Republican party controlled the House, Senate, and White House. The graph below shows the impact of these directives.

Figure 4: Requested and Enacted Food Security Budget by Fiscal Year (USD, millions)



Source: Authors' own analysis of State, Foreign Operations, and Related Programs Appropriations Acts, Global Food Security Act, and Joint Explanatory Statements for fiscal years 2015, 2016, 2017, 2018, 2019, and 2020.

The [Feed the Future Initiative](#) provided rigorous and transparent strategic planning and a performance reporting structure that informed the Global Food Security Act negotiations. Subsequently, the act was adopted on a bipartisan basis (the final conference bill was passed 369-53 in the House and by voice vote in the Senate), thereby providing Congress with the confidence needed to avoid a hard directive through FY 2017, as well as the ability to protect the program with a hard directive when it was cut by the Trump administration starting in FY 2018.

Similar bipartisan negotiations between the Bush administration and Congress led to the United States Leadership Against Global HIV/AIDS, Tuberculosis, and Malaria Act of 2003, which in turn led to agreement, during most fiscal years through FY 2017, on the funding levels for these programs requested by the Bush and Obama administrations and appropriated by Congress. While there is authorizing legislation for other sectors of interest to Congress, most notably the Paul Simon Water for the World Act of 2014, these acts have not included authorization of explicit appropriations levels, primarily because the administrations and Congresses that negotiated them could not agree on appropriate funding levels for these sectors.

Lack of Alternative Measures of Progress

A final driver of increased sector directives is the lack of alternative data with which Congress and other stakeholders can assess whether performance objectives and measures that an administration has promulgated are being fulfilled.

The [Foreign Aid Transparency and Accountability Act of 2016](#) required the executive branch to develop guidelines for establishment of goals, performance metrics, and monitoring and evaluation plans for U.S. foreign assistance. The U.S. Government Accountability Office (GAO) reviewed these guidelines, which were promulgated by the Office of Management and Budget (OMB) in January 2018 and reported in July 2019 that the guidelines incorporate “most but not all leading practices.” This act also required the State Department and USAID to combine and consolidate their current systems that report budget and performance information by the end of FY 2018. The agencies did not meet this date but have established a consolidation plan and timeline that will result in a combined website by October 2021.

The [Foundations for Evidence-Based Policymaking Act of 2018](#), which has government-wide scope, required each agency to establish an annual evaluation plan and to appoint an evaluation officer responsible for ensuring the plan is followed. USAID appointed the director of the Office of Learning, Evaluation, and Research as their evaluation officer.

Government-wide sector strategies outside of health and agriculture have in some cases included specific calls for the development of standard performance measures and indicators. The [U.S. Government Water Strategy of 2017](#) and the [U.S. Government Strategy on International Basic Education from 2018](#) both include such mandates. USAID also reports on the progress of stand-alone development policies through policy implementation assessments (PIAs), which provide critical insights on agency progress toward a specific objective.

The MCC and, to a lesser extent, USAID have made significant progress in measuring outputs and outcomes from economic assistance over the past two decades. The MCC includes measurable output and outcome measures in every development compact, and USAID put in place an updated evaluation policy in 2016 that called for substantially more evaluations to be performed and included standards for quality and use of evaluations.

However, USAID, against whom the bulk of sector directives applies, maintains a decentralized approach to evaluation. Most evaluations outside of a few key sectors (e.g., HIV/AIDS, other health sectors, agriculture) continue to be managed by the same missions and bureaus that implement the projects being evaluated. As a result, information remains sporadic.

- The latest publicly available information shows that the number of evaluations performed for USAID increased rapidly before and immediately after the finalization of the evaluation policy, rising from 73 in FY 2007 to 238 in FY 2012, but tapered off thereafter, falling to 145 in FY 2016 and 161 in FY 2017.
- USAID [conducted a study of how evaluations were used in 2016](#), interviewing staff regarding 118 evaluations performed over the period of FY 2011 to FY 2014. The study found that while 71 percent of evaluations had some impact on current or future projects, the majority were used to design subsequent projects (47 percent), rather than modify a current USAID activity or project (11 percent) or to do both (13 percent).
- No information was found regarding the impact of performance measurement or evaluation on budgeting for activities or projects. With the exception of some MCC compacts, there is little evidence of performance impacting budget decisions—so much so that the few exceptions where a project or activity was significantly changed or terminated due to performance stand out as memorable.

The Department of State and USAID also maintain a large inventory of common performance indicators, including many that are used for sectors that have congressional directives. However, with the exception of the sectors noted above, the decisions regarding which indicators to use are left to the managers of each evaluation, and this master inventory is a work in progress (for example, there are no indicators listed for Pandemic Influenza and Other Emerging Threats, which presumably includes Covid-19).

- For most of the programs outside of health and agriculture that Congress is most concerned about, the State Department and USAID have robust lists of performance indicators. For example, the basic education, biodiversity, and water and sanitation sectors have 32, 30, and 62 active indicators, respectively.
- The FY 2019–2023 *U.S. Government Strategy on International Basic Education*, the FY 2014 *USAID Policy on Biodiversity*, and the FY 2017 *U.S. Government Global Water Strategy* all call for increased use of common indicators to measure progress.
- The most recent performance reports on basic education and water date from FY 2017. However, the most recent reporting on biodiversity dates from FY 2018 and includes only anecdotal performance information. Most of the indicators for these sectors were newly established in 2016, and therefore are not reflected in these reports.

Unless congressional appropriators have received detailed performance information that is more recent than what is publicly available, it is unlikely that they have more than anecdotal performance information for basic education, biodiversity, water and sanitation, and other sectors of interest. Therefore, there is nothing to replace their reliance on budget directives to ensure that development progress in these sectors continues.

Conclusions and Ways Forward

While not actual “earmarks,” both hard and soft directives clearly have a significant impact on the U.S. government’s ability to program, implement, and evaluate foreign assistance. There are as many reasons for the application of these directives as there are sectors where they are applied; however, the outcomes from directives play out the same across sectors. Moving forward, policymakers must mediate this impact and look for opportunities to promote reform.

The overall number and size of economic assistance directives in the SFOP increased significantly between FY 1999 and FY 2020. This was driven by a sixfold increase in the proportion of funding included in sectoral and programmatic directives, which in turn more than offset an almost 50 percent reduction in the proportion of funding for country and regional directives (a significant portion of which was driven by elimination of or reductions to ESF for Israel and Egypt).

The increase in directives and the creation of presidential initiatives has reduced funding in other areas such as democracy and economic reform, reducing the ability of administrations to pivot quickly with non-humanitarian economic assistance funding to address a crisis or take advantage of an opportunity for development.

The increase in directives has many origins, including:

- The separation of powers, underlying institutional differences between the executive and legislative branches, and the unwillingness of either to compromise its prerogatives;
- An increased level of mistrust of past and current administrations by Congress, most notably during the Trump administration;

- A growing disconnect between the country and regional framework that still anchors the executive branch budget process for international economic assistance and the sector and programmatic framework that increasingly informs congressional, multilateral, and public sector interests; and
- A continued lack of comprehensive performance metrics or other information that can be used by Congress instead of budget directives to track and enforce the sector development progress it expects to result from provided funding.

The study team did not attempt to address the first two causes of the increase in directives. The separation of powers is a fundamental foundation of the U.S. system of government, and any successful approach to lessening the extent or impact of directives must work around this basic issue. Similarly, far wiser experts are working on the second issue, which has much further-reaching implications than directives in the SFOP, and the study team has no additional insights.

The team believes that further work can and should be done on the issues of strategic disconnect and lack of alternative enforcement of progress, which are areas where the next administration and Congress can make progress if each is willing to consider loosening its prerogatives and extending a bit of trust to the other.

There is significant work that remains to solve these challenges, both on strategic planning and on performance measurement and evaluation. Moving forward, experts, policymakers, and development advocates should work together to consider the optimal approach to **country/regional and sector/programmatic strategic planning, including performance measurement, evaluation, and reporting that would support alternatives to the current extent and levels of sector directives, in a manner that is credible to both major political parties.** By working on this complex and interconnected challenge, this community can bring together a series of options for the Biden-Harris administration to consider moving forward. ■

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Appendix

METHODOLOGY

The study team chose to compare the FY 1999 and FY 2000 Appropriations Acts and JES primarily because the team wanted to compare two acts that would show changes over a meaningful period, and FY 1999 is the earliest appropriations act that is available on Thomas.LOC.gov, the Library of Congress legislative reference search engine. As noted in the account history section, FY 1996 would likely be the earliest act that would make sense to compare to FY 2020 because it is the first year that the overall account structure was similar to the current one.

For the base, the authors chose all of the economic assistance accounts in the State and Foreign Operations Act that are programmed by country or region, plus the International Narcotics Control and Law Enforcement Category. This total excludes the emergency and transition/contingency accounts in Title III of the act on bilateral economic assistance, and all other accounts in Title IV of the act on security assistance. While the purpose of the analysis is to capture the impact of directives on economic assistance, the democracy directive, which is by far the largest single directive in the analysis, also covers the INCLE account, so the team included this one security assistance account in the base for FY 1999 and FY 2020.

The team divided the analysis into country/regional directives and sector/programmatic directives. It is clear that some of the country/regional and sector/programmatic directives overlap, but while the Department of State and USAID can use their budget system, FACTS Info, to determine how the two categories of directives were allocated in practice, this information is not publicly available at the level of detail needed to correct for double-counting, and FACTS Info data only goes back to FY 2006. Therefore, the team decided to inventory the two categories of directives separately, acknowledging that one cannot simply add the two category totals together because of identified overlap.

Within each category, the team separately counted hard and soft directives and developed totals for each type of directive in each category. Wherever there was a likelihood of double counting, such as soft directives for programs that address democracy and governance that were likely to have already been captured in the overall democracy hard directive, the authors treated these soft directives as non-adds and did not count them in category totals. It is possible that this study over- or undercounted some of these, but because most of the non-add directives are relatively small, it is unlikely that any such errors had a significant impact on the results.