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THE WHITE HOUSE

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PRESIDENTIAL REVIEW DIRECTIVE/NSC-20

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MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF THE TREASURY
THE SECRETARY OF DEFENSE
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET
THE UNITED STATES TRADE REPRESENTATIVE
THE CHIEF OF STAFF TO THE PRESIDENT
DIRECTOR OF CENTRAL INTELLIGENCE
CHAIRMAN OF THE JOINT CHIEFS OF STAFF
ADMINISTRATOR OF THE AGENCY FOR
INTERNATIONAL DEVELOPMENT
ASSISTANT TO THE PRESIDENT FOR ECONOMIC POLICY
CHAIR, COUNCIL OF ECONOMIC ADVISERS
PRESIDENT, OVERSEAS PRIVATE INVESTMENT CORPORATION
PRESIDENT, EXPORT-IMPORT BANK

SUBJECT: International Programs and Resources (C)

Two factors dominate our current and future approach to funding overseas programs: declining U.S. government resources and changing foreign policy problems and priorities. For decades, we used "foreign aid" as another weapon in our fight against Communism. There was public and Congressional understanding and support. (C)

Now we face a different set of challenges and we do so at a time when funding is severely limited. That changed situation dictates first that we review the purposes and structures of our foreign assistance programs. Then, we must ensure that as a government we are integrating our efforts for the most cost effective, coordinated application of resources toward those objectives. (C)

The Congress must be closely consulted in the review and redesign of our international resource and foreign assistance programs. Thus, we should pursue a three part process. First, the Executive Branch should review its existing programs, structures, and priorities and develop recommended new policy goals and options for change. Second, we should share the results of that review with concerned Members of Congress and staff, discuss their ideas and build a consensus for a new, mutual approach. Third, we should submit to the President options and recommendations for changees, those requiring legislation and those that can be made by executive direction. (C)

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Declassify on: OADR

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I. Existing Programs: (OMB)

International programs and resources encompass a wide variety of USG activities, including foreign aid funded by the Foreign Assistance Act, leases and training, U.S. financial resources to Multilateral Development Banks, and USG support for international activities of U.S. companies and organizations. (U)

A. Each agency should describe the purposes, funding and other resource commitments for all programs which transfer funds or provide international support. Where relevant, agencies should indicate the recipient countries. (C)

B. Each agency should describe major impediments to current program goals or objectives, including:

- legislative requirements and prohibitions;
- Congressional earmarking of funds by country;
- cost of delivery/overhead;
- inefficient organizational forms or procedures; and
- difficulties in interagency coordination. (C)

OMB will standardize and coordinate these submissions. (U)

II. Policy Objectives and Priorities: (State/Treasury)

A. OBJECTIVES: U.S. assistance programs should reflect clearly stated national priorities with broad support, as suggested illustratively below. Describe how the changing, post-Cold War international situation has or should have altered our funding priorities. Analyze how well our existing programs fulfill the priorities we might seek to pursue. Propose options for future policy initiatives that require assistance programs. Within current and lower budget levels, describe options for allocating (on a percentage basis) resources from all U.S. foreign assistance budget accounts to support these initiatives. Although some programs address several goals, for purposes of this analysis, funds should be identified by their primary objective. (State) (C)

Define the projected economic situation, including level of development, trade and capital flows, and external debt, likely to confront key recipients of U.S. assistance over the next decade. (Treasury) (C)

Illustrative examples of the goals that should be addressed are:

- sustainable development (environmental and economic);
- meeting basic human needs;
- democratization;

- U.S. overseas markets and investment, as well as foreign trade competitiveness;
- denuclearization, arms control and non-proliferation; and
- Middle East peace and other regional U.S. security interests.

B. ANALYSIS OF OPTIONS: The options developed should include all agencies' views on the objectives and the share of overall resources that should be provided. The options should be analyzed using a common set of criteria. Illustrative criteria are:

- likelihood of success of program;
- consistency with previous U.S. pledges and commitments;
- domestic support; and
- probability of avoiding greater future costs. (C)

III. Delivery Mechanisms: (State/Treasury)

OPTIONS: Develop options to deliver U.S. assistance more effectively and efficiently, including those which change existing types of delivery. These include:

- USG versus private and non-government organizations;
- multilateral versus bilateral;
- managed project or cash transfer;
- grants vs. loans;
- conditional vs. non-conditional; and
- country or functional categories. (C)

The options should be evaluated by a common set of criteria. (U)

IV. Reform of USAID: (State)

Working through the IWG, the State Department will create a Task Force, chaired by the Deputy Secretary, to restructure USAID and the Foreign Assistance Act. The Task Force chairman will appoint a subcommittee to review the structure and function of USAID, including its relationship to the Department. A wide array of functional and organizational options should be considered. The chairman will also appoint a subcommittee to review the Foreign Assistance Act, and review the State Department's responsibility to evaluate the foreign affairs budget function (150). (C)

V. Other Intradepartmental Organizational Issues: (OMB)

Each agency should provide an analysis of organizational and structural measures to ensure that assistance programs are more closely tied to current or future policy and have the least possible delivery and overhead costs (consistent with necessary audit/oversight requirements). Agencies are invited to comment on desirable organizational measures in other departments. (S)

VI. Interdepartmental Organization: (NSC/NEC)

Agencies should supply their views on the following issues: how should U.S. foreign policy objectives requiring financial support be established and reviewed periodically on a government-wide basis? What inter-agency mechanisms now exist to monitor and coordinate international programs? What, if any, new mechanisms should be employed to ensure that agency policies are in accord with Presidential guidelines? How should the USG ensure that its international resource instruments are coordinated to achieve those objectives? How should this process recognize the work of PVO/NGOs and other governments and international organizations?

(S)

The NSC staff should then develop options for interdepartmental organization and analyze them based on a common set of criteria.

(S)

VII. Congress: (State)

What are current Congressional views on the issues addressed in this PRD? Which changes analyzed in the study would require legislative change and which can be effected by a Presidential Decision Directive? Develop a plan to implement those that require Congressional action. (S)

VIII. Study Plan:

The study outline above indicates lead agencies for the coordination of initial drafts for each section. Lead agencies should solicit the views of other relevant agencies while drafting the initial papers. (S)

Coordination of this study will be under the co-chairmanship of the National Security Council and the National Economic Council. An initial draft of the study should be submitted to the Deputies Committee by 5 April 1993. (S)



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for National Security Affairs