OECD Development Co-operation Peer Reviews

UNITED STATES

2022

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OECD Development Co-operation Peer Reviews: United States 2022

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Foreword

The OECD Development Assistance Committee (DAC) conducts reviews of the development co-operation efforts of DAC members every five to six years. DAC peer reviews seek to improve the quality and effectiveness of development co-operation policies, programmes and systems, and to promote good development partnerships for greater impact on poverty reduction and sustainable development in developing countries.

From 2021, DAC peer reviews no longer cover all components identified in the peer review analytical framework (www.oecd.org/dac/peer-reviews/about-peer-reviews.htm). Instead they highlight good and innovative practices and reflect on key challenges faced by the reviewed member on select themes, recommending improvements. These themes are selected through consultation with representatives from the reviewed member and its partners.

At the beginning of the process, the reviewed member submits a self-assessment. Based on this, staff from the Secretariat and two DAC members designated as peer reviewers visit the member's capital to interview officials and parliamentarians, as well as representatives of civil society, non-government organisations and the private sector. This is followed by visits to up to two partner countries or territories, where the team meets with the representatives from the reviewed member as well as senior officials and representatives of the partner's administration, parliamentarians, civil society, the private sector and other development partners. The team then compiles the findings of these consultations and prepares a set of recommendations which are then discussed during a formal meeting of the DAC prior to finalisation of the report. During the whole process, the OECD Development Co-operation Directorate provides analytical support and is responsible for developing and maintaining, in close consultation with the DAC, the methodology and analytical framework within which the peer reviews are undertaken.

To support learning between DAC members, the report highlights a number of valuable practices from the reviewed member, from which peers can draw inspiration and learning. These are documented in further detail on the **Development Co-operation TIPs · Tools Insights Practices** online peer learning platform (www.oecd.org/development-cooperation-learning), that offers insights into making policies, systems and partnerships more effective. Peer review reports are complemented by a "Snapshot" of the member's development co-operation (www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DCD/DAC/AR(2022)4/7/FINAL&docLanguage=en) which includes factual information on its policies, institutional arrangements, finance and management systems.

The analysis presented in this report is based on (1) a desk review, including the United States' self-assessment and written assessments provided by 7 partners (non-governmental organisations, civil society representatives, the private sector and think tanks) and interviews with 12 multilateral partners and (2) an extensive process of consultations with actors and stakeholders in the United States, Indonesia and Kenya (listed in Annex B). The report, which contains both findings and recommendations, fed into the DAC meeting at the OECD on 29 September 2022, at which senior officials from the United States responded to questions and comments shared by DAC members.

Acknowledgements

Development Assistance Committee (DAC) peer reviews function as a tool for both learning and accountability. This report is the result of an in-depth consultation and review process. It was produced by a review team comprising peer reviewers from France (Jean-Sébastien Conty, Ministère de l'Europe et des Affaires Étrangères, and Eric David, Agence française de développement) and Norway (Erik Aakre, NORAD, and Hege Røttingen, Ministry for Foreign Affairs). From the OECD Development Co-operation Directorate, John Egan, Renwick Irvine, Emily Bosch and Cyprien Fabre authored the report. Autumn Lynch provided logistical assistance to the review, and formatted and produced the report. The report was prepared under the supervision of Rahul Malhotra, Head of Division, Reviews, Results, Evaluation and Development Innovation. The report was edited by Susan Sachs.

The team are grateful for valuable inputs from across the Development Co-operation Directorate – including from the Financing for Sustainable Development division and the Global Partnership for Effective Development Co-operation – and the OECD, in particular the Centre for Tax Policy and Administration; the Directorate for Education and Skills; the Directorate for Employment, Labour and Social Affairs; the Directorate for Financial and Enterprise Affairs; the Directorate for Legal Affairs; the Directorate for Public Governance; the Environment Directorate; the Financial Action Task Force; the International Energy Agency; the Multilateral Organisation Performance Assessment Network. Written submissions from a selection of the United States' partners helped to focus and enrich the review, including a comprehensive written submission from InterAction.

The Peer Review of the United States benefited throughout the process from the commitment and dedication of representatives of USAID and the Department of State. The review team is also thankful to Eric Kneedler, Chargé d'Affaires at the US Embassy in Kenya, USAID Kenya East Africa Mission Director Mark Meassick and Office Director Tom Kress and his staff, who ensured smooth contact with counterparts in Kenya, as well as documentation, insights and logistical support. Thank you also to Michael Kleine, Deputy Chief of Mission at the US Embassy in Jakarta, and colleagues William Slater colleagues Elizabeth Mendenhall and Yasmeen Thomason for the effort put into ensuring a very productive week of virtual discussions in Jakarta.

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Abbreviations and acronyms

AGOA	African Growth and Opportunity Act
BUILD Act	Better Utilization of Investments Leading to Development Act
CDC	Centers for Disease Control and Prevention
CLA	Collaborating, learning and adapting
CSO	Civil society organisation
DAC	Development Assistance Committee (OECD)
DFC	United States International Development Finance Corporation
EU	European Union
G2G	Government-to-government
GDP	Gross domestic product
GNI	Gross national income
GSP	Generalized system of preferences
HDP	Humanitarian-development-peace
INGO	International non-governmental organisation
NGO	Non-governmental organisation
NSC	National Security Council
ODA	Official development assistance
OECD	Organisation for Economic Co-operation and Development
OMB	Office of Management and Budget
OOF	Other official flows
PEPFAR	President's Emergency Plan for AIDS Relief
PPD-6	Presidential Policy Directive Number 6 on Global Development
SDG	Sustainable Development Goal
UN	United Nations
USAID	United States Agency for International Development
USG	United States government

Signs used:

USD United States dollar

Slight discrepancies in totals are due to rounding.

Annual average exchange rate: 1 USD = EUR

2014	2015	2016	2017	2018	2019	2020	2021
1.327	1.1092	1.1058	1.1273	1.1802	1.1194	1.1396	1.1826

Executive summary

This report assesses progress made since the 2016 peer review of the United States, highlights recent successes and challenges, and provides recommendations for the future. The report was prepared with reviewers from France and Norway and with support from the OECD Secretariat.

The current US administration has renewed its commitment to global development and international co-operation, positioning development as one of the leading instruments of US foreign policy.

A whole-of-government development policy and refreshed institutional arrangements would provide unity of purpose to US efforts. In 2021, the United States continued to provide the largest volume of official development assistance (ODA) of any OECD Development Assistance Committee member country, at gross ODA of USD 42.3 billion representing 0.18% of its gross national income (GNI). An integrated approach across the large, complex and impressive US portfolio could lead to greater coherence and better co-ordination with partners, as demonstrated by the US response to global health challenges. The 2030 Agenda, with its clear global development priorities, provides a framework for such a policy. A forthcoming National Security Strategy to succeed the interim strategy and an integrated global development co-operation policy offer an opportunity to articulate an agreed, coherent and strategic vision for US development co-operation.

The United States is ideally placed to advance global public goods and address global challenges at home and abroad but can do more to identify and address negative spillover effects. US initiatives to tackle the climate crisis and counter corruption recognise that sustainable development is not a zero-sum game. Achieving policy coherence requires a strategic vision, political leadership and effective mechanisms and tools. While the United States has a long-established mechanism for analysing the consequences and effects of regulations on Americans, it does not systematically assess whether its policies negatively impact its development co-operation objectives or developing countries.

Many actors inside and outside the US government have interests and a stake in programming, overseeing and delivering US foreign assistance. Development co-operation thus requires a system and incentives that serve to break down silos, facilitate collaboration, simplify appropriations processes, build in adaptation, prioritise locally led initiatives, and put nimble and reactive arrangements in place. In the current domestic political climate and given the multiple global crises, institutional reform could be counterproductive, while incremental updates to processes could have large implications.

Renewed US leadership to address global challenges and the commitment to re-engage multilaterally are a welcome sign. The United States is a generous multilateral donor and continues to be a leader in health and humanitarian aid. The US government adopts a delegated approach to its multilateral partnerships, which is pragmatic given the number of US government actors involved but can make it challenging to ensure complementarity between multilateral and bilateral portfolios.

The creation of the United States International Development Finance Corporation (DFC) provides opportunities that require adequate resourcing and flexibility. DFC augments the volume of non-grant financing available through a broad range of instruments. Yet, it has been challenging for DFC to balance competing expectations regarding DFC's financial performance, development impact and foreign policy

priorities. Its success will depend on how quickly it is able to deliver on these expectations and develop a balanced portfolio of transactions, including with new instruments, in particular by working more closely with other US government agencies and other partners.

Most foreign aid is congressionally earmarked and directed, limiting flexibility on how funds are spent. Reconciling executive and legislative priorities with those of partner countries is hampered by the number of policy instructions that accompany appropriated funds, delayed appropriation enactment and complex pre-obligation requirements, all of which can negatively affect the programming of the State Department and the US Agency for International Development (USAID). USAID and the State Department should demonstrate how fewer directives allow them to better respond to partner country needs.

USAID is working to match human resources to needs and better use evidence. USAID is moving forward on a new staffing initiative focused on rebalancing the ratio of Foreign Service officers, civil servants and contractors in its workforce and adding to the number of locally hired staff. As localisation becomes more of a priority, a key challenge is creating posts for locally hired and additional direct hire contracting staff. USAID has in place robust evaluations as well as strong collaboration, learning and accountability mechanisms with built-in pause and reflect moments. Greater use of strategic evaluation would determine whether programmes are achieving their goals.

USAID has an opportunity to champion localisation and locally led approaches to increase ownership and promote sustainable and inclusive development. Building on past experience, a shared definition of localisation would provide a strong platform to encourage buy-in from the interagency and other stakeholders. Categorising, measuring and evaluating different partnerships and approaches that can clearly be recognised as localisation would help to develop this definition.

Localisation needs to fit within a country context and be part of system change. Localisation is not an end in itself, and the approach needs to be multi-pronged. While USAID has demonstrated some progress in supporting country-led development, the United States has faced challenges in mainstreaming government-to-government approaches across its portfolio. USAID is a strong supporter of civil society, and there are opportunities to provide longer-term core support to local actors, strengthening their capacity and encouraging them to be agents of change and independent actors in their own right. Actions that create space for local actors to set priorities, design projects, implement, and measure and evaluate results would change the nature of civil society organisation (CSO) partnerships by moving away from CSOs as implementers of USAID programmes. Leveraging the practices of small U.S. government agencies that already partner directly with CSOs would be beneficial. Changes in USAID's statutory, regulatory and policy requirements, risk appetite, risk mitigation mechanisms and USG acquisition and assistance approaches, will be needed.

The United States' engagement in fragile contexts is evolving. The Global Fragility Act and its related Strategy to Prevent Conflict and Promote Stability are opportunities for sustained and focused effort as well as strengthened co-ordination mechanisms to respond to crises and fragility across the government. In the ten years that the Global Fragility Act will be piloted in five fragile contexts, it will be important for conflict prevention to remain high on the US global policy agenda. With more than a quarter of its ODA going towards humanitarian assistance, and with the creation of the Bureau for Humanitarian Assistance at USAID, the United States is well equipped to respond to emergencies. Still, inflexible instruments are a constraint to addressing protracted crises where emergency and long-term needs overlap. In addition, as the United States has started to review its sanctions modalities to facilitate the delivery of humanitarian assistance in sanctioned jurisdictions, there is scope to review the long-term development impacts of sanction regimes.

The DAC's recommendations to the United States

1. To provide a strong framework for an effective whole-of-government approach, the United States Administration should set out an integrated global development co-operation policy co-ordinated by the National Security Council that:
   - underlines the relevance of development for all stakeholders, domestic and foreign, within the United States' foreign policy
   - maximises the impact of its development co-operation by ensuring that all federal government departments and agencies work in a coherent and co-ordinated manner to deliver the policy
   - aligns all development co-operation to the Sustainable Development Goals, which provide both a common framework to work with partners and a clear link to poverty reduction and inclusive economic growth.
2. In line with the interim National Security Strategy, the United States should establish institutional and operational mechanisms to identify, analyse and take action to mitigate the negative transboundary effects of domestic policies on partner countries and should regularly report on such action.
3. The United States should fully implement the Executive Order on Tackling the Climate Crisis at Home and Abroad, which recognises that climate considerations should be at the centre of domestic action, foreign policy and foreign assistance to achieve global climate ambitions including in the areas of agriculture, biodiversity and energy.
4. Building on strong leadership and substantial additional ODA contributions the United States has made in response to the COVID-19 pandemic and multiple crises, the United States should:
   - increase its ODA both in volume and as a proportion of its GNI
   - continue to untie more of its aid, noting the positive progress on food aid.
5. As it re-engages multilaterally, the United States should outline an approach that drives greater coherence, clarity and transparency on how and when the United States decides to use multilateral channels and on the advantages of doing so, especially given the increased resources and the number of government actors involved.
6. To increase discretion and flexibility in future foreign assistance appropriations and better align to partner country needs and to reduce poverty, USAID and the State Department should hold more strategic-level dialogue with the Congress about the results and impacts of its strategies and programmes.
7. USAID should have a medium-term workforce plan or strategy guiding its significant hiring and on-boarding effort to rebalance the ratio of Foreign Service officers, civil servants and contractors in its workforce. It should also work to further increase the number of locally hired staff in line with diversity, inclusion, equity and accessibility objectives.
8. The United States International Development Finance Corporation should have a clear roadmap for delivering new financial tools including equity instruments, reinforce its human resources in partner countries, and work more in partnership with the United States government and other partners.

9. As a leader on localisation, the United States should ensure that principles of development effectiveness are central to how it delivers on its objectives, in particular by:
   - developing definitions and metrics that can be linked to strengthening its sustainability and development impacts in partner countries
   - supporting more effective partnerships to implement localisation at scale – with all its partners – and notably through increasing support to partner governments and more core support to local civil society
   - accelerating changes to internal systems and incentives to enable locally led development and building the evidence base on the longer-term impact of localisation.
10. The United States should ensure that conflict prevention remains a default core area of its development co-operation across US government actors and beyond the pilot contexts and the ten-year time frame of the Global Fragility Act.

Infographic 1. Highlights from the 2022 Development Co-operation Peer Review of the United States

UNITED STATES' STRENGTHS…

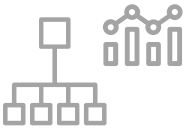
Cross-government global leadership for health

15 USG agencies invested **USD 9.7 billion** for global health in **2020,** including for COVID-relief

Strong political commitment to locally-led development and internal system reform

In Kenya, innovative partnerships with **22** county governments, local development organisations, and Council of Governors

Evidence and data are used for adaptive management and learning



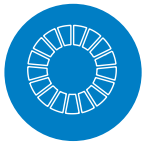
Collaborating, learning, and adapting practices built in to programme cycle

Prioritises diverse, equitable and inclusive workforce

More than **6,000** USAID staff have taken part in a Respectful, Inclusive, and Safe Environments (RISE) training, event, or seminar since June **2021**

…AND AREAS FOR IMPROVEMENT

Agree a high-level development policy that aligns to the SDGs to strengthen collaboration across development stakeholders



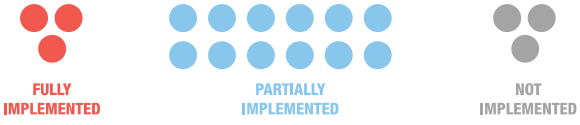
Systematically identify and take action to limit the negative effects of domestic policies on partner countries

Deepen trust with Congress through dialogue on country needs and results to make the case for greater budget flexibility

Keep conflict prevention at the core of development co-operation and go beyond Global Fragility Act pilot countries

PROGRESS SINCE THE PREVIOUS PEER REVIEW

The United States has partially or fully implemented **15** of the **18** recommendations from its review in 2016.



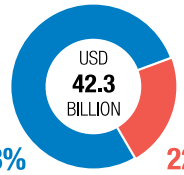
Infographic 2. United States' development co-operation at a glance

Figures expressed are gross disbursements in USD million and based on 2020 constant prices unless otherwise stated.

THE UNITED STATES RANKS 23RD OUT OF 29 DAC COUNTRIES ON ODA AS A SHARE OF GNI

2021 (preliminary)

ODA VOLUME



BILATERAL

MULTILATERAL CORE

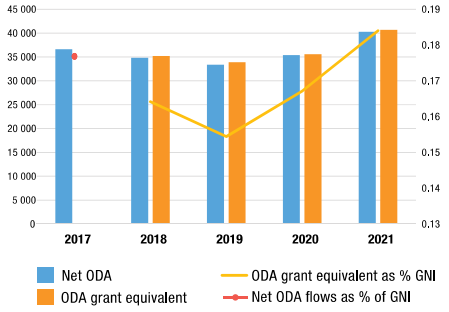
ODA/GNI

0.18% of GNI

Compared to

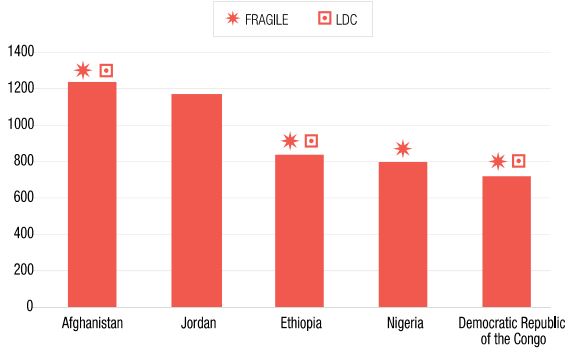
0.33% DAC average

ODA HAS RISEN IN VOLUME AND AS A SHARE OF GNI IN RESPONSE TO THE COVID PANDEMIC



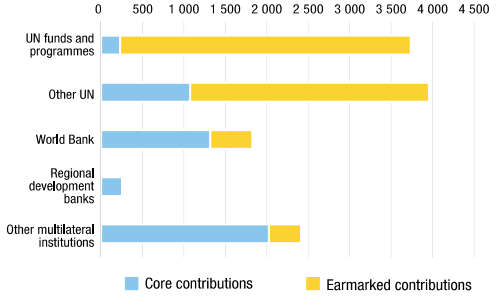
FRAGILE CONTEXTS ARE AMONG THE TOP RECIPIENTS OF US ODA

2019-20 average

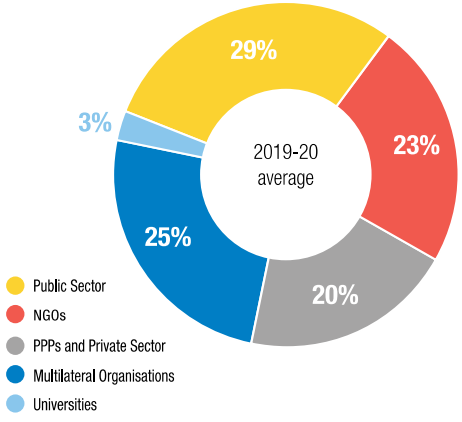


US IS A GENEROUS MULTILATERAL DONOR, PROVIDING OVER USD 12 BILLION IN ODA

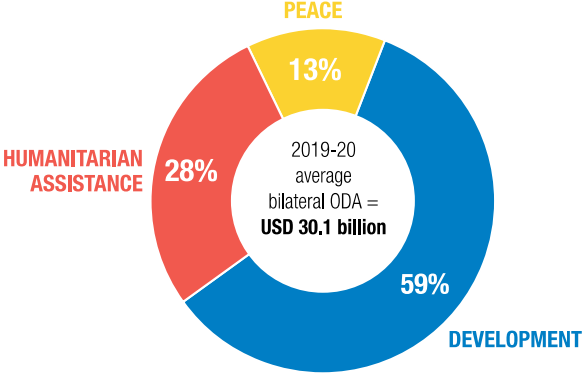
2019-20 average



THE UNITED STATES DELIVERS THROUGH FOUR LARGE GROUPS OF PARTNERS



THE UNITED STATES HAS THE HIGHEST SHARE AND VOLUME OF HUMANITARIAN ASSISTANCE



Findings and recommendations

This report presents the findings and recommendations of the 2022 development co-operation peer review of the United States. In accordance with the 2021 methodology, the report does not cover all components identified in the peer review analytical framework but focuses on select areas of US development co-operation that were identified in consultation with the United States government and its partners. After an overview of the current economic and political context, the report analyses US development co-operation in five areas: the need for a coherent whole-of-government policy; coherence between domestic policies and development objectives; the extent to which the US development co-operation system is fit for purpose; efforts to achieve localisation of US development co-operation; and the extent to which US development co-operation is fit for fragility. For each area, the report identifies strengths of the United States as well as challenges that it faces and opportunities or risks that lie ahead.

Context of the peer review of the United States

Political and economic context

Since the last peer review in 2016, the United States has undergone significant political change. From January 2017, Donald Trump, of the Republican Party, served as president for four years. During this period, legislative support for and appropriation of foreign assistance remained relatively constant. Four years later, in January 2021, President Joe Biden, of the Democratic Party, took office. The Biden administration's ability to advance its legislative agenda and the resources to implement it are constrained, given the narrow Democratic majority in the House of Representatives and an evenly divided Senate. All House seats and 35 Senate seats are up for election in November 2022. If the balance changes and the Democratic Party loses its majority in either body in these midterm elections, the administration will find it more challenging to advance its priorities.

The US economy suffered from the effects of the COVID-19 pandemic, and Russia's war against Ukraine may slow the recovery further. Resilient economic growth and a steady decline in the unemployment rate during the 2010s boosted material standards of living for Americans. Measures to contain the spread of the coronavirus contributed to the one of the largest shocks suffered by the US economy outside of wartime and led to very high unemployment. Cash transfers and expanded unemployment benefits helped cushion the impact on vulnerable households (OECD, 2020[1]). US real gross domestic product (GDP) had been anticipated to grow by 5.6% in 2021, then drop to 3.7% in 2022 and to 2.4% in 2023 (OECD, 2021[2]). However, underlying inflationary pressure and the war in Ukraine may result in a decline of more than 1% in global growth and higher inflation (OECD, 2022[3]).

The Trump administration defined its security strategy as protecting Americans and preserving their way of life, promoting US prosperity, supporting peace through strength, and advancing US influence in the world. The fourth pillar of the 2017 National Security Strategy prioritised partnering with countries that are interested in economic progress and aligned with US interests; a shifting away from development assistance based on grants and towards attracting private investment and catalysing private sector activity; and, in fragile states, working with "reformers" and synchronising diplomatic, economic and military tools (White House, 2017[4]). The strategy also sought to achieve better outcomes in multilateral forums in line with US interests.

The Biden administration's Interim National Security Strategic Guidance, issued in March 2021, acknowledges the changing distribution of power across the world. It pledges that the United States will reinvigorate and modernise its alliances and partnerships and resume its position of leadership in international and multilateral institutions. The interim strategic guidance further recognises the "profound" risks posed by the COVID-19 pandemic, economic downturn, and climate and humanitarian crises and renews the US commitment to global development and international co-operation (White House, 2021[5]).

Development co-operation system

In November 2021, US Agency for International Development (USAID) Administrator Samantha Power announced her vision of more inclusive, accessible, equitable and responsive global development. To achieve this, she set forth three priorities: allow people from more diverse backgrounds and partners of all kinds to participate, making aid more inclusive and accessible; focus more on the voices and needs of the most marginalised, making aid more equitable; and listening to what partners are asking of the United States in countries where it works, making aid more responsive (USAID, 2021[6]).

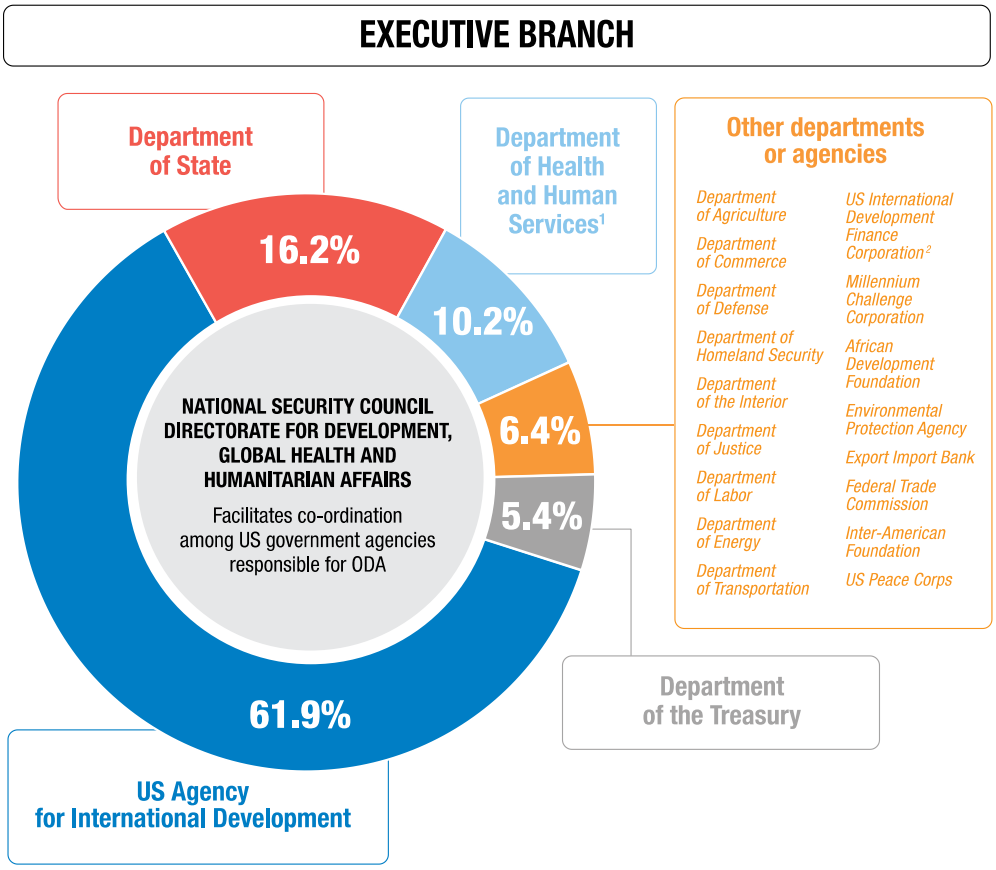
The development co-operation system of the United States is complex.[1] Twenty-one federal government agencies provide official development assistance (ODA) and other official flows (OOF). USAID, the State Department, the Department of the Treasury, and the Department of Health and Human Services deliver the largest amounts of ODA (Figure 1). The Snapshot of the United States' development

co-operation accompanying this peer review provides more detail on the US development co-operation system (OECD, 2022[7]).

Strong and consistent bipartisan support for foreign assistance in the US Congress creates both opportunities and challenges. The US Congress repeatedly resisted efforts by the previous administration to cut the foreign assistance budget, and overall legislative support for humanitarian assistance remains strong. At the same time, the presence of a more diverse group of incoming members of Congress in recent years has led to increased congressional interest in development co-operation and to some extent greater congressional control over how the Department of State, Foreign Operations and Related Programs (SFOPs) budget is allocated and spent.

ODA from the United States reached its highest-ever volume of USD 42.3 billion in 2021, according to preliminary figures (in current prices), a 14.4% increase over 2020 (USD 35.6 billion in constant prices), reflecting an increase in contributions to multilateral organisations and the purchase of vaccines to be donated to developing countries. ODA had dropped in 2019 to USD 34 billion from USD 38 billion in 2016. The latest ODA volume represents 0.18% of gross national income (GNI), ranking the United States 23rd among DAC member countries. While it is close to the most recent high of 0.19% achieved in 2016, the share of national income dedicated to ODA by the United States falls short of the 0.20% of GNI it achieved in 2010 and 2011 and well short of the United Nations (UN) target of 0.70% of GNI.

Figure 1. ODA disbursed by US government executive branch entities



Note: Shares refer to ODA disbursed by US government entities in 2020 as reported to the OECD's Creditor Reporting System.
1. This includes the Centers for Disease Control and Prevention (CDC).
2. The bulk of DFC activities are reported as OOF, however the repayment of old loans and technical assistance activities may be reported as ODA.
Source: Author.

A coherent whole-of-government policy

Development co-operation is an important dimension of national security and a leading instrument of US foreign policy

The Biden administration has renewed US commitment to global development and international co-operation and positions diplomacy, development and economic statecraft as the leading instruments of US foreign policy. The forthcoming National Security Strategy, which builds on the March 2021 interim guidance, will articulate the role of development co-operation (White House, 2021[5]).

USAID's participation in the National Security Council has grown over the past 15 years as issues such as global health, humanitarian assistance, climate change, democracy, corruption, conflict and stabilisation, and food security have become central to foreign policy decisions.[2] Consistent participation of the USAID administrator in the Principals Committee would help ensure that development perspectives are always considered in matters affecting national and global security. Whether the administrator participates is decided by each president and administration.

A whole-of-government development policy and refreshed institutional arrangements would provide unity of purpose to US efforts

The United States has not updated its whole-of-government development co-operation policy despite significant changes in the global development landscape. In 2010, the Presidential Policy Directive Number 6 on Global Development (PPD-6) elevated development as a core pillar of US international engagement and set ambitious development goals aligned with the United States' strategic national objectives of peace, security, global prosperity, universal values and human rights (White House, 2010[8]). The previous administration's National Security Strategy addressed development assistance, but much has changed in the past decade, including the role of the United States and other major powers. An updated policy would provide coherence to US development co-operation and offer its developing country, bilateral and multilateral partners clarity on US priorities.

Mechanisms for ensuring coherence in development policy across the US government (USG) were not maintained following the change in administration in 2017. The PPD-6 proposed that a national global development strategy be developed every four years and approved by the president alongside the Quadrennial Diplomacy and Development Reviews by the State Department and USAID. The PPD-6 also established an Interagency Policy Committee on Global Development, led by national security staff, and a US Global Development Council[3] (White House, 2010[8]). These initiatives were not continued.

A whole-of-government development co-operation policy would enable the United States to achieve greater impact. A policy outlining an agreed, coherent and strategic vision for development co-operation might facilitate strategic conversations across the federal government about the content of such a policy and its ongoing implementation. A clear vision would provide direction to federal agencies and offer other US actors – states, localities, tribes, territories, and other stakeholders such as non-governmental organisations (NGOs), civil society, the private sector, philanthropic foundations and academia – the opportunity to lend their support. It would inform the USG regional, country and thematic strategies and provide a solid basis for the United States to engage proactively with multilateral, regional, bilateral and country partners. Such an approach underpins USG efforts at home and abroad to address the climate crisis (Box 2) and to promote gender equity and equality (White House, 2021[9]).

The 2030 Agenda provides a ready framework for the United States to agree to global development priorities and to exercise global leadership

The 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs) could provide a framework for the US commitment to global development. The United States played a key role in negotiating both the Addis Ababa Action Agenda and the 2030 Agenda, but these have not since featured prominently in its narrative or operations (Ingram and Pipa, 2022[10]). Nevertheless, the SDGs provide a coherent, integrated framework underpinning the national development plans and strategies of the developing country, bilateral and multilateral partners of the United States and also provide a basis for advancing sustainable development domestically. Acknowledging the interlinkages between the SDGs and using SDGs to describe the challenges facing the United States and its partners would ground the United States' renewed commitment in an existing, broadly accepted vision of global sustainable development. This would also create synergies among US thematic priorities and enable the United States to leverage the efforts of those civil society and private sector actors that share a commitment to the 2030 Agenda.

More effective co-ordination across and between US government agencies can achieve greater interagency coherence

US development co-operation has the potential to be more than the sum of its parts. With 21 agencies engaged in development co-operation, extensive co-ordination is required in Washington, DC and at US embassies and missions. While internal co-ordination efforts are time consuming, they nevertheless add value at US embassies and missions where integrated country strategies articulate US priorities and set goals and management objectives for the USG. Country Development Cooperation Strategies in turn describe how USAID supports US priorities and partner country national development plans. Organising co-ordination around the key pillars of US engagement can create synergies across the USG interagency, as seen in Kenya.[4] Particularly in sectors managed directly from Washington, DC or involving departments or agencies based in the United States, there is a risk of fragmentation in USG support, as noted in Kenya. USG efforts to control infectious diseases successfully leverage a whole-of-government approach – with, for example, the President's Emergency Plan for AIDS Relief (PEPFAR) helping several countries to achieve epidemic control (Box 1).

Given the number of agencies and initiatives, keeping track of, programming and achieving synergies in different US government investments is challenging. The large number of agencies results in a complicated institutional system. The State Department offers guidance for developing foreign assistance strategies for each country through an Integrated Country Strategy (ICS) that aims to minimise fragmentation and improve co-ordination within foreign assistance planning,[5] and interagency members use data and evidence, including from evaluations, to improve programming and inform decision making. However, use of data and evidence is focused at the activity level. A more strategic approach to evaluation and knowledge sharing across interagency members would enhance learning and improvement (Fit-for-purpose development co-operation system).

An integrated approach across the portfolio could lead to greater coherence. Interventions to support nature and wildlife conservancies and address trafficking of wildlife in Kenya, for example, are well co-ordinated and harness the considerable expertise, experience and resources available across the USG interagency. Kenyan government counterparts highly appreciate the specialised expertise that USG agencies offer. Wildlife trafficking initiatives are co-ordinated with efforts to combat corruption, terrorism, trafficking in drugs and people, and violent extremism. However, these interventions could achieve greater impact if delivered together with local authorities in a more integrated manner that addresses the multiple challenges facing rangeland communities, such as food security, access to health care and productive opportunities.

Strong internal co-ordination could extend to better co-ordination with partners. Partner government counterparts find it burdensome to deal with a range of agencies using differing administrative and reporting requirements, as seen in Indonesia and Kenya. Designating an overall point of contact at US missions and streamlining procedures across the interagency, as recommended in the 2016 peer review, would improve co-ordination with government counterparts in sectors supported by many interagency members.

Box 1. Leveraging a whole-of-government approach to health challenges

Healthy lives and well-being are essential to sustainable development and building prosperous societies. In 2020, the United States invested 33% of bilateral ODA (USD 9.7 billion) in the health sector, primarily targeting infectious diseases such as malaria and HIV/AIDS – and recently COVID-19 – and investing in global health security. Its whole-of-government approach involving 15 agencies saves lives, protects people most vulnerable to disease, promotes stability in communities and nations, and leverages other resources to address and invest in shared global health challenges. Bipartisan support in the US Congress is critical.

Each entity brings particular strengths. USAID offers technical assistance, training, commodity purchase and private sector partnerships. The Department of Health and Human Services provides policy and management support and, within the department, the US Centers for Disease Control and Prevention (CDC) offer expertise in epidemiology, surveillance, laboratory systems, emergency response and workforce development.

USAID and the CDC co-implement the President's Malaria Initiative in 24 countries in sub-Saharan Africa and three programmes in the Greater Mekong Subregion of Southeast Asia. Since 2000, the United States has helped save almost 7.6 million lives and prevent more than 1.5 billion malaria cases.

The President's Emergency Plan for AIDS Relief (PEPFAR) is led by the Department of State and implemented by six other US government departments and agencies.[1] PEPFAR has saved more than 21 million lives, prevented millions of HIV infections, and supported at least 20 countries in achieving epidemic control of HIV or reaching HIV treatment targets. The initiative helps countries build a firm local foundation to prevent, detect and respond to other health threats, thus enhancing global health security.

In 2014, the United States helped launch the Global Health Security Agenda, which enhances the world's ability to prevent, detect and respond to infectious disease threats. The U.S. government response is co-ordinated by the White House National Security Council (NSC) for both Global COVID-19 Response and Health Security.

In 2021, USAID's USD 310 million tuberculosis investments resulted in 3.8 million cases detected, a 20% decrease in notifications, an 89% treatment success rate and 33 000 health workers trained.

The US COVID-19 response assisted more than 100 partner countries to accelerate widespread and equitable access and delivery of safe and effective COVID-19 vaccines and to strengthen vaccine readiness. The United States assisted Moderna to sign a memorandum of understanding establishing Kenya as the location for the company's mRNA manufacturing facility on the African continent.

Joint strategies facilitate whole-of-government efforts. To counter fragmentation, overlap and duplication, joint and individual agency strategies delineate roles, responsibilities and co-ordination mechanisms; integrate with other related strategies; and assess progress towards goals, including through activities to achieve results, performance indicators, and monitoring and evaluation plans.

Data helps to inform the focus of infectious disease efforts. But a broader interlinked set of targets will seek to track the social and legal impediments that hamper access to services. Greater use of strategic evaluation would determine if programmes are achieving their goals and inform improvement.

Although the US focus on infectious disease is complemented by a substantial increase of funding to global health security, the allocation of over 70% of bilateral ODA for health[2] to communicable diseases in the FY 2022 appropriations means the United States is relatively less well equipped to help strengthen health systems in line with partner countries' ambitions for universal health coverage.

Note: This practice is documented in more detail on the **Development Co-operation TIPs • Tools Insights Practices** platform at www.oecd.org/development-cooperation-learning/practices/the-united-states-whole-of-government-approach-to-global-health-challenges-ed48d383.

1. The six agencies are USAID; the Department of Health and Human Services (including the CDC, Health Resources and Service Administration, and National Institutes of Health); the Department of Defense; the Peace Corps; the Department of Commerce; and the Department of the Treasury.

2. This includes bilateral assistance for health from the State Department and USAID, but excludes the amount for Emergency Global Health Programs, which was not yet known for FY 2022.

Source: Congressional Research Service (2022[11]), *Department of State, Foreign Operations, and Related Programs: FY2022 Budget and Appropriations*, https://sgp.fas.org/crs/row/R46935.pdf; Government of the United States (2022[12]), *2022 OECD DAC Peer Review: Self-Assessment - United States of America*; Government of the United States (2019[13]), *United States Government Global Health Security Strategy,* https://trumpwhitehouse.archives.gov/wp-content/uploads/2019/05/GHSS.pdf.

Articulating a strategic vision for US development co-operation

A forthcoming National Security Strategy and an integrated global development co-operation policy offer an opportunity to articulate an agreed, coherent and strategic vision for US development co-operation. Building on the interim guidance, the National Security Strategy will articulate the administration's global development priorities and confirm how these contribute to the national security and foreign policy of the United States. In October 2021, the National Security Council (NSC) Directorate for Development, Global Health and Humanitarian Response commenced a process to develop an integrated global development co-operation policy, which is intended to build on PPD-6 (Government of the United States, 2022[12]). Through both of these processes, the United States might set out:

- the links between the interests of Americans and those of people in communities around the world
- how the United States will exercise global leadership in the face of multiple crises, global challenges, and threats to shared interests and values
- an enhanced whole-of-government policy directing USG agencies and encouraging other actors to work together to make progress toward achieving the 2030 Agenda and the SDGs
- the importance to the US federal government of working with its country, bilateral, regional and multilateral partners in pursuit of its vision
- the importance of systematically addressing domestic policies that have negative consequences for developing countries.

Recommendation

1. To provide a strong framework for an effective whole-of-government approach, the United States Administration should set out an integrated global development co-operation policy co-ordinated by the National Security Council that:
   - underlines the relevance of development for all stakeholders, domestic and foreign, within the United States' foreign policy
   - maximises the impact of its development co-operation by ensuring that all federal government departments and agencies work in a coherent and co-ordinated manner to deliver the policy
   - aligns all development co-operation to the Sustainable Development Goals, which provide both a common framework to work with partners and a clear link to poverty reduction and inclusive economic growth.

Coherence between domestic policies and development objectives

The United States is ideally placed to advance global public goods and address global challenges at home and abroad

Sustainable development is not a zero-sum game. The 2030 Agenda requires action at the subnational, national, regional and global levels in pursuit of sustainable, inclusive and sustained economic growth (UN, 2015[14]). US policies and regulations can have positive and negative spillover effects, including on developing country partners. Removing barriers to international trade and promoting the free flow of capital offer both opportunities and challenges. Companies may benefit from US integration into global markets, shifting jobs to developing economies where labour is cheaper and the overall cost of doing business is lower. However, without proper attention, the jobs created outside the United States may exacerbate existing problems with labour rights, equal opportunity and environmental stewardship in these economies (White House, 2021[5]).

The US ambition to build an equitable and inclusive global economy demands coherent action at home and abroad, which in turn requires coherence between domestic and foreign policies. The Biden administration recognises that domestic renewal is critical to foreign policy and is promoting action on a range of critical economic, social and environmental issues that impact and achieve mutual benefits for the United States and the world. Advancing these issues equitably requires a consistent and clear understanding of the effects of US policies – at home and abroad.

US efforts to address global challenges can reduce negative impacts on developing countries. The COVID-19 pandemic and the climate crisis vividly demonstrate how global challenges can negatively impact the United States. They also show the significant influence the United States can have to reduce the negative impacts at home and abroad. Given the size, importance and impact of its economy, the United States is ideally placed to lead action in response to global challenges, using its influence to encourage other nations to support solutions that benefit both their own people and communities around the world.

Managing trade-offs requires careful analysis, reconciliation and resolution of competing priorities. When US interests converge with those of its partners, US leadership can bring about positive change, as seen in its engagement to reform international taxation rules to ensure multinational enterprises pay a fair share of tax wherever they operate, counter corruption and combat illicit financial flows. However, where

US interests diverge from those of developing countries or where competing interests exist across USG agencies, these differences need to be carefully considered and resolved. It is not easy to do so, and such decisions should not be left to chance.

Opportunities exist to do more to address negative spillover effects on development and advance sustainable development globally

The United States is thinking more intentionally about how domestic policies impact the rest of the world, as work on climate and COVID-19 demonstrate, but the tools to systematically do so are lacking. The United States ranks lower than many other OECD member countries on one index in terms of the effects of its policies on developing countries. The United States is ranked 22nd out of 40 countries overall on the 2021 Commitment to Development Index, scoring highest on security (6th), trade (10th) and health (17th) but low on environment (37th), technology (29th) and investment (24th)[6] (Center for Global Development, 2021[15]). These rankings suggest that there is more the United States might do to address negative spillover effects of its policies on developing countries. The following paragraphs offer some examples.

The African Growth and Opportunity Act (AGOA) enhances market access for qualifying sub-Saharan African countries, but requires regular renewal.[7] Enacted in 2000, it expanded duty-free benefits offered under the US Generalized System of Preferences (GSP) programme by adding new product lines. Any extension beyond its expiry in 2025 will require bipartisan support in Congress. Market access arrangements such as AGOA and GSP offer economic benefits to eligible countries and can help countries broaden their export base.[8] To increase bilateral trade and investment, the Prosper Africa Initiative, which builds and expands on the US government's trade and investment support across Africa, including AGOA trade preferences.[9]

US anti-corruption efforts will be enhanced by addressing beneficial ownership and strengthening international co-operation in the exchange of information. The United States Strategy on Countering Corruption notes that legal and regulatory deficiencies in the United States and other high-income countries, including shortcomings in beneficial ownership transparency, allow assets to be laundered and the proceeds of crime to be obscured. The strategy also recognises the particular responsibilities in this area that rest with the United States as the largest economy in the international financial system (White House, 2021[16]). In addition to finalising beneficial ownership regulations, it will be important for the United States to ensure that coverage is comprehensive. Further, exchange of information and co-operation with other jurisdictions would enable the United States to be more fully compliant with anti-money laundering and counter-terrorist financing measures (Financial Action Task Force, 2020[17]).

Tackling the climate crisis requires significant US efforts to transition from a reliance on fossil fuels. The United States aims to promote ending its international financing of carbon-intensive fossil fuel-based energy and to eliminate fossil fuel subsidies from the federal government's budget request for FY 2022 and beyond. Exploring innovation, commercialisation, and deployment of clean energy technologies and infrastructure is a critical part of the US approach (White House, 2021[18]). Following a pause on new oil and gas leases on public lands in the second quarter of 2021, the Department of the Interior resumed onshore oil and gas lease sales on federal land at a higher royalty rate than previously charged (US Department of the Interior, 2022[19]). This was not an explicit response to the significant increase in fuel prices resulting from Russia's war against Ukraine, as some critics have claimed. Nevertheless, the resumption does point to the need for greater efforts to spur the transition to a low emissions, climate-resilient US economy. The 2030 domestic emissions reduction target in the United States' nationally determined contribution is now aligned with a pathway towards 1.5°C warming. However, given that the United States has the highest CO_2 emissions among OECD countries and accounts for 15% of global CO_2 emissions,[10] continued efforts on implementation will be needed to further reduce emissions

and enable the United States to be in alignment to the 1.5°C temperature limit of the Paris Agreement (Box 2) and to improve policy coherence at home and abroad.

Achieving policy coherence requires a strategic vision, political leadership and effective mechanisms and tools

Greater coherence between US domestic policies and foreign policy objectives would help the United States reinvigorate its global leadership. In the face of unprecedented global challenges, effort across a broad front will be needed to "boldly engage the world", as the administration has described its task (White House, 2021[5]). Integrating sustainable development throughout domestic and foreign policy making would be an important first step. The forthcoming National Security Strategy and an integrated global development co-operation policy are opportunities to set out how the United States will deliver coherent domestic and foreign policies. These documents might articulate a strategic vision, provide political leadership, and encourage the establishment of effective mechanisms and tools for the United States as it grapples with new challenges on the global landscape.

Systematic assessment can foster positive impacts of policies and regulations at home and abroad and reduce their negative spillover effects. Many countries, the United States included, create domestic policy in isolation from foreign and international development policy or global public goods (Dissanayake, 2021[20]). US law requires that some assistance to developing countries be assessed for its impact on US domestic economic interests. However, there is no reciprocal process whereby the United States systematically assesses the spillover impact of its domestic policies on the economic or sustainable development interests of developing countries. A key premise of the OECD Recommendation of the Council on Policy Coherence for Sustainable Development is that to achieve the 2030 Agenda, governments need processes, systems, structures and tools to manage and co-ordinate coherent policy at all levels (OECD, 2019[21]).

Coherent action at home and abroad to, among other things, counter corruption, address the climate crisis, and advance gender equity and equality must be systematic and endure. In these instances, the Biden administration has provided a strategic vision and political leadership and established mechanisms requiring the USG to take action and to report on progress (White House, 2021[9]; White House, 2021[18]; White House, 2021[16]). However, the institutional arrangements reflect the current administration's priorities and, in the case of climate, depend on congressional funding for implementation (Box 2). In lieu of lasting, formal arrangements, executive orders requiring domestic and global efforts are important options available to the USG. However, these can easily be overturned or discontinued with a change in administration.

Updated institutional mandates could help deliver coherent policies. A range of institutions offer policy advice to the president. The Council of Economic Advisers and the NSC are long-standing entities and were established by statute.[11] The National Economic Council and the Domestic Policy Council were created by executive order in 1993 to co-ordinate policy advice on domestic and international economic issues and domestic policies and to monitor implementation of the president's economic and domestic policy agendas. The NSC considers development objectives alongside national security and foreign policy matters. However, when it comes to global and domestic food security, for example, the three aforementioned councils are not mandated to ensure routine coherence between US domestic policies and development objectives.

The United States has a long-established mechanism for analysing the domestic consequences and effects of regulations but not to address the transborder effects on partner countries. The Office of Management and Budget (OMB) in the Executive Office of the President requires that reviews of any significant regulatory action include regulatory analysis by its Office of Information and Regulatory Affairs. The focus is domestic, with effects of regulations beyond US borders reported separately (US Office of Management and Budget, 2003[22]). The Biden administration recognises the need to improve

and modernise the regulatory review process to include distributional impact analysis, among other things (White House, 2021[23]). The United States might consider including in updated guidance a requirement to assess the positive and negative spillover effects of US regulations on partner countries and tools for doing so.

Box 2. Tackling the climate crisis at home and abroad

Moving the world off a dangerous and potentially catastrophic climate trajectory requires significant global reductions in greenhouse gas emissions and net-zero global emissions within 30 years.

One of President Biden's first actions when he took office was to issue the Executive Order on Tackling the Climate Crisis at Home and Abroad, which provides vision, leadership and institutional mechanisms for the federal government to coherently address domestic, transboundary and long-term impacts of climate change and to contribute to achieving the SDGs. The executive order puts the climate crisis at the forefront of US foreign policy and national security planning, setting forth the aims of building resilience at home and abroad to the impacts of climate change and working bilaterally and multilaterally to support a sustainable global climate pathway.

The Leaders Climate Summit (April 2021) sought to raise climate ambition in advance of the UN Climate Change Conference (COP 26). In June 2021, the United States and other Group of Seven members committed to end direct government support for unabated thermal coal power generation by the end of 2021 and provide up to USD 2 billion to support developing countries in transitioning from coal. They further outlined strategies to decarbonise industry and pledged to reverse the loss of global biodiversity and conserve at least 30% of global land and marine areas by 2030.

The US nationally determined contribution (April 2021) set a target of reducing net greenhouse gas emissions by 50-52% below 2005 levels in 2030. Its long-term strategy (November 2021) aimed to achieve net-zero greenhouse gas emissions by 2050. The Federal Sustainability Plan (December 2021) outlined how the United States will reduce emissions across federal operations, invest in US clean energy industries and manufacturing, and create clean, healthy and resilient communities.

In its International Climate Finance Plan (April 2021), the United States intends by 2024 to double annual public climate financing to developing countries relative to FY 2013-16. As part of this effort, the President's Emergency Plan for Adaptation and Resilience (PREPARE) aims to provide USD 3 billion in adaptation finance annually by FY 2024. In USAID's 2022-30 Climate Strategy (April 2022), which will guide its whole-of-agency approach to advance equitable and ambitious actions to confront the climate crisis, USAID commits to reduce, avoid or sequester 6 billion metric tonnes of CO_2 equivalent; conserve, restore or manage 100 million hectares with a climate mitigation benefit; enable improved climate resilience for 500 million people; and mobilise USD 150 billion in public and private finance to address climate change. The USAID plan for global action on climate equity includes improving participation and leadership in climate action for Indigenous Peoples, local communities, and women and youth in at least 40 partner countries by 2030.

The executive order on tackling the climate crisis is an important but insufficient mechanism for addressing the domestic, transboundary and long-term impacts of climate change. While it reflects the priorities of the current administration, congressional approval is needed to enact laws and regulations to translate the pledges to action. The US Congress passed the Infrastructure Investment and Jobs Act in 2021, but the Build Back Better Act that would provide clean energy tax credits, electric vehicle rebates and other climate-smart investments was stalled in the Senate at the time of writing. The administration's pledges and initiatives would benefit from early engagement with Congress and broad outreach to legislators.

Transitioning from fossil fuels to renewable sources of energy requires greater targeted efforts by the United States and coherence across all sectors and levels of government. The US 2030 domestic emissions reduction target is consistent with 1.5°C warming and the Inflation Reduction Act of 2022 puts the United States in a strong position to keep the 1.5 degree goal alive and deliver on global climate pledges.

Note: This practice is documented in more detail on the **Development Co-operation TIPs • Tools Insights Practices** platform at www.oecd.org/development-cooperation-learning/practices/united-states-tackling-the-climate-crisis-at-home-and-abroad-173c7832.
Source: US Department of State/Executive Office of the President (2021[24]), *The Long-Term Strategy of the United States: Pathways to Net-Zero Greenhouse Gas Emissions by 2050*, www.whitehouse.gov/wp-content/uploads/2021/10/US-Long-Term-Strategy.pdf; Government of the United States (2021[25]), *The United States of America Nationally Determined Contribution, Reducing Greenhouse Gases in the United States - A 2030 Emissions Target*, www4.unfccc.int/sites/ndcstaging/PublishedDocuments/United%20States%20of%20America%20First/United%20States%20NDC%20April%2021%202021%20Final.pdf; The White House, (2021[18]) *Executive Order on Tackling the Climate Crisis at Home and Abroad*, www.whitehouse.gov/briefing-room/presidential-actions/2021/01/27/executive-order-on-tackling-the-climate-crisis-at-home-and-abroad/.

Recommendations

2. In line with the interim National Security Strategy, the United States should establish institutional and operational mechanisms to identify, analyse and take action to mitigate the negative transboundary effects of domestic policies on partner countries and should regularly report on such action.
3. The United States should fully implement the Executive Order on Tackling the Climate Crisis at Home and Abroad, which recognises that climate considerations should be at the centre of domestic action, foreign policy and foreign assistance to achieve global climate ambitions including in the areas of agriculture, biodiversity and energy.

Fit-for-purpose development co-operation system

This fit-for-purpose section explores how the United States' current development co-operation system supports the delivery and implementation of the extensive and sizeable US foreign assistance programme through collaborating, learning and adapting and through its partnerships, development finance instruments, budget formulation and appropriation process, and human resources.

Many actors inside and outside the US government have interests and a stake in programming, overseeing and delivering US foreign assistance. Significant political investment is needed to strengthen and modernise the US development co-operation system and even to achieve many of the ambitions outlined in the first four goals of the new USAID-State Department Joint Strategic Plan.[12] Development co-operation requires a more streamlined system and incentives that serve to break down silos, ease collaboration, simplify appropriations processes, build in adaptation, prioritise locally led initiatives, and put nimble and reactive arrangements in place. In the current domestic political climate and given the multiple global crises, a push to reform and build up such a system is more challenging.

Nonetheless, renewed US leadership and multi-stakeholder approaches to address global challenges are promising, and the commitment to re-engage multilaterally is a welcome sign for other DAC members. The United States continues to be a leader in health and humanitarian aid, as illustrated by its response to the COVID-19 pandemic and the sheer volume of ODA for these areas. Initiatives such

as Feed the Future, Power Africa and Prosper Africa are examples of how the country brings together the private sector, official funding and civil society to tackle important issues, in line with leveraging its whole-of-government approach to health challenges (as discussed in Box 1). While ODA volumes increased significantly in 2021, there is still scope for the United States to further increase ODA levels in real terms and as a proportion of GNI in line with its renewed global leadership and positive historic economic growth as recommended in past peer reviews. The United States has improved its performance in implementing the DAC Recommendation on Untying ODA (OECD, 2018[26]). In 2020, 72% of its bilateral ODA covered by the Recommendation was untied, which is a significant increase from the preceding five years.

Wide stakeholder interest in foreign policy objectives and foreign assistance looks set to continue, as demonstrated by an abundance of directives and inquiries from a more global citizenry and more diverse Congress. The 2016 peer review encouraged the United States to continue to focus on sectors and programmes where it has a comparative advantage, a difficult feat for a large donor faced with a seemingly endless list of requests. Prioritisation and knowing when to enact sunset clauses or drop previous priorities and initiatives may be even more necessary today. But these would require the interagency and stakeholders to adopt a longer-term vision and strategic review of what the United States aims to achieve beyond the year-to-year budget negotiations and to have Congress on board.

The United States is a generous multilateral partner that could further leverage its partnerships in partner countries

The United States has made a point of re-engaging multilaterally since 2021, when it substantially increased core (unearmarked) contributions to multilateral entities to USD 9.1 billion, or 21.5% of its gross ODA (compared to a DAC average of 28.3%) – the highest volume of any DAC member. In addition, US government actors provided USD 7.3 billion in earmarked funding to the multilateral system in 2020.[13] The FY 2023 budget request proposes a near doubling of funding for multilateral assistance reflecting proposed expanded investments in the Green Climate Fund and the Climate Investment Funds. As US support to international climate change initiatives increases, demand is growing within the federal government for a systematic, interagency approach to more strategically fund multiple climate vehicles across accounts and government agencies. Such an approach could also include being transparent and explicit about how the United States uses multilateral and bilateral channels, as was suggested in a recent OECD portfolio similarity analysis,[14] and about the impact it has on the effectiveness of the system as a whole.

The United States does not have a multilateral strategy or operational guidance for multilateral assistance, as was recommended in the last peer review. The United States has invested heavily in strong, robust systems of multilateral partners (for example, whistleblower protection, anti-corruption, fraud, and prevention of sexual exploitation, abuse and harassment) and in upholding norms and standards (for food, for example). Multilateral partners cite challenges related to the lack of standard operating procedures, including for financial contributions, when a single multilateral partner engages across different USG entities as well as challenges arising from delays in appropriations. Twenty-one USG agencies provide foreign assistance to or partner with multilateral organisations. The Secretary of State submits an annual report to Congress with an agency-by-agency breakdown of their financial and in-kind contributions made to international organisations.[15] The Department of the Treasury submits a similar report to Congress on the US role in shaping the policies and lending decisions of international financial institutions.[16] Although both documents fulfil transparency requirements, it is unclear whether and how they are used to inform future allocations. In the view of some partners, one consequence of the more diffused USG engagement is that advocacy for greater use of pooled funds and multilateral channels is often missing at key decision points in government.

Outside of regular replenishments, the US government adopts a delegated approach to multilateral partnerships, leaving it up to USAID, the USAID Washington operating unit, the USAID country office or the embassy to decide the partner of choice. An advantage of this approach is that the decision falls to those with the greatest interest and involvement in a given investment. But there can be a missed opportunity to connect funding policies and decisions in governing boards or elsewhere to specific investments. As a result, the United States may be less able at the partner country level to systematically leverage the important contributions it makes globally to complement its bilateral priorities. The relatively expanded mandate of the Office of Development Cooperation's Multilateral Affairs Team at USAID is working towards ensuring the interconnection between USAID's country-level work and funding and engagement at the headquarters level in respective international organisation governing bodies.

At the country level, the United States tends to invest little in structured dialogue or partnerships with other bilateral and multilateral partners, as seen in Kenya and Indonesia. Its more delegated approach to multilateral partnerships offers one possible explanation: Unless the USAID country office is providing earmarked funding to multilateral organisations to fulfil its country programme, it does not consider its role is to build on complementarity between what is provided centrally from headquarters and the country programme. In addition, given the size of the development co-operation system, US country and regional missions invest heavily in internal co-ordination across several different agencies and initiatives, and this focus leaves less appetite and time for co-ordinating with external actors (A coherent whole-of-government policy). Another reason, as noted in the discussion of appropriations, is that accounts and budget lines are linked to specific accountability requirements. This can make partnering with other bilateral or multilateral actors, themselves accountable to many members or shareholders, arduous and time consuming as both partners must meet the various requirements.[17] Furthermore, the United States' earmarked contributions tend to be large in volume, which may not incentivise it to pool funding and harmonise reporting requirements with other members or shareholders. The United States has strong country partnerships with some entities in which it is one of the largest contributors, among them the World Food Programme, the Global Fund, the United Nations High Commissioner for Refugees and the United Nation Children's Fund. Notwithstanding the systemic challenges, there may be an opportunity for the United States to build on its important multilateral contributions and act through a broader coalition of partners at the country level to share risk and be more influential.

Establishing the Development Finance Corporation and expanding official finance instruments face some challenges

The authorisation of the US International Development Finance Corporation (DFC) marked a historic shift away from the long-standing US approach of providing foreign assistance almost exclusively in the form of grants and making available a greater range of instruments.[18] One of the goals of DFC, which has a financing ceiling of up to USD 60 billion, is to "drive private capital" towards US foreign policy objectives[19] (US International Development Finance Corporation, 2021[27]). However, the removal of the US connection, or nexus, requirement that applied to projects supported by one of DFC's predecessor agencies, the Overseas Private Investment Corporation, means that DFC operations are wholly untied.[20] DFC's revenue source is an annual congressional appropriation that leverages US Treasury lending, with the proceeds of loans being returned to the US Treasury. This is not the case for many other bilateral development finance institutions. DFC has no need to maintain a credit rating, which should make it easier to prioritise investments in low- and lower middle-income countries. However, its development mandate has not prevented Congress and the administration from requesting waivers enabling DFC to fund other priorities in higher-income countries. Some have argued that these could undermine DFC's strong initial bipartisan support as it risks becoming more instrumentalised.[21] DFC has so far exceeded its annual goal of ensuring that at least 60% of the investments it supports are in low-income, lower middle-income or fragile countries and contexts. As the Inspector General of DFC noted on 21 March 2022, "DFC faces a difficult challenge in making investments that balance the competing

interests of financial performance, development impact, and foreign policy, all while maintaining accountability and transparency" (US International Development Finance Corporation, 2022[28]).

The success of DFC will depend on how quickly it is able to deliver new instruments, particularly equity, and work with the US government and other partners.[22] DFC faces challenges in its highly anticipated equity investment programme[23] and in the time lag between investment decisions and disbursement of funds (US International Development Finance Corporation, 2022[28]). Sourcing a pipeline of transactions in partner countries is a persistent challenge and will require DFC to more regularly collaborate with in-country or country-dedicated headquarters staff of other USG agencies including USAID, the Departments of State and Commerce, the Millennium Challenge Corporation (MCC), and the US Trade and Development Agency as well as with other bilateral and multilateral development finance institutions. Across USAID country offices, the loss of the in-house Development Credit Authority, which became part of DFC, is keenly felt. DFC's Mission Transaction Unit works closely with USAID DFC liaisons at each USAID country office; collaboration at the country level would benefit from increased DFC overseas presence. DFC has legal restrictions that can prevent it from investing in certain countries or sectors where USAID can operate, such as textile investments that could have an adverse impact on US jobs.[24] As a result, DFC is unlikely to extend debt or equity in some circumstances where there might otherwise be a positive development outcome, as seen in Kenya through its USAID East Africa Trade and Investment Hub.

Most foreign aid is congressionally earmarked and directed, limiting the government's flexibility on how funds are spent

Divisions in Congress and between Congress and the executive branch have resulted in less flexible funding for the Department of State, Foreign Operations, and Related Programs appropriations.[25] The tighter congressional control can be explained by a desire to protect congressional prerogatives in the face of legislative gridlock[26] and by the contrasting priorities of the executive and the legislative branches. The lack of alignment and mistrust has resulted in lawmakers increasingly seeking to bypass the legislative process and use other procedural means to direct foreign assistance spending in the form of harder directives, less flexibility and more requirements included in the policy instructions (Bolton, 2022[29]). This tighter control has translated into 600-700 policy instructions accompanying each of the past few fiscal years' SFOP appropriations (USAID Office of the Inspector General, 2021[30]); the result is that effectively, more than 90% of US foreign assistance managed by USAID and/or the Department of State is either earmarked or congressionally directed funding. Although most of these policy instructions are not legally binding, it is in the executive branch's interest for future appropriations to abide by them. In the FY 2022 Consolidated Appropriations Act, Congress continued to include a provision designating allocations set out in tables included in the policy instructions as legally required minimum amounts to be spent in the relevant country or sector[27] (US Congress, 2022[31]).

The president proposes a budget that reflects the preferences of the executive branch two years before the start of the fiscal year. Agency-wide budget requests are guided by administration priorities; country-specific needs received through mission or country office resource requests; and global priorities such as the COVID-19 pandemic and climate change. USAID's Office of Budget and Resource Management and the State Department's Office of Foreign Assistance jointly submit a budget request to OMB, which plays an influential role in ensuring that the administration's policy preferences and initiatives are incorporated into a proposed budget by using different levers at the budget request stage.[28] One such lever is to send budget requests back to agencies with requests for adjustments to funding levels – a step known as passback (Pasachoff, 2016[32]). The president's budget request is then sent to Congress, incorporated into a fiscal year Congressional Budget Justification for each USG agency and department.

Executive and congressional priorities do not always align, and the art of matching budget requests to actual appropriations intensifies once both chambers have passed the appropriations

bill.[29] Once enacted into law, a Section 653(a) report for the SFOPs – a comprehensive table that shows all country-level allocations by sector, directives, earmarks and initiatives – is sent to Congress.[30] This process involves ensuring that country allocations overlaid with sector earmarks are respected. For example, a directive to spend a certain amount on a given sector or theme will have to be layered on top of country-specific earmarks even if this amount was never included in the President's (or USAID country office's) budget request. USAID's Office of Budget and Resource Management and bureaus work with the State Department's Office of Foreign Assistance and OMB to make adjustments and propose shifts to earmarks and directives allocated before the State Department and USAID submit the Section 653(a) report to Congress.[31]

Reconciling executive and legislative priorities with those of partner countries is complex and not helped by pre-obligation requirements and appropriations late in the fiscal year

Complex pre-obligation requirements as well as appropriations late in the fiscal year can negatively affect programme implementation by the State Department and USAID. Once the Section 653(a) report is submitted, the budget execution process begins and OMB apportions funds[32] authorising the State Department and USAID to obligate funds.[33] Country missions are required to provide additional information (via individual country-level congressional notifications and operating plans) explaining how funds will be used in that fiscal year and noting any divergence with the Congressional Budget Justification, including any special notification (related to budget items requiring pre-approval),[34] new programmes and even implementing partners. In addition, sectoral directives can require spending plans, describing by technical area the work that is expected to be performed in each country. Moreover, for any number of technical sectors or countries, Congress occasionally includes a requirement for consultation prior to obligation. These notifications and plans are generally made six months or more into the new fiscal year. Delays can also impact localisation objectives (Localisation) and programming, given the short time span to obligate funds into new awards before the end of the period of availability of funds. Such requirements put pressure on USAID staff, especially in the offices of acquisition and assistance in country and regional offices and also in Washington, DC, where obligations are centralised.

Today, USAID is in a stronger position to advocate for country-specific needs in proposing the allocation of funds in the Section 653(a) process. The role of the State Department's Office of Foreign Assistance has evolved since it was created in 2006, as USAID developed stronger legislative relations and built up stronger in-house systems and budget capability, most recently by reinforcing its leadership with the addition of a second deputy administrator for management and resources. The Office of Foreign Assistance, USAID's Office of Budget and Resource Management, and the Bureau for Policy, Planning and Learning work together to make adjustments in line with the Appropriations Act across the 21 accounts (9 with USAID, 9 with the State Department, and 3 jointly managed and accounted for). In doing so, the Department of State and USAID have an opportunity to also make greater use of Integrated Country Strategies and Country Development Cooperation Strategies, which draw explicit links between US priorities and those of partner countries in justifying allocations. Further, USAID country offices are requested to provide concurrence or non-concurrence to activities that are funded through centrally programmed funds,[35] strengthening USAID as the lead player in the US development co-operation system.[36]

Restoring trust between the executive and legislative branches is ongoing (A coherent whole-of-government policy). As a sign of more trust and less control, the FY 2022 Consolidated Appropriations Act for SFOPs has slightly less congressionally directed funding than the previous year's appropriations act.[37] This is an opportunity for USAID and the State Department to demonstrate that less-restricted funds provide the flexibility needed to meet partner country needs and contribute to better outcomes. Passing on early advice from the executive branch to congressional appropriators and allowing for more flexible programming within presidential initiatives would also show the executive branch's goodwill. In short,

USAID and the State Department have an opportunity to show that in the absence of directives, they are able to meet congressional and administration priorities and deliver results. Increasing the deviation authority (currently 10%) and extending the period of time to obligate resources,[38] would allow for the USG to better respond to a country's development needs.

Matching human resources to agency needs is a work in progress

USAID does not have a global strategic workforce plan as recommended in the 2016 peer review, and an interim plan is in effect only until the end of FY 2022. While USAID did not provide a timeline for replacing the interim plan, its new Global Development Partnership Initiative is a hiring effort to rebalance the proportion of Foreign Service officers, civil servants and contractors in its workforce. USAID is starting to recover from the 2017 hiring freeze that affected staff based in Washington, DC and has been increasing recruitment with a particular focus on enhancing its human resources in terms of gender and inclusive development, democracy and anti-corruption, global health, humanitarian assistance, climate change, and diversity, equity, inclusion and accessibility (Box 3). Conversations with members of Congress about increasing the number of direct hire (foreign and civil service) positions relative to contractors are constructive and have already led to some changes. One example is an increase in the number of civil servants hired in the new Bureau for Humanitarian Assistance, which provides technical backstopping to foreign service nationals (Being fit for fragility). The FY 2022 appropriations act recognises that USAID lacks sufficient personnel to respond to urgent needs around the world and allocates funds to support an increase in Foreign Service and civil service positions; the policy instructions, or joint explanatory statement, accompanying the act justify this increase also on the basis of USAID's localisation objective[39] (US Congress, 2022[31]) (Localisation).

As localisation becomes more of a priority, a key challenge is creating more positions of leadership for career locally hired (Foreign Service national) staff. Agency-wide, there are currently about 12 foreign service national grade 13 positions – the highest grade for career locally hired staff – and these are usually created to retain a specific person rather than systematically based on function or organisational needs. Foreign service national staff are of high quality, as several partners in both Jakarta and Nairobi confirmed, and their knowledge of the local context, culture and language is invaluable to programme success, as evidenced by the county liaison teams in Kenya that are led by foreign service nationals. The focus on localisation will require more contracting officers and better retention of experienced officers who have deep knowledge of the system. As USAID reconsiders its risk appetite to prioritise localisation, there will also be implications for its human resource needs in posts and in Washington, DC (Localisation). Foreign service nationals in USAID appear to have greater opportunities than other DAC member counterparts to go to other country missions as third country nationals or to regional hubs on detail assignment.

Box 3. Towards a more diverse, equitable and inclusive workforce at USAID

USAID faces some challenges in advancing a diverse, inclusive and equitable workforce. A 2020 Government Accountability Office report found that the odds of promotion in the civil service were 31 to 41% lower for racial or ethnic minorities than for whites in early- and mid-career. In the Foreign Service, average promotion rates were lower for racial or ethnic minorities in early- to mid-career, even if differences were not statistically significant when controlled for various factors. In short, the proportions of racial or ethnic minorities were generally smaller in higher ranks.

USAID acknowledges the need for a more diverse, inclusive and equitable workforce, reinforced operational and administrative roles, and an increase in the number and contribution of foreign service

nationals. Progress has been made in terms of strong leadership and capacity. USAID is taking steps to meet these objectives through the following:

- **Strong policy commitment and leadership** – The newly established Office of the Chief Diversity, Equity, Inclusion and Accessibility (DEIA) Officer, located within the administrator's Office, works to help ensure that USAID's programmes, people, processes, policies and practices reflect the diversity of the United States as a whole, are inclusive and consider equity in all decisions. The DEIA office works to embed DEIA principles across the agency – that is, to meet people at the local level and expand the collective space for ownership, innovation and leadership to help USAID achieve its transformative mission around the world and internally through its own workforce.
- **Reviewing hiring strategies and paid positions** – Committed to thinking more actively about where it recruits, USAID recently reinforced efforts to diversify its candidate pool through partnership agreements at Historically Black Colleges and Universities. The agency also is considering how it might expand requirements around medical clearances, graduate-level degrees and overseas experience to better target those it refers to as "Equal Employment Opportunity Groups". These changes would also include creating posts with work-study opportunities and providing more paid internships.
- **Capacity and continuous skill development** – USAID launched a new Respectful, Inclusive, and Safe Environments (RISE) learning and engagement platform for staff that covers a wide range of DEIA-related content. Since June 2021, more than 6 000 USAID staff have participated in a RISE training, event or seminar. USAID now requires Foreign Service hiring managers and promotion board members to complete training on unconscious bias, and 80% of overseas posts have completed a five-day intercultural competence, diversity, equity, inclusion and accessibility workshop.
- **Expanding and diversifying partnerships** – WorkwithUSAID.org, which USAID launched in November 2021, serves as a free resource hub that provides the knowledge and networks to help organisations work with USAID.
- **Well-supported country systems** – USAID recognises that DEIA is contextual and varies from place to place. In Kenya, a DEIA regional co-ordinator is working with mission leadership, the DEIA Council and the staff association to help identify gaps and barriers to equity and inclusion and meet the DEIA objective.

Note: This practice is documented in more detail on the **Development Co-operation TIPs • Tools Insights Practices** platform at www.oecd.org/development-cooperation-learning/practices/towards-a-more-diverse-equitable-inclusive-and-accessible-workforce-at-usaid-6f2ddfc5. The FY 2022 Consolidated Appropriations Act requires USAID to develop "workforce diversity initiatives and a staffing report on the onboard personnel levels, hiring, and attrition of the Civil Service, Foreign Service, and Foreign Service National workforce of USAID for each operating unit" and to report progress to appropriations committees in Congress every quarter until 30 September 2023.
Source: US Congress (2022[31]), "Division K – Department of State, Foreign Operations, and Related Programs Appropriations Act, 2022", www.congress.gov/117/crec/2022/03/09/168/42/CREC-2022-03-09-bk4.pdf; US Government Accountability Office (2020[33]), *USAID: Mixed Progress in Increasing Diversity, and Actions Needed to Consistently Meet EEO Requirements,* www.gao.gov/products/gao-20-477.

Operational bottlenecks in mission hiring arrangements jeopardise quality country programmes. Kenya offers an illustration. While the number of USAID staff has increased substantially in recent years, 100 of the current 380 posts are vacant. Although locally engaged staff are the bedrock of a country office and many programmes, it can take as long as one year to hire such staff under personal service contracts that are more like procurement contracts for goods and services than for human resources.[40] In addition, once a post is occupied, career progression is impossible without a reclassification of posts that requires an entirely new recruitment process, further threatening programme delivery. While country offices have a

certain amount of leeway in deciding the percentage of programme costs that can fund administrative and staffing, operational bottlenecks tend to impair this flexibility.

The United States is committed to using evidence but could enhance learning through strategic evaluation and sharing knowledge across interagency members

The United States has in place robust evaluations as well as strong collaboration, learning and accountability mechanisms with built-in pause and reflect moments. The Foundations for Evidence-Based Policymaking Act of 2018, which builds on the 2010 Government Performance and Results Act Modernization Act, requires federal agencies to evaluate the impact of programmes; increase the use of data, evidence and evaluation in the policy-making process; and make data accessible to the public. USAID and other agencies have access to a strong evidence base that informs US strategies, programmes and activities. Data are generated for both accountability purposes and for learning and based primarily on monitoring of results and evaluation of performance at project and programme levels. In USAID, strategic collaboration, continuous learning and adaptive management link all components of the programme cycle. Taking the time to pause and reflect is an essential Collaborating, Learning and Adapting (CLA) practice (Box 4).

Box 4. Collaborating, learning and adapting: How to apply the evidence

Learning is important for USAID. To improve the effectiveness of US development co-operation, USAID is making CLA practices more systematic and intentional throughout the programme cycle and dedicates resources to help staff apply them. Each of the three stages involves the following:

- **Strategic collaboration** – USAID and stakeholders identify shared interests and work together, reducing duplication of effort and sharing knowledge.
- **Continuous learning** – USAID and stakeholders use data from monitoring, portfolio reviews, research, evaluations and analyses to reflect on implementation. Pause and reflect moments catalyse learning.
- **Adaptive management** – USAID and partners apply learning and make adjustments during implementation. Adaptive management is particularly important in less stable and transitional contexts.

USAID's CLA Toolkit helps staff understand CLA, make it systematic and intentional, and ensure that there are the necessary resources to support it. It guides practitioners as they identify learning questions; consider potential collaborators and areas of co-operation; determine how data and knowledge inform decision making; and know when to adapt and how to help others to do likewise. It also helps with approaches to capturing, distilling and sharing knowledge across individuals, teams and programmes.

Annual portfolio reviews and midterm Country Development Cooperation Strategy stocktaking complement each USAID country office's ongoing CLA activity. These aim to guide course correction, revisit assumptions and inform future planning at the country level.

More effort could be made to reach across to other US government agencies to collaborate, learn and adapt, drawing lessons from foreign assistance successes and failures and building on good examples from USAID.

USAID's new, elevated and expanded post of chief economist and greater use of strategic evaluation could deliver insights on the extent to which programmes are achieving their goals and also inform improvements. Strategic dialogues with key stakeholders led by USAID's chief economist

and backed by a new Office of Behavioral Science and Experimental Economics will look at ways in which USAID programmes can be strengthened to better meet development objectives. Since evaluations are decentralised to country offices and headquarters units in USAID, these tend to be mostly context specific. Together with monitoring, activity-level evaluations, and evaluations of sector, thematic, country and regional programmes, the new dialogues can generate information about achievement of broader goals. Learning from the different types of evaluations would also facilitate improvement beyond individual teams and units within agencies.

Recommendations

4. Building on strong leadership and substantial additional ODA contributions the United States has made in response to the COVID-19 pandemic and multiple crises, the United States should:
   - increase its ODA both in volume and as a proportion of its GNI
   - continue to untie more of its aid, noting the positive progress on food aid.
5. As it re-engages multilaterally, the United States should outline an approach that drives greater coherence, clarity and transparency on how and when the United States decides to use multilateral channels and on the advantages of doing so, especially given the increased resources and the number of government actors involved.
6. To increase discretion and flexibility in future foreign assistance appropriations and better align to partner country needs to reduce poverty, USAID and the State Department should hold more strategic-level dialogue with the Congress about the results and impacts of its strategies and programmes.
7. USAID should have a medium-term workforce plan or strategy guiding its significant hiring and on-boarding effort to rebalance the ratio of Foreign Service officers, civil servants and contractors in its workforce. It should also work to further increase the number of locally hired staff in line with diversity, inclusion, equity and accessibility objectives.
8. The United States International Development Finance Corporation should have a clear roadmap for delivering new financial tools including equity instruments, reinforce its human resources in partner countries, and work more in partnership with the United States government and other partners.

Localisation

The United States has strong foundations for localisation, but needs clarity of purpose to support the ambitious vision

The United States has a long history of trying to localise its development assistance to increase ownership and sustainability, with varying success. Local Solutions, a component of the USAID Forward reform initiative introduced in 2010 under the Obama administration, established a goal of awarding 30% of US assistance to local organisations and partner countries (USAID Office of the Inspector General, 2019[34]). This was followed by the Journey to Self-Reliance under the Trump administration. The 2018 Acquisition and Assistance Strategy, and the subsequent introduction of the New Partnerships Initiative were developed to help address some of the internal constraints to diversifying the entities with whom the agency partners.[41] These efforts have left both a legacy cadre of staff who have been involved in localisation initiatives and lessons to systematically draw upon (USAID, 2021[35]). Progress has been made but slowly, in the face of bureaucratic hurdles and regulatory and statutory requirements, competing

priorities, measurement challenges, and special interest resistance (Steiger, Maloney and Runde, 2021[36]; USAID Office of the Inspector General, 2020[37]; Government of the United States, 2022[12]). Beyond USAID, there are strong traditions of community-driven and locally led development in the Peace Corps, the Inter-American Foundation and the African Development Foundation.

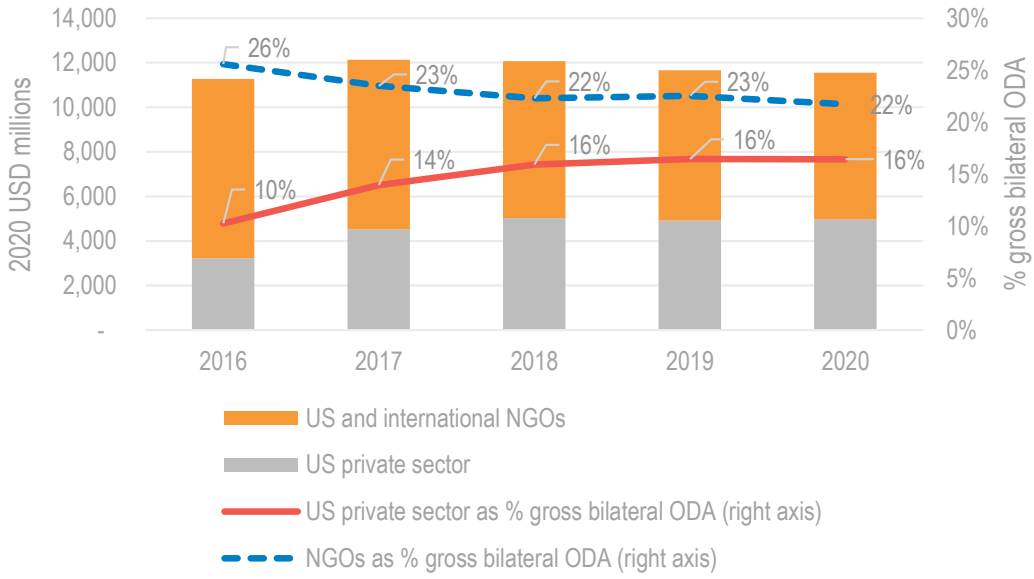
The new approach to localisation reflects both continuity of these efforts as well as significant changes in ambition and direction. USAID Administrator Power builds on the past in her vision for global development, which includes a commitment to allocate 25% of funding to local organisations within four years, including by building on metrics of previous efforts (USAID, 2021[6]; Ingram et al., 2022[38]).The vision is also a shift in emphasis, seeking to address the power dynamics within development co-operation, reach the most marginalised populations and put people at the centre of the development process. As USAID Administrator Power stated in November 2021, at least 50% of USAID assistance by the end of the decade "will need to place local communities in the lead to either co-design a project, set priorities, drive implementation, or evaluate the impact of our programs" (USAID, 2021[6]). USAID is in the process of setting out how to implement the administrator's commitment.

Creating a shared understanding of localisation within USAID, the wider interagency and with partners will be essential for driving effective, co-ordinated action. Drawing on lessons from prior reforms and ensuring that there are manageable and clearly signposted initiatives and common metrics with simple, clear and consistent direction will be critical to successful implementation of the new vision (USAID Office of the Inspector General, 2020[37]; King, Garber and Hirschfeld, 2022[39]). There is political willingness to support localisation, including on the part of private sector contractors and the wider civil society, as well as bipartisan support in Congress (Cooley, Gilson and Ahluwalia, 2021[40]; Ingram et al., 2022[38]). As yet, however, there is no unified definition of localisation and its constituent parts that is shared across the US interagency and understood externally. Rather than an end in itself, localisation is a process that helps to address power imbalances, enhance equity in programming and expand the number of non-traditional partners from underserved communities and craft development efforts so that their outcomes are ultimately sustained by local people with local resources (Government of the United States, 2022[12]). It will be important to develop a clear theory of change for what a shift to localisation brings in terms of sustainability and development impact across a variety of contexts, including authoritarian ones. For agencies that seek to localise more, this clarity could help them partner with other US government agencies with complementary development models that are already localised such as the Inter-American Foundation, the United States African Development Foundation, PEPFAR and the Peace Corps.

Increasing local partner funding needs to be context specific and supported by a coherent strategy

Defining a local partner will be important for determining what counts as localisation. USAID's aim to have 25% of funding delivered directly to local partners requires a clear, agreed definition of a local partner. US assistance delivered through CSOs amounted to USD 6.6 billion,[42] or nearly 22% of gross bilateral ODA in 2020, a proportion that has been broadly constant for the last five years (Figure 2). However, almost none was delivered through developing country CSOs, according to OECD Creditor Reporting System (CRS) data (OECD, 2022[41]). USAID guidance on grants and contracts provides different qualifying criteria in definitions of local entities and locally established partners that include local offices of international NGOs or locally registered companies,[43] or in other guidance. The definitions matter, as they will feed into the metrics of success and shape the nature of USAID's localisation approach (USAID Office of the Inspector General, 2021[42]).

Figure 2. Delivery channels of gross bilateral official development assistance, 2016-20



Note: ODA channelled via the US private sector refers to CRS activities indicating the channel of private sector to provider country (channel code 61xxx); ODA channelled via US and international NGOs refers to CRS activities indicating channels for international NGOs (channel code 21xxx) or donor country-based NGOs (channel code 22xxx).
Source: OECD (2022[41]), *Creditor Reporting System (CRS)* (database), https://stats.oecd.org/index.aspx?DataSetCode=CRS1.

StatLink https://stat.link/7nhgzb

There are a variety of concurrent routes to localisation, and each is likely to play a role in USAID's approach. Multiple routes to funding local partners emerged during the country missions and literature review. They are not mutually exclusive:

- One route is via the direct funding relationship between USAID and the local organisation. This would affect USAID's business model as the agency would need to manage thousands of partners with small awards (King, Garber and Hirschfeld, 2022[39]). The availability of suitable local partners with sufficient capacity to absorb and manage USAID funding is a consideration in some contexts, but progress is possible, as the PEPFAR example shows.[44]
- A second route is via intermediary institutions of locally established partners that are embedded in partner countries and work with more local groups, bringing partners together in coalitions and networks or managing grant facilities. There is criticism of international NGOs (INGOs) and private sector contractors based in the United States registering local branches to be eligible.[45]
- Another route, which relies on building transparency in the funding, is via third parties such as contractors, INGOs and multilateral organisations that act as conduits to local organisations, including via country-based pooled funds (Cooley, Gilson and Ahluwalia, 2021[40]). Private sector funding, which has grown since 2016, and INGO funding together constitute 38% of gross ODA (OECD, 2022[41]). Greater visibility and transparency of funding to local organisations via third parties as well as building in award or contractual incentives to support local partners could qualify this support as localised.
- USAID can draw on the networks and practices of agencies with substantial experience with managing direct relationships with local partners through interagency transfers.

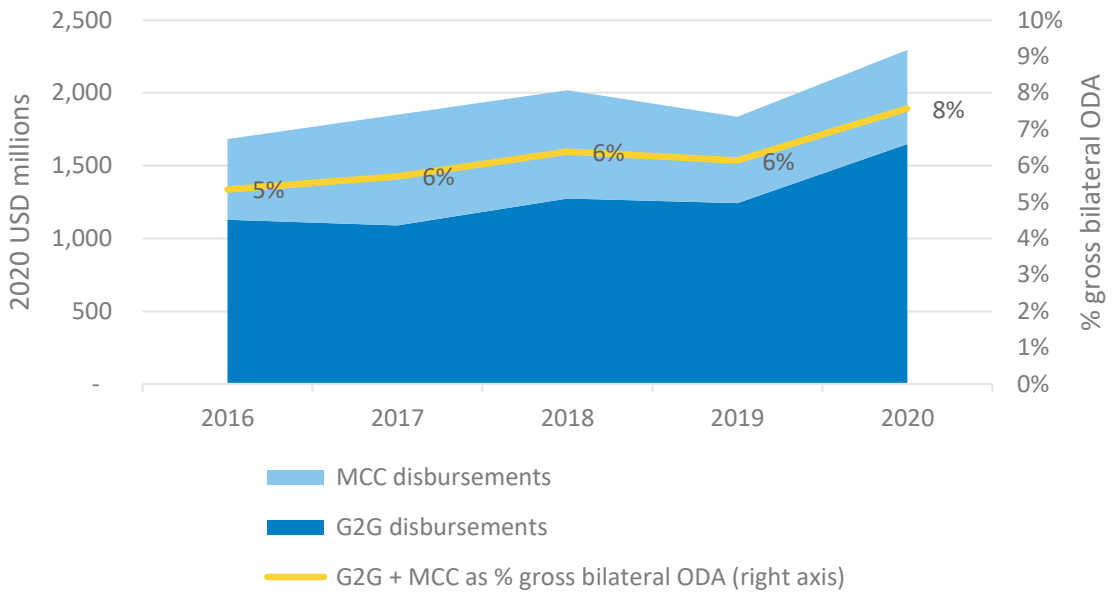
USAID will likely continue to use a mix of partner models according to the local context and that these will evolve over time. It is worth noting that international engagement on the localisation of humanitarian assistance has seen some advances globally following the Grand Bargain in 2016 and could be a foundation on which to build.[46] Choices in terms of the emphasis given will have an impact on the kind of organisation that USAID will become, considering its comparative advantages and internal constraints. Having a coherent strategy that manages this process will be important.

Developing a stronger country-led approach should be central to locally led development

The United States has demonstrated some progress in supporting country-led development. The 2016 peer review recommended greater alignment with country priority needs and increased support to governments (OECD, 2016[43]). As seen in Kenya and Indonesia, the Country Development Cooperation Strategies are positive examples of USAID grounding its approach within a context based on deep analysis and a robust consultative approach.[47] USAID has made formal agreements with governments that provide for deeper partnership. In Indonesia, for instance, the agency signed grant implementation agreements with the Indonesian Ministry of National Development Planning, or Bappenas, and line ministries. In Kenya, formal agreements included a high-level Bilateral Strategic Dialogue, development framework agreements and implementation letters with ministries that set out mutual accountability expectations for programming. A whole-of-society approach in partner countries that includes co-operation with governments is central to system strengthening and sustainability of support over the long term.

However, the United States has made limited progress in mainstreaming government-to-government approaches to build sustainable capacity as a key part of the portfolio mix. As Figure 3 shows, 8% of US bilateral ODA in 2020 was government-to-government (G2G) assistance, including MCC. Apart from countries where there is a strong US foreign policy interest, G2G approaches by USAID remain marginal.[48] Missions face disincentives in adopting greater G2G assistance, despite significant revision of complex approval processes set out in Chapter 220 of the Automated Directives System. These challenges include pre-obligation requirements such as congressional notification, eligibility and viability documentation by the Department of State, and risk and accountability considerations[49] (USAID, 2021[44]; US Government Accountability Office, 2015[45]). Mainstreaming G2G approaches also requires a stronger political incentive to consider whether programmes can be delivered by and through governments. Building on development effectiveness principles, there is an opportunity for USAID's approach to localisation to incorporate working with and through governments as a more prominent element in its suite of engagement and channels. PEPFAR is now grappling with the challenges of ensuring system strengthening, local partner transition and financing via government rather than as a parallel structure.[50] MCC is a robust model that demonstrates the benefits of G2G approaches[51] (Box 5).

Figure 3. Government-to-government official development assistance ODA (2020 USD constant) totals and as share of bilateral official development assistance



Note: Government-to-government disbursements refer to CRS activities indicating the recipient government as the channel (channel code 12xxx); MCC disbursements refer to CRS activities that report MCC as the agency (agency code 18).
Source: OECD (2022[41]), *Creditor Reporting System (CRS)* (database), https://stats.oecd.org/index.aspx?DataSetCode=CRS1.

StatLink https://stat.link/dz8w2x

Box 5. Millennium Challenge Corporation: Lessons for the broader US development system

Embedding programmes within national systems can provide a powerful route to sustainability as well as systemic, scalable change beyond the project level. Both the 2011 and 2016 peer reviews recognised the catalytic role that MCC plays within the US development architecture. The agency remains a leader on country alignment and promoting national ownership by incentivising reform, conducting careful and deep analysis, drawing on local knowledge and strongly emphasising data, and systematically feeding results and evaluation back into the portfolio. Yet MCC remains comparatively small: It disbursed USD 645 million in 2020, representing just 2% of US bilateral ODA. MCC has been engaged in Indonesia since 2006 across two compacts and a threshold programme and is discussing a threshold programme in Kenya. In both countries, MCC provides the United States with a unique mechanism to deeply engage on reform areas with partner governments.

MCC is nearing its 20th anniversary. This is an opportune moment – embodied in the MCC@20 process – to adapt to the changing nature of poverty and its increased concentration in fragile contexts as well as climate change and growing authoritarianism. MCC's model as currently configured could respond to this changed development context in three ways.

- **Broaden engagement to respond to the changing geography of poverty.** MCC's criteria present hard hurdles to operate in contexts with weaker governance – in 2022, it suspended the Burkina Faso programme following a coup – and it only engages in a few small island developing states. MCC was given the authority to make regional investments in 2018, which broadened the scope of its work, and there may be innovative ways for MCC to further diversify its portfolio geographically. However, these would require changes to its operating model and risk appetite and increased resources.
- **Update the instrument mix and enhance responsiveness.** The business model for MCC involves threshold agreements and compacts when certain eligibility conditions are met. The current model is designed to be deliberate, but it is slow and takes time to ramp up. Whether more agile mechanisms can be created without jeopardising the core philosophy of MCC could be explored.
- **Deepen engagement in reforming contexts.** Under current rules, MCC can have just two compacts at any one time in a single country. It may be possible to accept greater risk in successful countries and have additional compacts that could leverage existing analysis and provide substantial additional resources.

The MCC@20 process could be used not only by MCC but across the interagency to consider the hard questions of how to scale up a successful development model that puts country ownership at its core so that it is a system fit for the challenges of tomorrow.

Source: Millennium Challenge Corporation (2021[46]) Report on the Criteria and Methodology for Determining the Eligibility of Candidate Countries for Millennium Challenge Account Assistance, www.mcc.gov/resources/doc-pdf/report-selection-criteria-methodology-fy22; Dercon (2022[47]), *Gambling on Development: How Some Countries Win and Others Lose*.

Locally led development changes the power dynamic of traditional approaches

Building the capacity of local actors to be the agents of change and independent actors in their own right shows promise. Locally led development requires local actors to set their own agendas, develop solutions, and bring the capacity, leadership and resources to make those solutions a reality (Baguios et al., 2021[48]). As shown in Box 6, it is usually multiple changes that create an enabling environment for locally led development. During the broad consultation phase, the draft USAID Local Capacity Development Policy has been widely praised as a nuanced, principle-based and context-driven approach that responds flexibly to the needs and priorities of local actors (USAID, 2021[49]; InterAction, 2022[50]). The policy reflects the inherent tensions involved in locally led processes over issues such as the legitimacy and representativeness of local organisations and the potential mismatch between local and US priorities. There is a welcome desire to elevate diversity and equity in the partnerships, and the emphasis on a systems approach is laudable. Building the capacity of local and national governments are a core part of this system. As the policy is finalised, putting in place mechanisms to support missions in implementing the policy will be critical.

Co-creation shows promise as a mechanism to promote participation but will require a cultural shift to respond to local priorities.[52] The scope is broad for co-creation as a mechanism to bring outside perspectives into various parts of the project cycle (King, Garber and Hirschfeld, 2022[39]). Co-creation ranges from consultation on project ideas to genuine co-design (USAID, 2021[35]). Ceding control to local actors is the core of locally led development. However, there is still some room for improvement in this regard (Baguios et al., 2021[48]). As USAID pursues co-creation, it will need to shift the institutional culture of seeing local partners as implementers of USAID programmes to one of supporting local initiatives. The mechanism also will require a different staff skillset – facilitation, listening, local knowledge and diplomatic sensitivity – as well as greater flexibility to define results locally (Fit-for-purpose development co-operation

system). Consultations with civil society in both Indonesia and Kenya underscored the deleterious effects of short-term project cycles that result in the loss of expertise, experience and organisational capacity; burdensome compliance requirements; and a drive for project results to the detriment of institutional capacity building of local organisations and system strengthening.

Box 6. USAID's context-driven shift to localisation in Kenya

Following the adoption of an inclusive and progressive constitution in 2010, Kenya started a new chapter of devolved government in 2013. The 47 new county governments negotiated a working relationship with the national government regarding power and revenue sharing, but they have encountered political, fiscal and administrative challenges in delivering services to Kenyans.

USAID has responded by reorganising its entire portfolio, set of partnerships and human resourcing to adapt and support the nascent county governments. A clear strategy and theory of change underpinned by strong analytics, as set out in USAID's Country Development Cooperation Strategy (USAID, 2021[51]), have contributed to significant changes in how USAID Kenya is adapting to the Kenyan context. Key salient initiatives and features include:

- **Partnerships with county governments and the Council of Governors.** USAID has signed agreements with 22 of the 25 focus county governments included in the Country Development Cooperation Strategy and developed political relationships with the governors through mutually agreed sectoral priorities that align the priorities of USAID and the county governments. This leads to co-resourcing of development priorities between USAID and the county governments. The agency also supports the Council to identify common issues and lobby the national government on behalf of the counties.
- **Empower local organisations.** At the county level, USAID supports CSOs that are rooted in the communities they serve to form local development organisations to strengthen citizen voice and advance locally sustained and accountable development.
- **Shift to local partners with systematic use of co-creation.** Local partners are increasingly delivering programmes at the county level, and USAID has used co-creation as a key tool to build local ownership of programmes across the portfolio.
- **Integrated programming.** At the county level, all US development assistance is more co-ordinated and aligned to county plans, allowing USAID to draw on the substantial resources for health or resilience in a more strategic way, move to direct support to county governments, and focus on system strengthening as well as service delivery.
- **Develop and deploy country liaison teams.** The teams, composed of highly qualified foreign service national staff with local language skills, are donean innovative way of supporting the new approach through political engagement, programme integration and engagement with local partners.

These actions constitute a bold but well-considered shift by USAID Kenya. There will be opportunities to use the platforms established by USAID to bring in other development partners. This also is a strategy for the long term, requiring institutional strengthening and political engagement over several programme cycles. It will be important for this localisation work to be linked up to work at the national level in Kenya and to build country systems to maximise its impact.

Note: This practice is documented in more detail on the **Development Co-operation TIPs • Tools Insights Practices** platform at www.oecd.org/development-cooperation-learning.

Core funding to develop long-term partnerships with local actors would be a step change in approach. There are good examples across USAID of promoting better approaches to locally led development, notably the New Partnership Initiative awards.[53] The new flagship Centroamérica Local Initiative, aimed at empowering partners to address irregular migration, will test out longer, predictable funding alongside open solicitation of interest and additional capacity to manage small grants through flexible procedures.[54] However, in 2020, less than 1% of gross bilateral ODA was allocated to CSOs as core contributions while 22% was channelled through CSOs to implement projects initiated by the United States (OECD, 2022[41]; OECD, 2022[41]; OECD, 2022[41]; OECD, 2022[41]). Two avenues to explore would be to make institutional capacity strengthening (not compliance capacity) central to all awards and invest in some long-term relationships with more discretionary core funding of civil society. These will be particularly important where restricted or shrinking civil society space requires flexibility and political and financial support (Carothers, 2014[52]).

Building the evidence base for systems that support localisation should complement progress on reforming the internal incentives

USAID's business model, awards and compliance requirements, despite reforms, remain a critical barrier to localisation. USAID is configured to administer large awards rather than small grants, and its compliance mechanisms and reporting burden create barriers to entry for new and underutilised partners. With the introduction of the 2018 Acquisitions and Assistance Strategy and prioritised recommendations, there have been significant efforts to make awards faster, more inclusive and more accessible using a variety of tools. Among these are milestone payment mechanisms such as fixed amount awards, prioritising local partners, translating documentation in local languages, the new www.workwithusaid.org portal, and mission outreach (USAID, 2018[53]; USAID, 2019[54]). While these internal reforms within the current system should continue, congressional and executive branch action would be required for further reforms, which could include consideration of longer funding windows, more human resources, increased thresholds and flexibility, and exempting smaller organisations from US government-specific documentation (Fit-for-purpose development co-operation system).

To deliver USAID's ambitions on localisation, understanding and application of the agency's risk appetite and appropriate risk mitigation mechanisms will be required. USAID's 2018 public Risk Appetite Statement and robust enterprise risk management approaches are solid foundations for a strong risk management approach (USAID, 2018[55]). USAID is working on an update to the Risk Appetite Statement. It would be useful if this offers guidance on managing competing risks, notably the aversion to fiduciary risk and the appetite to take on more operational risk of working with local actors. As localisation and perhaps G2G assistance progress, there will be a need for stronger, more codified procedures to manage risks. This could include context-specific mitigation mechanisms, escalation procedures to provide political cover and surge support to enable USAID country offices to handle the necessary level of risk in their respective context.[55] Without this supporting environment, missions will seek to limit their exposure. A more balanced and diversified portfolio approach that considers a number of different partners and modalities, might be considered. These could include working with organisations such as foundations that have a higher risk tolerance to pilot localisation efforts. However, USAID sits within a broader risk-authorising environment (set by statute, its Office of Office of Inspector General, Congress, etc.). Therefore, USAID may need to work with other stakeholders to negotiate a higher risk tolerance for part of its portfolio.

Successful localisation will require both stronger central direction and greater local discretion. USAID has a wide if diffuse body of initiatives, approaches and tools to support localisation, but currently little is mandated. Missions may require stronger, clearer guidance on localisation – for instance, support to country missions through an organisational playbook rather than having each mission negotiate its own path. Conversely, localisation, by its very nature, requires that country missions have the flexibility and discretion to respond to changing needs; there is no one-size-fits-all localisation approach. A case in point

is USAID's strong internal systems for results management, which will need to incorporate more locally defined and contextual measures into programmes, including alignment to national programmes.[56] USAID, using mixed methods and case studies, has contributed to building the evidence around locally led and community-led development.[57] Evaluations can help explore longer-term system change and impact. The evidence is mixed for community-led development[58] (Mansuri and Rao, 2004[56]; White, Menon and Waddington, 2018[57]; Waddington et al., 2019[58]). Ensuring that credible evidence, in a way that supports local leadership and reflects local voices, underpins the future direction on localisation will be critical to maintaining support among Congress and other key stakeholders as well as with external partners.

Recommendation

9. As a leader on localisation, the United States should ensure that principles of development effectiveness are central to how it delivers on its objectives, in particular by:
   - developing definitions and metrics that can be linked to strengthening its sustainability and development impact in partner countries
   - supporting more effective partnerships to implement localisation at scale – with all its partners – and notably through increasing support to partner governments and more core support to local civil society
   - accelerating changes to internal systems and incentives to enable locally led development and building the evidence base on the longer-term impact of localisation.

Being fit for fragility

The United States provides substantial support to fragile contexts backed by a new set of policy priorities

The United States remains the largest single DAC donor to fragile contexts. The United States understands that long-term, systemic and locally owned stabilisation investments are needed to create the conditions for long-term self-sufficiency and to address fragility, and it has made efforts to pivot its policy towards conflict prevention, with development co-operation seen as an important tool (US Department of State/USAID/US Department of Defense, 2018[59]). As a result, the United States strives to empower and support reform-minded partner governments, subnational authorities outside of capitals, and CSOs, especially where the national level is less receptive to its political and economic offer.

Since the last peer review, a significant body of new legislation has accompanied this shift in policy and has established the principles of an integrated approach to addressing both the drivers and impact of crises and fragility. Several laws and policy documents provided strong impetus for directing US development co-operation towards preventing violent conflicts and mitigating the effects of fragility when it represents a threat to US interests. Among these were the 2017 National Security Strategy (White House, 2017[4]); the 2018 Stabilisation Assistance Review; (US Department of State/USAID/US Department of Defense, 2018[59]) the Global Fragility Act (United States Congress, 2019[60]); and the resulting Strategy to Prevent Conflict and Promote Stability (US Department of State, 2020[61]). This policy direction spans administrations, and the 2021 Interim National Security Strategic Guidance acknowledges that development co-operation is inherently a foreign policy instrument that can help prevent conflicts (White House, 2021[5]).

As a cornerstone of the US conflict prevention efforts, the Global Fragility Act and related strategy are widely embraced across the government in Washington, DC, as evidenced by a high-level co-

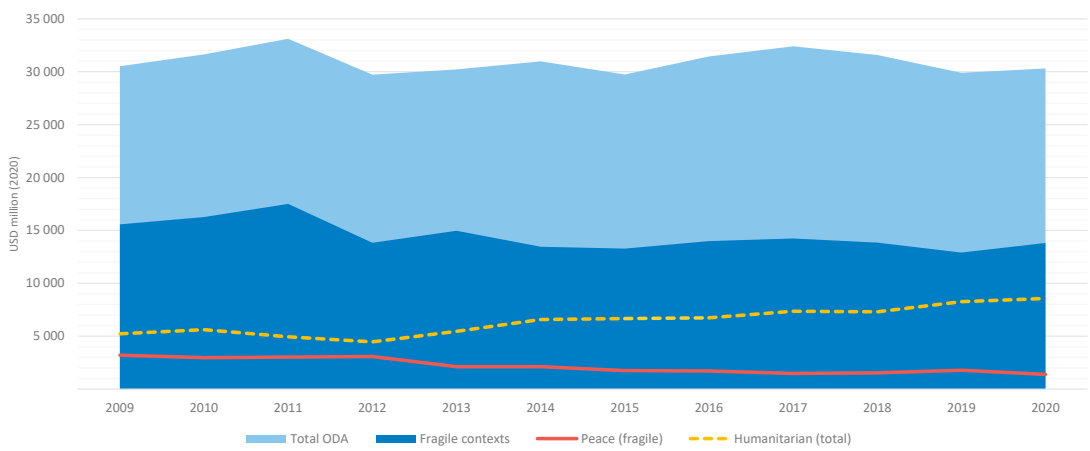
ordination structure and interagency approach through the State Department, USAID, Department of Defense, Department of the Treasury, and other departments and agencies. The Global Fragility Act and related strategy are rooted in a thorough understanding of how fragility evolves and manifests across different dimensions. Its focus on empowering national and local actors to address the concerns of citizens and the underlying causes of fragility is an opportunity to engage women as agents of change and essential drivers of peace. Because it takes a ten-year perspective on US engagement, the Strategy to Prevent Conflict and Promote Stability, with sufficient financial underpinning, has the potential to profoundly change how the United States strategically engages in fragile contexts in partnership with local partners to strengthen local institutions and systems to peaceably manage conflict and prevent violence. In particular, the United States aims to mobilise all parts of the federal government towards conflict-sensitive development co-operation, which is at the core of the strategy.

Despite the United States' stated focus on peace and conflict prevention, only humanitarian assistance is increasing and the scope of the Global Fragility Act is limited

The evolution of US ODA is not in sync with its policy intentions. As illustrated in Figure 4, humanitarian ODA as a share of the United States' gross ODA has increased continuously over time, growing from a 17.8% share in 2010 to a 28.3% share in 2020, the highest proportion among DAC members. Concurrently, its ODA for peace activities, which include conflict prevention, has declined in fragile contexts[59] both in absolute terms and as a share of gross US ODA, from an 18.3% share in 2010 to a 10% share in 2020.[60]. While humanitarian needs are high, humanitarian assistance is not a conflict prevention tool and cannot serve US policy purposes in that field. The DAC Recommendation on the Humanitarian-Development-Peace (HDP) Nexus (OECD, 2019[62]) acknowledges that development co-operation has a conflict prevention aspect when it is programmed with a substantial level of conflict sensitivity. Going forward, it will be necessary for the United States to be more consistent with its development policy pivot towards conflict prevention and to allocate sufficient resources to conflict prevention, including but not exclusively to implement the Global Fragility Act[61] consistently alongside other policy priorities, for example the US Women, Peace and Security Act (US Congress, 2017[63]).

Figure 4. Evolution of US official development assistance to fragile contexts

Gross ODA disbursements (2009-20) from the United States to fragile contexts



Note: The figure shows ODA disbursements, constant USD price.
Source: OECD (2022[41]), *Creditor Reporting System (CRS)* (database), https://stats.oecd.org/index.aspx?DataSetCode=CRS1.

StatLink https://stat.link/hmbgt6

Continued learning while piloting the Global Fragility Act over the next ten years will be important to keep conflict prevention high on the US global policy agenda. The United States has chosen to first pilot its new strategy in four countries and one region.[62.] Given the scope and ambition of the Global Fragility Act, it will be particularly important for the United States to keep the momentum going on conflict prevention and conflict-sensitive programming in the many fragile contexts that are not in crisis. In these contexts, relatively modest but well-co-ordinated political and financial engagement can make a difference; in contexts experiencing full-blown crisis, however, the contextual complexity and political constraints can limit the co-operation options and induce a protracted humanitarian response. In Kenya, for example, 2.5% of US bilateral ODA went to peace-related activities, which is modest in light of the significant national and regional risks that are fully recognised by the embassy ahead of general elections in 2022.[63] As Kenya is not a pilot country, the Global Fragility Act does not serve as a rallying point for conflict prevention. The United States should find ways to use the pilot contexts not as a precursor to a global change of practice but as a source of continued learning for conflict prevention and stabilisation, with these policy goals standing as a core pillar of integrated country strategies for contexts beyond the Global Fragility Act pilot countries.

The United States is well prepared for crises and conflicts but is less well equipped for recovery and peace

Protracted crises require a smooth layering of programmes. The United States knows how to respond quickly to emergencies. For example, USAID pioneered the use of crisis modifiers to quickly inject emergency funds into existing development programmes during crises (USAID, 2017[64]), and the United States is championing responses to food insecurity and building resilience in fragile and conflict-affected contexts (Hendrix and Anderson, 2021[65]). At the same time, the United States struggles to navigate the protracted crises situations that now make up the majority of crises around the world. In these contexts where the need for humanitarian assistance and development assistance overlap, nimble programming and financing across the HDP nexus is necessary. Yet, it remains difficult for US partners to maximise their impact by smoothly complementing their humanitarian programmes with recovery programmes as soon as the situation allows.

The lack of interoperability of compartmentalised instruments prevents the United States from truly working across the HDP nexus. Strategies are as good as the availability of instruments and resources that are allocated to implement them. In spite of impressive achievements to improve policy coherence and co-ordination within the administration – for example with joint policies and strategies across the government – the United States has not fully reaped the benefits of its efforts because it still works with a set of inflexible instruments, each with its own structure and procedures. The merger of USAID's Office of Food for Peace and the Office of US Foreign Disaster Assistance into the Bureau for Humanitarian Assistance has helped to align and make USAID's humanitarian assistance activities more coherent, the goals of making assistance more streamlined and efficient remain a work in progress. For example, on multi-annual programming – and the administrative burden for USAID NGO partners has further increased since the last review. It also remains challenging for partners to support the integration of refugees supported by the Department of State's Bureau of Population, Refugees, and Migration into development programmes within USAID portfolios. This challenge is an obstacle to finding durable solutions and local integration of forcibly displaced people, when relevant.

Shared strategic objectives in fragile contexts can streamline the response and decrease the costs of co-ordination. In fragile contexts where risks are higher, co-ordination and interoperability of policies and instruments will always be challenging for a government as large and extensive as that of the United States. A substantial amount of co-ordination is already taking place through the interagency and national security structures. It is unlikely that more co-ordination among bureaus in the same agency or across different agencies will bring significant impact in either Washington, DC or in US missions (A coherent whole-of-government policy). The US Kenya mission has been able to decrease the number of thematic

task teams in the embassy from 22 to 5, which can serve as an example of reducing co-ordination costs for other missions. In such a complex system where many parts of the US administration operate jointly, the clarity and the ownership of the Integrated Country Strategy is key. As stated in the DAC Recommendation, developing a shared understanding of the desired outcome across the humanitarian, development and peace pillars can help the different parts of the government operate according to their own mandates, procedures, financing and programming cycles towards a common peace and stabilisation objective. When agreed at all levels, the common direction expressed in the strategic objective provides space for ad hoc and organic co-ordination at headquarters or at country level.[64]

Regional programmes remain a challenge in practice

Most crises have regional causes and consequences, but peace and security regional programmes are complex because of their political nature. The regional strategies elaborated by the Department of State in partnership with USAID all prioritise peace and security, underlining its articulation with development challenges (US Department of State, 2022[66]). USAID regional strategies aim to address transnational issues that cannot be addressed by one country alone. The United States thoroughly analyses the transnational nature of risks. For example, it links wildlife preservation in Kenya to regional illicit trade and terrorism (USAID, 2022[67]). Yet, the US development co-operation system is based on bilateral relations and, as is the case for many DAC members, the United States struggles to design programmes beyond the country level without relying on regional organisations. As a result, it has ended some regional programmes, for example in the Horn of Africa. Some DAC members have found ways to invest human and financial resources in order to engage at both the national and regional level to help address cross-border and circular criminal patterns.[65]

The long-term development impact of sanction regimes is overlooked

Development co-operation and the use of sanctions are both US foreign policy instruments, and there should be further interdependence and consistency between them. A diverse range of sanctions regimes is used to deter major risks to US national security, and the use of sanctions increased by 933% between 2000 and 2021 (US Department of the Treasury, 2022[68]). As of 2021, the Office of Foreign Assets Controls was administering and enforcing 37 sanctions programmes (US Department of the Treasury, 2022[69]). Most sanctions regimes target contexts in which the political context creates an environment that can deepen several dimensions of fragility. These contexts are often major recipients of US humanitarian assistance.[66] Thanks to a whole-of-government approach, the United States has made genuine efforts to review and mitigate the impact of its sanction regimes on humanitarian delivery (US Department of the Treasury, 2021[70]), an effort acknowledged by most of the United States' UN partners. For example, the US government is granting licences that allow easier humanitarian delivery and is easing restrictions on financial transactions in Afghanistan (US Department of the Treasury, 2022[71]). Yet the majority of the people in sanctions-affected countries are not likely to be recipients of humanitarian assistance. For some of these populations, including the working lower and middle classes who feed and build countries' economies, sanctions regimes may have long-term consequences that are not consistent with US development objectives and may also undermine some of the intended political objectives.

Authorisations do not fundamentally change the level of perceived risk and uncertainty on the part of economic or humanitarian actors (International Peace Institute, 2019[72]). For humanitarian actors, navigating the due diligence requirements of sanctions adds significantly to their administrative workload, a cost that often represents an insurmountable obstacle for local humanitarian or development providers. At the same time, private banks and other private sector actors have limited commercial interest in operating in such high-risk environments (Center for Strategic and International Studies, 2021[73]), meaning there may be an increase in the use of less regulated or formal alternative financial transfers. As a result, the perceived risk level remains particularly high for all international or local operators in those extremely

fragile contexts where ODA – and not only humanitarian assistance – can be an important external financial flow (OECD, 2020[74]).

Current efforts to adapt sanction designs should continue to look at long-term development impacts in addition to humanitarian assistance delivery. Several economic studies have highlighted the negative impact of economic sanctions on the population in targeted countries and argue that elites generally find ways to circumvent any impact (O'Driscoll, 2017[75]; Haass, 1998[76]). For example, economic sanctions have a substantial impact on export-oriented or financing industries due to the resulting decrease in foreign investments. This in turn affects employment opportunities and sources of domestic revenue, therefore impacting poverty levels (Neuenkirch and Neumeier, 2011[77]). In recent years, increased collaboration between the US Department of the Treasury, the State Department and USAID has allowed the United States to be more nuanced in the design of its sanctions so that they cause less collateral damage (US Department of the Treasury, 2021[70]). There is scope going forward to further this co-operation to analyse risks and balance the potential long-term development effects of sanctions against their intended political objective.

Recommendation

10. The United States should ensure that conflict prevention remains a default core area of its development co-operation across US government actors and beyond the pilot contexts and the ten-year time frame of the Global Fragility Act.

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Notes

[1] A snapshot of the United States' development co-operation is provided as a complement to this peer review and includes information on US policies, institutional arrangements, and finance and management systems.

[2] The National Security Strategy articulates the global development priorities of the United States and how these contribute to the US government's national security and foreign policy. The National Security Council advises the president on national security and foreign policy matters and co-ordinates policy-level decision making across the federal government on development priorities. See www.whitehouse.gov/nsc/.

[3] As is typically the case with political appointments, the Global Development Council members' terms ended when the next president took office.

[4] Prior to the Kenya-US Bilateral Strategic Dialogue, there were more than 25 interagency working groups at the US mission in Nairobi. While a few of these groups continue (e.g. on wildlife), the interagency is now organised under the Dialogue's five pillars of economic prosperity, defence, democracy and civilian security, multilateral and regional issues, and public health.

[5] The guidance was developed following a Government Accountability Office (GAO) review of six USG agencies that implement most of the country's health, security and democracy assistance. The review looked at nine elements related to interagency co-ordination, strategic integration and assessment of progress towards strategic goals. The GAO findings are available at www.gao.gov/assets/gao-18-499.pdf.

[6] The Commitment to Development Index ranks 40 countries on 8 measures: development finance, investment, migration, trade, environment, health, security and technology.

[7] For further information about the AGOA, see https://agoa.info/about-agoa.html.

[8] The AGOA has improved the export competitiveness of apparel products. From 2010-20, textile and apparel exports under AGOA grew by approximately 64%. However, this has not resulted in broadening the export base. During this period, apparel products formed 88% of Kenya's total exports to the United States and 99% of Lesotho's exports under the AGOA. For more information, see www.brookings.edu/blog/africa-in-focus/2021/11/15/how-the-biden-administration-can-make-agoa-more-effective/.

[9] In the first two years, 800 deals were closed between African nations and the United States, including an estimated USD 50 billion in exports and investments in 45 African countries.

[10] For details of CO_2 emissions among OECD countries, see https://stats.oecd.org/. Visualisations of a range of greenhouse gas emissions data can be found at https://ourworldindata.org/co2-and-other-greenhouse-gas-emissions.

[11] The National Security Council was established by the National Security Act of 1947. The Council of Economic Advisers, established by Congress in 1946, offers the president economic policy advice based on data, research and evidence. See www.whitehouse.gov/cea/#:~:text=The%20Council%20of%20Economic%20Advisers,domestic%20and%20international%20economic%20policy.

[12] The first four of the five goals in the Joint Strategic Plan framework are to (1) renew US leadership and mobilise coalitions to address global challenges, (2) promote global prosperity, (3) strengthen democratic institutions and uphold universal values, and (4) revitalise the development workforce and institutions. See www.usaid.gov/sites/default/files/documents/Final_State-USAID_FY_2022-2026_Joint_Strategic_Plan_29MAR2022.pdf.

[13] Provisional data are available for the core multilateral contributions. Data are not yet available for earmarked contributions that are determined based on activity-level reporting by DAC members.

[14] The OECD conducted portfolio similarity analyses based on Creditor Reporting System data on multilateral and bilateral aid for 2015-19. See www.oecd.org/dac/2022-mdf-comparing-multilateral-bilateral-aid.pdf.

[15] The latest such State Department report, for FY 2020, is available at www.state.gov/wp-content/uploads/2022/01/Report-US-Contributions-to-IOs-2020-data.pdf.

[16] The latest Treasury report to Congress was submitted in June 2021. See https://home.treasury.gov/system/files/206/2021NACReport-FINAL.pdf.

[17] USAID can assess ex ante if its programmes will accomplish the intent of both the US Congress and the administration and enter into agreements that rely on accountability and reporting processes to be used by all partners in a particular programme.

[18] DFC is the result of a merger between the Overseas Private Investment Corporation and USAID's Development Credit Authority.

[19] For a list of recently approved DFC projects, see www.dfc.gov/media/press-releases/dfc-approves-21-new-investments-mobilizing-more-11-billion-tackle-development.

[20] It should be noted that the United States does not count any DFC outflows or financing as ODA.

[21] Some of these derogations have been successful, for example for the Three Seas Initiative in Eastern Europe. Others have not, with the most recent example being the House of Representatives' rejection of an April 2022 White House request for supplemental funding for Ukraine. The White House sought to exempt DFC from provisions of the BUILD Act that require it to prioritise support in particular countries and thus allow DFC to more easily direct support to relevant countries in response to Russia's war against Ukraine over the course of FY 2022-27. See www.whitehouse.gov/wp-content/uploads/2022/04/FY_2022_Emergency_Supplemental_Assistance-to-Ukraine_4.28.2022.pdf.

[22] See the Snapshot accompanying this peer review for more information at www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=DCD/DAC/AR(2022)4/7/FINAL&docLanguage=en.

[23] DFC's equity investments currently are scored as grants, which limits the amount of equity investments it can make.

[24] Examples of projects that DFC will not support as categorical prohibitions include "projects or companies that replace U.S. production or are likely to cause a significant reduction in the number of employees in the U.S. including 'runaway plants' and outsourcing the provision of goods and services (e.g., Business Process Outsourcing) from the U.S." See www.dfc.gov/sites/default/files/media/documents/DFC_ESPP_NUCLEAR_Redlines_for_NOTICE%20%286.10.2020%29.pdf.

[25] The SFOP appropriation is also referred to as the 150 Account.

[26] Gridlock corresponds "to conditions wherein ideological fragmentation and super majoritarian lawmaking institutions act together to stymie the efforts of legislative majorities to change status quo policies", according to Bolton at https://doi.org/10.1111/AJPS.12621.

[27] The policy instruction on legally required minimum amounts refers to Section 7019(a) of the SFOPs Act.

[28] Levers include the form and content lever and the approval lever, which is known as passback.

[29] The FY 2019 SFOPs appropriation is an example of a mismatch. The SFOPs appropriation approved by Congress was 22% more than the amount requested by the administration, requiring budget staff to modify or create new plans. In this case, though the administration had not requested funds for climate change programming in the USAID budget, "Congress applied directives for climate change in its appropriation, requiring agency staff to develop plans to fund related activities after the formulation, justification, and appropriation processes had concluded". For more information, see https://oig.usaid.gov/sites/default/files/2021-03/Lessons%20from%20USAIDs%20FY%202019%20Budget%20Process_0.pdf.

[30] Certain accounts are typically allocated by country in the 653(a) report and other accounts are allocated to central bureaus to fund responses to emerging events. Allocated accounts include global health programmes; the Economic Support Fund; assistance to Europe, Eurasia and Central Asia; international narcotics control and law enforcement; foreign military financing; international military education and training; Non-proliferation, anti-terrorism, demining and related; development assistance; and the Democracy Fund. Situation-responsive accounts include peacekeeping operations; transition initiatives (TI); migration and refugee assistance; the Complex Crisis Fund; the US Emergency Refugee and Migration Assistance Fund; and international disaster assistance. See https://sgp.fas.org/crs/row/IF11515.pdf.

[31] Unlike the Congressional Budget Notification, the 653(a) report, covering all SFOP appropriations, is not made public, although appropriated and planned levels are available at www.foreignassistance.gov website. Since Congress appropriated more funding than requested in previous years, the 653(a) report has become more important in allocation decisions. See https://sgp.fas.org/crs/row/IF11515.pdf.

[32] When the OMB apportions funds, it usually provides a timetable for obligating such funds so that funds are not prematurely used up or spent.

[33] Obligated funds are a definite commitment that creates a legal liability of the government to pay for goods and services ordered or received. An agency incurs an obligation, for example, when it places an order, signs a contract, awards a grant, purchases a service or takes other actions that require the government to make payments to the public or from one government account to another.

[34] Wherever possible, country narrative congressional notifications also include special notification requirements – for example, referencing country-specific notifications, interagency transfers or planned government-to-government activity in excess of USD 10 million.

[35] These activities outside the country-level apportionment are not factored into the Country Development Cooperation Strategies. However, they are consistent with headquarters' strategies or programme statements and have separate oversight and programming mechanisms

[36] For example, in Indonesia the USAID country office gave its concurrence to a research activity, an education-related activity and a regional programme. The mission evaluated the three activities for alignment to the Country Development Cooperation Strategy and government expectations.

[37] The Joint Explanatory Statement (policy instructions) related to SFOPs (known as Division K) for the FY 2022 Consolidated Appropriations Act included 25 tables with recommended budget authority for accounts or programmes; the previous fiscal year's included 35 such tables. See www.congress.gov/117/crec/2022/03/09/168/42/CREC-2022-03-09-bk4.pdf and https://docs.house.gov/billsthisweek/20201221/BILLS-116RCP68-JES-DIVISION-K.pdf. While the general provisions section of the Joint Explanatory Statements provides funding directives for certain countries, the number of tables decreased from 20 in FY 2021 to 8 in FY 2022.

[38] Funds generally have to be obligated within two years. Some, such as for PEPFAR, have a five-year obligation deadline. Others, such as humanitarian funds, do not expire.

[39] The explanatory statement also specifies that no later than 90 days after enactment of the FY 2022 Consolidated Appropriations Act, the USAID administrator is required to brief the appropriations committees "on efforts to encourage agency personnel to build lasting partnerships with local government officials and community leaders to implement programs, including Local Works". See www.congress.gov/117/crec/2022/03/09/168/42/CREC-2022-03-09-bk4.pdf.

[40] USAID contracts for locally hired staff afford USAID flexibility to employ experts for a certain term (e.g., the life of an activity or Country Development Cooperation Strategy) and change as needs change. They are different than the Department of State's Personnel Service Agreements.

[41] The Journey to Self-Reliance was a wide-ranging reform approach that included localisation: www.usaid.gov/sites/default/files/documents/1869/USAID%20Forward%20Fact%20Sheet%20April%202016.pdf.

[42] This figure refers to bilateral ODA channelled through US and international non-governmental organisations in USD 2020 constant.

[43] Chapter 303 of USAID's Automated Directive System, covering grants and co-operative agreements to NGOs, presents this definition.

[44] A recent audit of the ambitious drive by PEPFAR to use local partners found that the "insufficient pool of capable local partners hindered USAID's attempts to reach the 70 percent goal and contributed to missions prioritizing the achievement of PEPFAR targets". The audit is at https://oig.usaid.gov/sites/default/files/2021-12/4-936-22-001-P_0.pdf. Likewise, a 2021 review of the New Partnership Initiative action plan noted that half of the 77 USAID country offices surveyed cited the limited capacity of new and underutilised partners as the most significant constraint and 20% of missions identified challenges with the host government as barriers. For details, see https://pdf.usaid.gov/pdf_docs/PA00XBKB.pdf.

[45] The Modernizing Foreign Assistance Network, a bipartisan reform coalition of international development and foreign policy practitioners, policy advocates, and experts argued in a 2022 statement that the definition of local partner in USAID's localisation efforts should not include locally established partners. The statement is available at http://modernizeaid.net/2022/01/mfan-calls-for-clear-definition-usaids-localization-work/.

[46] The Inter-Agency Standing Committee supports implementation of the Grand Bargain. One of its specific workstreams is localisation, which focuses on benchmarks, annual reporting and good practice compilation. See https://interagencystandingcommittee.org/localisation-0.

[47] In Kenya, the innovative Country Development Cooperation Strategy process was data driven and relied on detailed analysis of the Kenyan context. The strategy was reviewed with a wide range of stakeholders at 16 separate consultation events that engaged more than 900 Kenyans across all 47 counties, including people living with disabilities. The aspiration is that resulting USAID programming will be Kenyan led, Kenyan owned and Kenyan managed.

[48] The five largest recipients of G2G support over the last ten years are Jordan, Pakistan, the Federated States of Micronesia, West Bank and Gaza Strip, and Afghanistan.

[49] The US mission in Kenya recently undertook an expanded democracy, human rights and governance review as part of this process.

[50] Local partner transition is now central to PEPFAR's approach but remains a work in progress. See www.usaid.gov/global-health/health-areas/hiv-and-aids/technical-areas/local-partner-transition.

[51] For a good discussion of the advantages of using country systems, see www.oecd.org/dac/effectiveness/48780908.pdf.

[52] USAID defines co-creation as a way of bringing "people together to collectively design solutions to specific development challenges. Time-limited and participatory, partners, potential implementers, and end-users define a problem collaboratively, identify new and existing solutions, build consensus around action, and refine plans to move forward with programs and projects". See www.usaid.gov/work-usaid/how-to-work-with-usaid/co-creation-usaid.

[53] The New Partnership Initiative allows USAID to work with a more diverse range of partners, strengthen existing partner relationships and provide more entry points for organisations to work with the agency. Since the launch of the initiative in May 2019, USAID formed 29 partnerships with nearly 60 organisations valued at more than USD 400 million. See www.usaid.gov/npi/npi-awards.

[54] Centroamérica Local is a USD 300 million initiative in El Salvador, Guatemala and Honduras aimed at engaging, strengthening and funding local organisations to implement programmes that advance sustainable and equitable economic growth, improve governance, fight corruption, protect human rights, improve citizen security, and combat sexual and gender-based violence. Localisation at the core of this initiative, which will also test out how USAID can partner better with local organisations. See www.usaid.gov/news-information/press-releases/nov-4-2021-usaid-announces-centroamerica-local-initiative-empower-local.

[55] When USAID Kenya encountered a major corruption case in the Kenya Medical Supplies Agency, this escalated to the most senior levels and featured in bilateral discussions between heads of state. Managing a major corruption case can be draining for missions unless they are provided additional resources or a supportive environment to help with case management.

[56] In Kenya, a locally registered organisation managed and ran the third party monitoring system. There are substantial opportunities that range from beneficiary feedback to innovative monitoring, evaluation and learning approaches to bring citizen voice to this aspect of programming.

[57] The USAID Learning Lab and the Broad Agency Announcement for locally led development innovation provide opportunities to explore diverse approaches and build an evidence base. Developmental evaluations and a more systematic inclusion of local actors to define and use learning are being piloted, and the Local Works programme has the potential to create case studies.

[58] For example, USAID has engaged with the Movement for Community Learning Development by promoting a collaborative learning case study. See https://mcld.org/.

[59] In the OECD fragility framework, ODA to peace-related sectors is tracked using the CRS sector codes 15110, 15111, 15112, 15113, 15130, 15150, 15152, 15153, 15160, 15170, 15210, 15220, 15230, 15240, 15250 and 15261. For more details, see page 149 of the 2018 States of Fragility report at https://doi.org/10.1787/9789264302075-en.

[60] Six OECD CRS purpose codes are directly related to conflict prevention, including 15210, 15220, 15230, 15240, 15250 and 15261. For more about the role of ODA in conflict prevention, see, Conflict prevention in fragile contexts.

[61] The US Congress authorised up to USD 200 million a year for efforts in selected countries to pilot the implementation of the Global Fragility Act and appropriated USD 125 million in FY 2022 for the Prevention and Stabilization Fund, which supplements existing bilateral US assistance to these partner countries. For more information, see www.whitehouse.gov/briefing-room/statements-releases/2022/04/01/addressing-the-collective-challenges-of-our-time-implementing-the-u-s-strategy-to-prevent-conflict-and-promote-stability/.

[62] The countries are Haiti, Libya, Mozambique and Papua New Guinea. The region is Coastal West Africa (Benin, Côte d'Ivoire, Ghana, Guinea and Togo).

[63] The peace and security budget line in the budget of the USAID Kenya mission increased in absolute terms, to USD 13.5 million, between FY 2014-21. Nonetheless, this budget line represented on average just 1.2% of the USAID Kenya mission's overall budget over that period.

[64] In crises where different organisations operate in a rapidly evolving context, co-ordination is not always possible. In such contexts, other institutions, mainly the military or medical sector, have designed systems for operational-level managers to ensure alignment with the broader objective without over-co-ordinating. One example is the seven questions system sourced in the military domain and used for crisis response, including in response to the COVID-19 crisis. More information on the seven questions is available at www.stevejeffrey.co/7-questions-to-plan-make-decisions-in-a-crisis/.

[65] For example, in the Gulf of Guinea, in the pilot region for the implementation of the Global Fragility Act, the European Union (EU) and Expertise France are supporting the fight against human trafficking through a multi-country approach linked to a regional objective. See www.expertisefrance.fr/en/fiche-projet?id=726413 for details. In the Great Lakes region, the EU and Switzerland work with civil society to promote common interests and increase cross-border co-operation between communities in Burundi, Rwanda, Uganda and the Democratic Republic of the Congo. See www.eda.admin.ch/deza/en/home/countries/great-lakes-region.html/content/dezaprojects/SDC/en/2013/7F08815/phase3?oldPagePath=/content/deza/en/home/laender/grossen-seen.html.

[66] The 19 fragile or crisis-affected contexts under sanction regimes received in total 47% of US humanitarian assistance in 2020. They are Afghanistan, Bolivarian Republic of Venezuela, Central African Republic, Democratic People's Republic of Korea, Democratic Republic of the Congo, Ethiopia, Iraq, Islamic Republic of Iran, Lebanon, Libya, Mali, Myanmar, Nicaragua, Somalia, South Sudan, Sudan, Syrian Arab Republic, Yemen and Zimbabwe.

Annex A. Progress since the 2016 DAC peer review recommendations

Towards a comprehensive United States development effort

Recommendations 2016	Progress
To support its commitment to the SDGs, the United States should establish a prioritised, medium- to long-term agenda to further promote policy coherence for sustainable development.	**Not implemented** There is no long-term agenda to promote policy coherence, but there is some progress in areas such as countering corruption, tackling climate change and global health security (in the wake of the COVID-19 pandemic).
The United States should scale up its tools for mobilising private finance by enabling its development finance instruments to respond to increased demand.	**Partially implemented** The 2018 BUILD Act established the US International Development Finance Corporation (DFC), which combined the capabilities of the Overseas Private Investment Corporation and the US Agency for International Development's Development Credit Authority and provided new authorities. DFC is still nascent, and matching financial instruments to US development priorities and partner country needs is not always straightforward.

Vision and policies for development co-operation

Recommendations 2016	Progress
Building on PPD-6, the US government should regularly update its whole-of-government development strategy to provide operational guidance for its entire development effort, including its multilateral component.	**Not implemented** The forthcoming National Security Strategy and integrated global development co-operation policy are expected to implement this recommendation.
The United States should develop an operational plan for implementing its vision to end extreme poverty, building on experience from pilots.	**Partially implemented** The United States does not have an operational plan or explicit vision statement to end extreme poverty, but USAID's mission statement refers to partnerships and investments that reduce poverty and its focus on localisation shows a priority to reach those furthest behind.

Aid volume and allocation

Recommendations 2016	Progress
To reflect the country's continued economic recovery and its goal of ending extreme poverty by 2030, the United States should increase its ODA level in real terms, from its all-time high in 2014.	**Partially implemented** ODA levels increased starting in 2020 after decreasing for three consecutive years, reaching the highest volume ever in 2021. At 0.18%, the ODA/GNI ratio is lower than in 2014 (0.19%).
The United States should continue to increase its focus on sectors and programmes where it has a comparative advantage and adds value.	**Partially implemented** The United States is the largest bilateral aid provider. It continues to have a strong sectoral focus on health, with substantial support for addressing COVID-19 and is present in 155 partner countries and/or regional platforms.

Organisation and management

Recommendations 2016	Progress
As the US government has identified USAID as the lead player in the US development co-operation system, it should entrust it with the mandate of i) co-ordinating across development initiatives in Washington and in partner countries and ii) bringing together all US government development efforts in partner countries in one publicly available overview.	**Partially implemented** The USG interagency co-ordinates development initiatives in Washington, DC. Integrated country strategies that articulate US priorities in individual countries over a four-year period are publicly available. These strategies define a common set of Mission Goals and Objectives through a co-ordinated and collaborative planning effort by the Department of State, USAID and other USG agencies that have programmes in the country.
USAID should review the extent of institutionalisation of recent reform efforts and prioritise remaining reforms, including by fully resourcing the implementation of the human resources transformation plan in order to improve staff recruitment and progression.	**Partially implemented** No workforce strategy is in place and resourcing is set to improve. Gaps in the overseas workforce have been identified, and at headquarters, a 2017 civil service hiring freeze was recently lifted. Diversity, equity, inclusion and accessibility are at the centre of USAID's recruitment effort, while localisation has intensified its focus on the roles and responsibilities of foreign service nationals.

Development co-operation delivery and partnerships

Recommendations 2016	Progress
The United States should continue to seek both synergies and flexibility across its varied initiatives, programmes and mechanisms, in order for missions to be able to align with country priorities and needs.	**Partially implemented** There is significant progress in aligning Country Development Cooperation Strategies to country priorities, in co-creation in programme design, and in alignment of work plans of programmes. Increased efforts have been made to foster integrated programming. However, centralised budgets and earmarked and directed funds continue to constrain alignment to national priorities by missions.
The United States should take stock of the results of its local systems approach with a view to increasing support to local actors, including governments, and reducing the reliance on US contractors.	**Partially implemented** There have been several reviews (though not a comprehensive review) of the multiple approaches to localisation. As yet, there is no formal evaluation of approaches but there is renewed commitment to increase support to local actors, especially those who are community based. There has been no reduction in the reliance on large non-governmental organisations or on private US contractors, and there is no transparent way to assess any increase in support to local actors.
The United States should streamline its procedures across government departments to achieve more effective and efficient whole-of-government programming.	**Not implemented** Government departments and agencies continue to use different procedures, including with multilateral partners. While efforts have been made to open funding opportunities to a wider selection of partners, the compliance burdens in procurement, audit and reporting remain key barriers to participation of smaller and local partners.
The United States should continue to reduce the level of tied aid, including food aid.	**Partially implemented** The share of the US untied total bilateral ODA has been around 60% since 2014. It increased to 72% in 2020. The volume of tied food aid decreased by more than half in 2020 over 2019. The United States is currently reviewing how it reports the tying status of its ODA to conform to the OECD reporting directives.

Results and accountability

Recommendations 2016	Progress
To improve the use of results information, evidence and data, the United States should streamline its indicators and reporting, and align more with partner country results frameworks and the SDGs.	**Partially implemented** USAID's Country Development Cooperation Strategies include a results framework with standardised and customised indicators that reconcile post and headquarters priorities and build on information available in partner countries, but these are not deliberately aligned to the SDGs except insofar as the partner government strategies are so aligned.
The United States should embed its focus on collaborating, learning and adapting with simplified knowledge management tools and through routine follow up of evaluation findings.	**Implemented** USAID established an agency-level Knowledge Management and Organizational Learning Officer and function in 2019. An Agency Learning Agenda articulates priorities and focuses resources on critical knowledge gaps related to policy priorities and aligns with the FY 2022-26 Joint Strategic Plan.
The United States should continue to work with a vibrant civil society and private sector to deepen citizen engagement with global development.	**Partially implemented** Greater transparency of foreign assistance has helped build public awareness and increase outreach, but there is no systematic work to deepen global awareness among US citizens.

Humanitarian assistance

Recommendations 2016	Progress
The United States should continue to review compliance with counter-terrorism measures to ensure that partners can carry on working with local counterparts and are not punished for work in high-risk areas.	**Partially implemented** Sanctions were reviewed in 2021 and a series of waivers and licences somewhat ease the delivery of humanitarian assistance. The risk environment remains very high in humanitarian and other contexts.
The United States should continue to strengthen cross-government co-ordination mechanisms, especially in protracted crises and on policy issues, to increase the impact of the US voice on the global stage and increase the effectiveness of its humanitarian aid on the ground and strengthen its link to long-term development action.	**Implemented** Several co-ordination mechanisms were put in place either through administrative architecture changes, such as the creation of the Bureau for Humanitarian Assistance, or through the Office of Foreign Assistance at the Department of Defense. At higher political levels, the appointment of the USAID administrator to a permanent seat on the National Security Council Principals Committee strengthens a cross-government approach and strategic direction in new or protracted crises.
The United States should continue to incorporate international guidelines on the military involvement in humanitarian assistance when developing policies and conducting operations.	**Implemented** The Department of Defense is now involved in design of policies.

Annex B. Organisations consulted during the peer review

United States public institutions

1. African Development Foundation
2. Department of Agriculture
3. Department of Commerce
4. Department of Commerce, National Oceanic and Atmospheric Administration
5. Department of Defense
6. Department of Health and Human Services
7. Department of Homeland Security
8. Department of Justice
9. Department of the Interior
10. Department of the Treasury
11. Department of Transportation
12. Department of State
13. Government Accountability Office
14. House of Representatives Foreign Affairs Committee staffers
15. Inter-American Foundation
16. Millennium Challenge Corporation
17. National Security Council
18. Office of Management and Budget
19. Peace Corps
20. Senate Foreign Relations Committee staffers
21. US Agency for International Development
22. US International Development Finance Corporation
23. US Trade and Development Agency

Multilateral institutions

24. African Development Bank
25. Food and Agriculture Organization of the United Nations
26. Gavi, the Vaccine Alliance
27. Global Environment Facility
28. The Global Fund to Fight AIDS, Tuberculosis and Malaria

29. International Committee of the Red Cross
30. United Nations Children's Fund
31. United Nations Development Programme
32. United Nations High Commissioner for Refugees
33. World Bank Group
34. World Health Organization

Civil society, academic and private sector institutions

35. Catholic Relief Services
36. Center for Global Development
37. Center for Strategic and International Studies
38. Chemonics International
39. Connexus Corporation
40. Council of International Development Companies
41. Creative Associates International
42. Development Alternatives, Inc.
43. Eleanor Crook Foundation
44. InterAction
45. International Development Group
46. Jhpiego Corp
47. Mercy Corps
48. Modernizing Foreign Assistance Network
49. Professional Services Council
50. Save the Children US
51. Small Business Association for International Development Companies
52. Tetra Tech, Inc.
53. The Brookings Institution

Authorities, development partners and other stakeholders in Indonesia

54. Asia Foundation
55. Corruption Eradication Commission
56. Department of Foreign Affairs and Trade, Australia
57. DevTech Systems, Inc.
58. FHI 360
59. Indonesia Corruption Watch
60. Internews
61. Kemitraan Partnership for Governance Reform
62. Korea International Cooperation Agency (KOICA)
63. Ministry of Health
64. Ministry of Marine Affairs and Fisheries

65. Ministry of National Development Planning (Bappenas)
66. Panagora Group
67. Tetra Tech, Inc.
68. Transparency International Indonesia

Authorities, development partners and other stakeholders in Kenya

69. ACDI/VOCA
70. Act! (Act Change Transform)
71. Action Against Hunger
72. Aga Khan Foundation
73. Amref Health Africa
74. Ananda Marga Universal Relief Team
75. British High Commission
76. Catholic Relief Services
77. Christian Health Association of Kenya
78. Council of Governors
79. Deloitte Kenya
80. Director of Public Prosecutions
81. East African Community
82. Echo Network Africa
83. Electoral Law and Governance Institute for Africa
84. Ethics and Anti-Corruption Commission
85. FIDA-Kenya
86. Institute of Economic Affairs
87. Intergovernmental Authority on Development
88. International Alert
89. International Union for Conservation of Nature (IUCN)
90. Kenya AIDS NGOs Consortium
91. Kenya Institute for Public Policy Research and Analysis
92. Kenya Wildlife Conservancies Association
93. Kenya Wildlife Service
94. Kenya Conference of Catholic Bishops
95. Kenya Red Cross
96. K.P. Consortium
97. The Leadership Group Limited
98. Lean on Me Foundation
99. LVCT Health
100. Maasai Mara Wildlife Conservancies Association
101. Makueni Development Trust
102. Measure Malaria, University of North Carolina at Chapel Hill

103. Mercy Corps
104. Ministry of Environment, Water and Natural Resource
105. Ministry of Health
106. Moi Teaching and Referral Hospital
107. Moi University Faculty of Health Sciences
108. Mombasa Development Trust
109. Nakuru Endelevu Trust Initiative
110. National Empowerment Network of People living with HIV/AIDS in Kenya
111. National Taxpayers Association
112. The National Treasury
113. National Youth Bunge Forum
114. Northern Rangelands Trust
115. Office of the Auditor-General
116. Office of the Chief Registrar of the Judiciary
117. The Palladium Group
118. Poverty Eradication Network
119. St. John's Community Centre (SJCC)
120. Save the Children
121. SoCha LLC
122. Strathmore University Business School
123. Supreme Council of Kenya Muslims
124. Swedish International Development Cooperation Agency
125. Tetra Tech
126. Transparency International-Kenya
127. United Nations High Commissioner for Refugees
128. United Nations Resident Coordinator
129. University of Nairobi
130. World Food Programme
131. Women Educational Researchers of Kenya (WERK)
132. Women Fighting AIDS In Kenya

OECD Development Co-operation Peer Reviews

UNITED STATES

The OECD's Development Assistance Committee (DAC) conducts peer reviews of individual members once every five to six years. Reviews seek to improve the quality and effectiveness of members' development co-operation, highlighting good practices and recommending improvements. The United States has led with substantial ODA contributions in response to multiple crises. Twenty-one US government agencies programme and deliver foreign assistance. USAID systematically incorporates collaboration, learning and adapting in its programme cycle and works to increase diversity, equity and inclusion by championing locally-led approaches. This peer review provides a set of recommendations for the United States to mitigate negative transboundary effects of its policies, promote more flexible budget appropriations in line with needs, equip its development finance institution to deliver and adopt a clearer approach to multilateral partnerships. It recommends that the United States puts development effectiveness at the heart of localisation, reinforce human resources, and consider conflict prevention in all country programmes.

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