

**Evaluation of the Implementation of the  
Paris Declaration:  
United States Government  
Department of State  
Case Study**

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## Acronyms

AAA	Accra Agenda for Action
DA	Development Assistance Appropriation
DAC	Development Assistance Committee
DHL	Bureau of Democracy, Human Rights and Labor
DOS	Department of State
FAR	Federal Acquisition Regulation
FSI	Food Security Initiative
GAO	Government Accounting Office
GHD	Good Humanitarian Donorship
GPRA	Government Performance and Results Act of 1993
G/TIP	Office to Monitor and Combat Trafficking in Persons
IP	Implementing partner
INCLE	International Narcotics and Law Enforcement” appropriation
INL	Office of International Narcotics and Law Enforcement
KI	Key Informant
M&E	Monitoring and Evaluation
MEPI	Middle East Partnership Initiative
MfR	Managing for Results
NGO	Non-governmental Organization
NSC	National Security Council
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
OES	The Bureau of Oceans, Environment, and Science
OMB	Office of Management and Budget
PD	Paris Declaration
PEPFAR	US President's Emergency Plan for AIDS Relief
PRM	Bureau of Population, Refugees, and Migration
PSD	Presidential Study Directive
QDDR	Quadrennial Diplomacy and Development Review
RFA	Request for Application
SI	Social Impact
UN	United Nations
UNHCR	Office of the United Nations High Commissioner for Refugees
UNOCHA	Office for the Coordination of Humanitarian Affairs
USAID	United States Agency for International Development
USG	U.S. Government

## **EXECUTIVE SUMMARY**

This case study focuses on foreign assistance funds managed by the U.S. Department of State (DOS) and examines the extent to which DOS management adheres to or is consistent with the principles of the Paris Declaration (PD) on Aid Effectiveness, an international agreement. It is part of a larger research effort which reviews and assesses the implementation of Paris Declaration by seven USG agencies that provide foreign assistance. The present study is an independent evaluation conducted by Social Impact, Inc at the request of the Office of the Director of Foreign Assistance at the Department of State and the United States Agency for International Development (USAID). A two-person research team (“Evaluation Team” or “the Team”) conducted this case study. The Team reviewed relevant documents (legislation, budgets, program descriptions and policy statements) and conducted structured key informant (KI) interviews with twenty-five senior and mid-level professionals across seventeen DOS bureaus and offices.

DOS is the premier U.S. government department responsible for managing U.S. foreign policy. The Secretary of State is the principal foreign policy advisor to the President of the United States and is responsible for major diplomatic initiatives as well as the day-to-day conduct of U.S. foreign affairs. DOS also sets the broad policy parameters for USAID's development assistance programs, provides coordination and leadership for overall U.S. foreign assistance, directly manages a substantial portfolio of programs, and has final control of the allocation of the foreign assistance budget, subject to various congressional directives and “earmarks”. The Department of State is also a critical actor in the USG response to many global challenges such as international terrorism, the narcotics trade, trafficking in persons, hunger, and climate change. In 2009, it managed more than \$11 billion of foreign assistance programs in over 180 countries (over \$5 billion of which is marked as Official Development Assistance [ODA] funds).

The DOS and its bureaus and offices manage a wide variety of foreign assistance funds, including \$5.16 billion ODA monies in CY2009, to which the Paris Declaration principles and Accra Agenda for Action directly apply. They are all working to improve the effectiveness of their programs in meeting USG foreign policy objectives, consistent to a greater or lesser extent with the Paris Declaration principles. The authors of the case study found no evidence that the overall management of ODA funds differs significantly from the management of other foreign assistance funds. In cases in which it does differ this is noted in the report, including reasons for the difference. Therefore, this report describes how DOS implements its entire foreign assistance budget and notes instances in which the Paris Declaration principles would not apply.

### **General Findings and Conclusions**

1. Although awareness and commitment to the Paris Declaration is quite high among DOS leaders—especially those guiding and working on the Quadrennial Diplomacy and Development Review (QDDR) and other foreign assistance process and policy reviews—this has not as of yet translated into substantial awareness and operational guidance for DOS managers of functional bureaus.

When framed in terms of aid effectiveness, mid-level awareness and commitment increases considerably, but the interpretation of what aid effectiveness means in practice varies widely. It is seen, for the most part, as the need to improve the delivery and results of foreign assistance. The State Department has focused its efforts at improving adherence to PD and AAA-like principles within its new initiatives. Starting in 2009 with the President's Emergency Fund for AIDS Relief (PEPFAR) Partnership Framework and Strategy, and continuing to the new initiatives of the Obama Administration, new development assistance dollars are increasingly flowing to programs that build on the principles of aid effectiveness. Progress toward incorporating PD principles in existing State programs has been slower and more complicated. Although the implementation of the QDDR described in the epilogue of this report should improve matters, there is little evidence that, until recently, DOS managers were thinking in terms of host country partnerships, or more aggressive partnering with other donors in pre-established programs. .

2. Among the five major Paris Declaration Principles for Aid Effectiveness, DOS functional bureau managers report giving increasing attention to Managing for Results (MfR). MfR is supported by efforts to improve monitoring and evaluation (M&E) processes within the DOS bureaus and offices, as well as in the implementing partners (grantees, contractors, other Federal departments). DOS mid-level managers are aware of the increased emphasis on achieving results and, consequently, the need for improving their efforts to monitor and evaluate their programs; for example, the first-ever DOS Evaluation Policy paper was issued shortly before the completion of this report. There is also some evidence that bureaus and offices are beginning to build capacity in host country civil society partners, though not in host government agencies.
3. While the majority of KIs consider coordination within the USG and with other donors an important element to their work, improved coordination and harmonization is a twofold problem for most operational managers. The first concerns improving coordination and cooperation with other USG departments and agencies, especially those with their own congressional mandates and funds. The second concerns improving coordination and cooperation with other donors, which appears to be mostly confined to information sharing and, in a few cases, working out division of labor for ongoing or planned programs. The DOS bureaus that provide resources to UN agencies tend to report good working relationships that are based on the harmonization of common objectives and standards for providing assistance. Overall, efforts to improve harmonization between DOS programs and other donors very much depend on the manner in which the U.S. program is implemented.
4. Although all respondents agreed that alignment with host government strategies and policies was a good thing where possible, and working "with" government ministries was frequently both desirable and necessary, they did not agree that using government procurement and implementation systems was feasible, or

desirable, in many cases. They gave many reasons for this, including weak budgeting, financial, procurement and implementation systems and a high level of corruption among many of the host governments. According to them, working ‘through’ many governments is simply a recipe for “waste, fraud and abuse”, and runs contrary to their responsibility for careful management of U.S. government funds. Their accountability to Congress and the White House Office of Management and Budget (OMB) therefore prevents them from pursuing such a course. Finally, some governments are considered unrepresentative of their people or undemocratic; therefore, they are not viable partners in DOS work. The Feed the Future Initiative is attempting to “empower” responsible host governments by using country-led plans to implement its programs. The success of this approach will be closely observed by the US government and by the international NGO community.

5. DOS managers do not connect their efforts to improve effectiveness with any incentives other than the normal professional incentives, both formal and informal, that exist in the department, or rewards for performance.
6. DOS leaders recognize that there are powerful disincentives and constraints to moving toward full compliance with Paris Declaration principles and are making efforts to open up possibilities for working through, as well as with, some host governments that meet certain standards. In so doing, policy leaders are also working on ways to transform a “risk averse” organizational culture to one that manages risks, while focusing on achieving results.
7. The DOS’ mandate as coordinator of all U.S. global assistance and foreign policy means that its bureaus and offices manage multiple forms of assistance programs and funds with a variety of objectives. They continue to exercise their judgment and discretionary authority in determining the extent to which U.S. foreign assistance, including development assistance, are managed in compliance with the full array of Paris Declaration principles and the Accra Agenda for Action. For each of these principles there are instances in which adherence is not deemed appropriate or necessary to achieve the desired outcome. Examples include DOS program priorities in areas like democracy assistance, which often can be a low priority or actually opposed by the host government, making alignment with the government’s plans or their ownership of the program unnecessary—and at times undesirable.
8. Within DOS, the Office of the U.S. Global AIDS Coordinator is responsible for coordinating the major USG commitment to fighting HIV/AIDS, and other major global health threats. The oldest and largest commitment has been the President’s Emergency Plan for AIDS Relief (PEPFAR) program, which since 2009 has made significant progress in developing operational and strategic guidance for moving PEPFAR towards explicit adherence to Paris Declaration principles, including country ownership and harmonization with other donors, although it is too early

to tell whether this new approach will produce desired improvements in Aid Effectiveness.

9. The Obama administration is making a major effort to develop a new model for delivering U.S. assistance, a model that has been influenced by and is moving toward Paris Declaration principles. The Presidential Policy Directive on Global Development (PPD) and the QDDR policy and process reviews have engaged these PD principles. The principles are increasingly referred to in various official documents, notably in PEPFAR and in DOS guidance to field missions for the preparation of annual Mission Strategic and Resource Plans. The administration's Feed the Future (FTF) initiative is the single best expression of the direction DOS, the USG and other federal agencies will be taking to implement a model of assistance that is substantially compliant with the Paris Declaration principles. Whether this new approach succeeds remains to be seen. The leadership clearly sees this initiative as an experiment that will be rigorously monitored and evaluated. If successful, leadership expects that the model will be scaled up for broader policy and procedural reform throughout the foreign assistance system.

## **MATTERS FOR CONSIDERATION**

1. Recognizing that the QDDR and PPD policy and process review processes are completed, it is important that these documents are followed by more detailed procedural guidance on *how* and *which* foreign assistance operating bureaus and offices are to move toward implementation of aid effectiveness principles, whether explicitly branded as Paris Declaration or not. This guidance should address the definitional issues of what constitutes foreign assistance and host country ownership, as well as other aid effectiveness terms relevant to the Paris Declaration Principles.
2. Clear guidance must be accompanied by DOS-wide education and/or training to begin the process of transforming its organizational culture for improving aid effectiveness. More appropriate and rigorous outcome, results, and sustainability-focused monitoring and evaluation practices should be resourced and planned as part of the introduction of new aid effectiveness models. This would include approaches to building host-country institutional support and practices to strengthen MfR, Accountability and Transparency. The DOS needs to be as transparent as possible about the steps it is taking to restructure and refocus its assistance. These DOS-commissioned PD case studies and the synthesis paper may provide a basis for a realistic appraisal and dialogue with PD partners. This dialogue should also discuss the constraints USG agencies face, as well as the need for the USG to retain its discretionary authority to determine how best to advance its own interests as well as those of the larger community of nations.

## EPILOGUE

Initial research for this assessment was completed in September, 2010. To that point, research focused mainly on the implementation practices of DOS bureaus and offices responsible for managing existing foreign assistance programs. During the time when the case study was being prepared, the USG began to reach closure on a number of foreign assistance policy reforms and initiatives. The president's Global Development Policy, as well as three presidential initiatives were announced in late September, as was the result of a major National Security Council (NSC) policy review. As the Department of State and USAID work continued on the first Quadrennial Diplomacy and Development Review (QDDR), the broad outlines of three Presidential Initiatives, Feed the Future, Global Health Initiative, and the Climatic Change Initiative were made known to the authors during interviews. Additional interviews in early December, 2010 with DOS and PEPFAR officers have added greater detail, especially with regard to some of the early steps taken to implement the Feed the Future initiative.

### Haiti: A Paris Declaration Test

Following the disastrous earthquake in Port au Prince and surrounding areas, the USG decided to structure its assistance for the reconstruction of Haiti on Aid Effectiveness principles consistent in considerable measure with the Paris Declaration. Using the framework of the Feed the Future Initiative, the US mounted a coordinated effort involving the DOS, USAID, USDA and the Treasury Department. Intensive consultations were held with the Government of Haiti's Minister of Agriculture, who submitted a proposal for long term rehabilitation of Haitian agriculture. Working with the Ministry, the US also engaged the Inter-American Development Bank, and the World Bank to prepare a harmonized response to the various sectoral issues, such as watershed re-habilitation and management, value chain development, and other agricultural sector areas. The implementation of this longer term plan is just underway, but the overall effort complies well with several PD principles, including alignment, harmonization, and country ownership.

More specifically, the DOS Office of the Coordinator for the Global Hunger and Food Security Initiative takes a policy and leadership role in the overall effort to mount a coordinated and effective program to address a number of constraints to increasing agricultural productivity in developing countries, especially in Africa, with reference mainly to the Declaration of the World Summit on Food Security, known as the Rome Principles. The guiding principles agreed to in Rome (The Five Rome Principles) mirror and go beyond some of the Paris Declaration principles.

The new U.S. Global Development Policy, reported in a White House press release of September 22, 2010, demonstrates the USG's commitment to moving toward PD principles at the highest level of government by elevating development as a "core pillar of American power" including a "new operational model that positions the United States to be a more effective partner." Many of the directives reflect Paris Declaration principles, including "underscoring the importance of country ownership and responsibility," "forging a deliberate division of labor among key donors", and "establishing mechanisms for ensuring coherence in U.S. development policy across the United States government." These statements and others strongly reflect the influence of lessons learned, both from U.S. experience and by the development community, as

represented by the Paris Declaration on Aid Effectiveness, the Accra Agenda for Action, and other global compacts, such as the Rome Principles.

As with any complex and far reaching reform, it will take time for these policy directives and commitments to be translated into operational protocols and modalities for performing the day-to-day business of improving aid effectiveness. This report identifies some of the constraints, as well as the existence of a rich and positive desire to improve assistance effectiveness.

## 1 INTRODUCTION TO STUDY

Over 150 countries, donors and international organizations signed the Paris Declaration on Aid Effectiveness (PD) in 2005, in an effort to improve the quality and effectiveness of development assistance. The Declaration was further elaborated in Accra in 2008. This study focuses on the PD principles, including the Accra Agenda for Action (AAA) of 2008.

The PD is built around five principles: ownership, alignment, harmonization, managing for results, and mutual accountability. This evaluation is part of an independent international evaluation of the PD to examine its implementation and explore its impacts. Beginning in 2007 and ending in 2010, over thirty developing partner countries, and almost twenty donor countries and international organizations, will participate in case study evaluations. The case study results will be incorporated into a Synthesis Report to be presented to the Fourth High Level Forum on Aid Effectiveness in December 2011 in Busan, Korea.

The U.S. government (USG) is participating in this effort by conducting an independent evaluation of its commitment to and efforts towards implementing the PD. To better reflect the reality of USG Foreign Assistance (FA), SI has prepared separate case studies for each of the four main agencies involved in providing U.S. foreign assistance: United States Agency for International Development (USAID), Department of State (DOS), Health and Human Services (HHS), and Millennium Challenge Corporation (MCC), and three smaller case studies on the Department of Labor (DOL), Department of Treasury (TREAS), and the U.S. Department of Agricultural (USDA). To enable comparative analysis, all case studies have used the same conceptual framework. A synthesis report draws on the data and information generated by the case studies.

### **The assessment approach and methodology**

The USG study, along with all the donor studies, assesses four broad areas:

- 1) Leadership and staff commitment to the PD principles;
- 2) The agency's (or agencies') capacity to implement the Paris Declaration and the steps that it has undertaken to enhance its capacity;
- 3) Incentives and disincentives for implementing the PD principles; and
- 4) Coherence, political framework and coordination.

#### Paris Declaration Principles\*

Ownership - *Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption.*

Alignment - *Donor countries align behind these objectives and use local systems.*

Harmonization - *Donor countries coordinate, simplify procedures and share information to avoid duplication.*

Results - *Developing countries and donors shift focus to development results and results get measured.*

Mutual Accountability - *Donors and partners are accountable for development results.*

\*[www.oecd.org](http://www.oecd.org)

The Paris Declaration is directed at the effectiveness of development aid, and specifically Official Development Assistance (ODA),<sup>1</sup> as the endorsers of the PD are governments and official agencies. This may include humanitarian and emergency assistance, and other aid to countries in fragile situations.<sup>2</sup> The international evaluation team’s guidance provided to the Evaluation Team stated that this should also include “vertical funds” that combine resources from several types of donors (bilateral, multilateral, private, corporations, etc.).

The guidance continued, “[a]t the same time, the Paris Declaration and AAA are also explicitly and repeatedly concerned with ‘other development resources’ and their inter-relationships with the aid flows most targeted by the Declaration. . . . The Evaluation design aims to place aid in its proper context. For this reason, the substantial domestic and external resources available for development other than ODA will be given major attention in the contextual analysis. Beyond their contextual importance, moreover, the Evaluation approach recognizes that other providers of development aid and finance are concerned with ensuring and improving the effectiveness of their own contributions. Even if they have not been so directly targeted by the Declaration, they have nevertheless been participating or taking account of global reform initiatives.”

The SI Evaluation Team’s substantive approach to assessing these areas started with the question: “To what extent are U.S. foreign assistance policies and practices consistent with the five principles of the Paris Declaration?”, rather than limiting our research to those policies and practices specifically labeled, “Paris Declaration.” The team used a mixed-methods approach, including literature and documentation review, semi-structured interviews and focus group interviews of senior and other selected agency headquarters staff. The SI Evaluation Team designed a Key Informant (KI) interview guide that included content and rating scales for the interviewers and interviewees to provide ratings and rankings on important topics/questions. This helped to ensure consistency in data gathering and allowed for greater comparability across agencies. Twenty-five of the fifty-five commitments apply to donors; the Team determined that eleven (at least one under each of the five principles) of them were key commitments that should be analyzed for the USG evaluation, as they are relevant and operational in the USG context. A commitment guide was created and used in interviews as a probe for interviewees less familiar with the Paris Declaration. It allowed the evaluators to find out what practices or processes are consistent with a PD principle, but not necessarily labeled as such.<sup>3</sup> The

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<sup>1</sup> ODA as defined by the OECD/DAC: “Grants or Loans to countries and territories on Part I of the DAC List of Aid Recipients (developing countries) which are: (a) undertaken by the official sector; (b) with promotion of economic development and welfare as the main objective; (c) at concessional financial terms [if a loan, having a Grant Element (q.v.) of at least 25 per cent]. In addition to financial flows, Technical Co-operation (q.v.) is included in aid. Grants, Loans and credits for military purposes are excluded. For the treatment of the forgiveness of Loans originally extended for military purposes, see Notes on Definitions and Measurement below. Transfer payments to private individuals (e.g. pensions, reparations or insurance payouts) are in general not counted.”

<sup>2</sup> The general principles of the Paris Declaration are expected to apply in “challenging and complex situations.” to these forms of aid, with some special requirements for adaptation. (See PD para. 7). In the main, however, humanitarian assistance is excluded from coverage under the Paris Declaration and AAA.

<sup>3</sup> Both the interview guide and commitment guide can be found in Annex 1

Team also met with representatives from DOS and the Office of the Director of Foreign Assistance (F) and the USG Reference Group, consisting of representatives from each case study agency, to discuss and confirm the evaluation process and design. With a few exceptions, the case study evaluations do not include interviews with field staff. However, field perspectives will be assessed in the team's synthesis report, through survey and field interview data.

Each case study team worked with their agency representative to identify key informants from program, policy, and functional offices, in addition to senior leadership. The final list of key informants was subject to participant availability and willingness to participate. All interviews are confidential.

Successful implementation of the Paris Declaration principles is not the responsibility, nor even within the reach, of any single government agency. Rather, it relies upon the combined efforts and actions of the agency being reviewed, as well as the host countries it intends to help, other U.S. government donor agencies, other donor countries, and non-government organizations. The purpose and nature of the assistance provided can also have an effect. This report will provide insights into the achievements, challenges, and varying incentives and disincentives to implementing the PD Principles, and present relevant considerations or implications to DOS.

### **1.1 Key Informants and document review**

Three main sources of information were used to compile this specific report. First, DOS websites and budget sources developed the Team's understanding of the diverse array of foreign assistance programs managed by DOS. Numerous meetings with DOS/F officials produced a greater understanding of DOS operations. The Team then interviewed DOS officers, middle managers who manage DOS foreign assistance programs, and those we call "leaders", who are involved in the foreign assistance policy review processes underway in the National Security Council (NSC), DOS and USAID. We met with as many of the DOS operational offices as possible, following the advice of interlocutors in DOS/F.

The Evaluation Team interviewed twenty-five key informants (KIs) in seventeen different DOS offices. Of the twenty-five KIs interviewed, eight could be considered senior leadership. Of the seventeen offices, three are regional and fourteen are functional. The functional offices are representative of the wide range of issues under the Department's mandate and include those acting on a policy level as well as those at the operational or implementation level.<sup>4</sup>

### **1.2 Limitations**

Preparation of the case study depends heavily on in-depth, qualitative interviews with twenty-three knowledgeable State Department officers and with two persons from the National Security Council. Every effort has been made to interview most, if not all, of the DOS operational offices within the two-month period allocated to case study development. In reality, gaining appointments with responsible officers in each bureau

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<sup>4</sup> Please see discussion under Section 2 describing offices' and bureaus' foreign assistance budget and mandates.

proved more difficult than anticipated, even with the intercession of the DOS/F office. Specifically, during the main data collection phase of this evaluation, we were not able to schedule meetings with three additional offices involved in programming and two policy level offices. These gaps were partially corrected after DOS's review of the initial draft report.

A second difficulty emerged early on in our investigation: the USG tends to frame the development assistance conversation in terms of "aid effectiveness principles" rather than explicitly "Paris Declaration principles." The formulation of the Key Informant Question Guide was based on the assumption that KIs would be sufficiently knowledgeable about the Paris Declaration principles to discuss their agency's knowledge, commitment, implementation capacity and the incentives/disincentives affecting the DOS implementation of the PD principles. After the third interview and following consultations with our fellow evaluation team members, who also found limited knowledge of PD principles, we turned to our Plan B approach, which was to hand the respondent a one-page summary of the PD/Accra principles. We then asked the KI to what extent their bureau and office's operational guidelines for providing effective assistance mirrored PD principles. The KIs were able to discuss the meaning and implication of the principles thoroughly in terms of aid effectiveness, but they did not link them to "Paris Declaration" principles. Much of the data reported in this report is derived from that type of discussion.

Anonymity was promised to all respondents to encourage an open and frank discussion. In preparing this report, we have used quotations to illustrate and give weight to the more general statements we make about DOS awareness, practices, and concerns. In a few instances, we use a quote to describe a named DOS bureau or office's standard practice, on the grounds that descriptive explanations of what actually happens are valid and not controversial.

## **2 THE DEPARTMENT OF STATE FOREIGN ASSISTANCE PROGRAMS**

DOS is the premier U.S. government institution for the conduct of U.S. foreign policy. The Secretary of State is the principal foreign policy advisor to the President of the United States, and is responsible for major diplomatic initiatives as well as the day-to-day conduct of U.S. foreign affairs through its embassies and consulates worldwide. DOS sets the broad policy parameters for USAID's development assistance programs and has final control of the allocation of the foreign assistance budget, subject to various congressional directives and earmarks. The USAID Administrator reports to the Secretary of State, and since the 1990s, USAID has become increasingly more integrated into the policy framework of the DOS. In addition, with the rise of a number of global issues of interest to the United States, including international terrorism, the narcotics trade, trafficking in persons and environmental issues, DOS has become an increasingly important foreign assistance program management organization.

In 2009, DOS managed more than \$11 billion in foreign assistance programs in more than 180 countries,<sup>5</sup> of which over \$5 billion is specifically ODA funds.

The Department consists of more than twenty-two offices organized within either a regional bureau, (Africa, East Asia and the Pacific, Europe, the Near East, South and Central Asia, and the Western Hemisphere), or a functional bureau, that focus on a particular issue (i.e., climate change, narcotics) across all regions. There are now eighteen functional bureaus in DOS, most of them with a mandate to deal with a specific set of threats or issues of concern to the United States.<sup>6</sup> The organizational chart in Annex 2 demonstrates the relationship between these offices and bureaus.

As the coordinating body of USG global assistance, the DOS and its bureaus and offices have a wide variety of foreign assistance funds and mandates. The offices and bureaus discussed in this report are representative of this mix and it should be noted that none of the offices are solely responsible for ODA funds. Therefore, some offices may use ODA funds to implement certain programs, while also implementing programs from other funds to which the Paris Declaration principles on aid effectiveness do not apply.

We were unable to obtain a breakdown of specific amounts of ODA funding each office and bureau receives, but we do have the ODA appropriations for which the DOS is responsible; this highlights the types of programs that would fall under PD oversight (see table 1 below).

As the OECD/DAC guidance described in Section I of this report establishes, the offices and bureaus at DOS involved in foreign assistance are still striving towards the basic aid effectiveness principles that the PD outlines, whether or not all the funds involved are labeled as ODA. The Bureau of Population, Refugees, and Migration provides one exception in its management of humanitarian assistance funds (Migration and Refugee Assistance, and the Emergency Refugee and Migration Assistance Fund) according to the principles and practices of Good Humanitarian Donorship agreed in Stockholm in 2003.<sup>7</sup> In addition, the authors found no evidence that the overall management of ODA funds differs significantly from the management of other foreign assistance funds. In cases where it does differ, this is noted in the report, including reasons for the difference.<sup>8</sup> Therefore, this report uses information collected from interviews with this range of offices and bureaus to more fully describe the context in which DOS implements its ODA

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<sup>5</sup> Department of State FY 2010 International Affairs Budget  
<<http://www.state.gov/documents/organization/122513.pdf>>

<sup>6</sup> State Department Bureaus/Offices <<http://www.state.gov/s/index.htm>>

<sup>7</sup> Although humanitarian assistance is included in ODA, the OECD/DAC evaluates it according to GHD principles as distinct from the Paris Declaration.

<sup>8</sup> DOS comments on this report also outline the difference they see between all foreign assistance and ODA: “In some cases, the principles of the Paris Declaration cannot apply in a rigid sense to all foreign assistance programs. We would still argue that flexibility in these nuanced situations is the key. There are offices that have mandates that do not necessarily have economic development/ODA at their core. We believe that the application of PD principles needs to be more flexible in these cases as the programs conducted by these offices often have limited development goals and restricted ability to fully implement the precepts of the Paris Declaration.”

and total foreign assistance budget, and we attempt to highlight instances in which the Paris Declaration principles would not apply.

Table 1: CY2009 Department of State ODA Totals by Appropriation Appropriation	Amount in US\$ Millions
International Narcotics Control and Law Enforcement	1,366
Nonproliferation, Anti-Terrorism, Demining and Related Programs	261
Foreign Military Financing Program	3
Iraq Relief and Reconstruction Fund, Executive Office of the President	1
Educational and Cultural Exchange Programs, Department of State	6
National Endowment for Democracy, Department of State	114
International Organizations and Programs, State	352
Global HIV/AIDs Initiative	7
Global Health and Child Survival	44
Democracy Fund, Department of State	19
Contributions to Peacekeeping Activities, Department of State	106
Contributions to International Organizations, Department of State	412
Migration and Refugee Assistance, Department of State	1,566
Emergency Refugee and Migration Assistance Fund	54
Andean Counterdrug Initiative, Department of State	408
Assistance for Europe, Eurasia and Central Asia (AEECA)	1
Assistance for Eastern Europe and the Baltic States	0
Economic Support Fund	385
Assistance for the Independent States of the Former Soviet Union	9
<b>TOTAL ODA</b>	<b>5,116</b>

\*Source: U.S. Annual Submission to the OECD/DAC prepared by USAID Economic Analysis and Data Services on 10/29/10.

The growth of these appropriations and the DOS' large foreign assistance mandate in general has followed a familiar logic, caused by several major dynamics.

One dynamic relates to the range of current international threats and concerns, such as global crime, climate change, and trafficking in persons. Controlling, managing, or coping with these threats requires U.S. investment in efforts to build and support regional and global institutions, as well as efforts to change other countries' policies, build government and civil society capacities, and transform old political and bureaucratic cultures into ones more supportive of a Rule of Law and a democratic polity. It also requires greater coordination with other donors and greater use of the array of regional and United Nations international organizations—like World Health Organization (WHO) and International Labour Organization (ILO), among others.

Each of these issues has also generated both a U.S. domestic and an international set of stakeholders and committed activists, organized as NGOs and advocacy groups. In the U.S. political system, public policy tends to be the aggregation of the efforts of interest groups who effectively put pressure on and find supporters among elected representatives and their staff, as well as in the class of political appointees in the Executive Branch. This process leads in turn to authorizations and appropriations giving mandates and funding to the DOS (and other departments) to “do something about” human rights in the Sudan, or trafficking in Moldova, or the threat of theft of nuclear materials in Russia... the list is endless. Faced with congressional mandates and appropriations, the DOS increasingly has become the location of the management offices (functional bureaus) that respond to both the mandates and to the threats; and is accountable to Congress and the executive for achieving results.

With its mandate to lead the USG in foreign affairs and its expertise in climate, energy, democracy, human rights, international organizations, and international economic diplomacy, the Department of State is a natural venue for the policy nexus between these global issues and their impact on economic development. In programming its resources to meet these challenges, the Department has often partnered with USAID, Department of Justice (DOJ), the Department of Defense (DOD), Health and Human Services (HHS), the Department of Labor (DOL), and others in an effort to coordinate USG assistance and gain access to the necessary expertise and experience.

Following the September 11, 2001 attack on the U.S., the DOD mandate has broadened considerably to cover issues such as counter-narcotics and security related infrastructure, in an effort to accelerate development as a solution to impede the ability of terrorist organizations to recruit disaffected (and unemployed) young people to the terrorist cause. The current estimate is that twenty percent of U.S. overseas assistance is now managed by DOD, either directly or through budget transfers to other U.S. departments, such as DOS. In turn, some of these Federal Departments have lobbied Congress successfully for direct mandates and funding for their own international programs, as in the case of the DOL. This process has created a wide array of foreign assistance actors in the U.S. government system, with its inevitable growth in multiple and sometimes overlapping mandates and objectives, problems of coordination, lack of focus, and bureaucratic competition for turf and credit.

The emergence of this sometimes fragmented, disjointed, and increasingly difficult-to-manage system has created multiple actors, multiple funding streams, and multiple programs, a system which defies frequent efforts by some in the Congress, and more frequently in the Executive Branch, to reform foreign assistance by reducing the objectives, establishing priorities and focus, simplifying procedures, and strengthening accountability and evaluation-based learning and decision making. Almost all of these efforts have failed, or been less than successful. Faced with the political difficulty of imposing rationality and order on this system, Presidents have in the past tended to circumnavigate the problem by establishing special initiatives, or new structures. The most recent examples of these Presidential Initiatives are the President's Emergency Plan for AIDS Relief (PEPFAR) and the Millennium Challenge Corporation (MCC)—the former of which has enjoyed considerable success and support in the Congress—but which have further complicated the U.S. foreign assistance delivery system. The U.S. Global Development Policy released by the White House addresses this issue by establishing new mechanisms for formulating and coordinating a U.S. Global Development Strategy at the level of the National Security Council, while reaffirming that “the Secretary of State will coordinate foreign assistance.”<sup>9</sup>

Another dynamic comes from the domestic side of the American polity. Growing public disenchantment and frustration, fueled by the inability of even well-informed people to grasp the size and complexity of the American government, have driven successive administrations' efforts to manage a gargantuan budget, increase governmental accountability and reduce waste, fraud and abuse. This has led to a substantial increase in the power of the OMB, the IG, the government Accounting Office (GAO), and especially the critical importance of the Federal Acquisition Regulation (FAR) rules. Every federal bureaucrat (and this includes managers of U.S. foreign assistance) responsible for managing public funds must pay strict attention to FAR, or risk getting into serious trouble. For the bureaus engaged in foreign assistance, many would say that the efforts to improve accountability have had the effect of shifting attention away from management for results to a system of management for compliance.<sup>10</sup>

The PD and the AAA will be shown, in this report, to have knowledgeable and enthusiastic supporters among policy leaders interested in improving aid effectiveness. However, the effort to move toward greater compliance with the PD principles and AAA must be viewed against the backdrop of a foreign assistance system that, on the one hand, has grown increasingly complex and fragmented in a post-Cold War world, and on the other, has become increasingly controlled by accountability and procurement systems. These systems were set up largely to reduce waste and fraud in government contracts and agreements in the American domestic environment, or for DOD procurement of weapons and other support systems for the U.S. military. The implications of these two characteristics—increasing fragmentation and complexity on the one side and increasing efforts to gain procedural and financial control on the other—have confounded reform efforts in the past, and today confront those people in the U.S. Administration who want

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<sup>9</sup> “Fact Sheet: U.S. Global Development Policy.” The White House. Web. September 2010. p.4

<sup>10</sup> See Andrew Natsios' detailed history and analysis of the growth of “counter-culture” in the U.S. foreign assistance community, “The Clash of the Counter-bureaucracy and Development”, Center for Global Development, July 2010. <<http://www.cgdev.org/content/publications/detail/1424271>>

to move toward a different, and more effective, U.S. system for delivering foreign assistance and achieving positive results.

### 3 FINDINGS

Throughout our research, three common issues shape all of our findings:

1. The PD principles are viewed by respondents as a normative construct, a set of propositions to which donor and host countries should aspire, and, subject to various caveats and qualifications, make a genuine effort to realize. Two of our respondents, with in-depth knowledge of and experience with the Paris Declaration, explained that there is no particular body of empirical analysis or evidence to support the theory underlying the PD principles, although there is a certain plausibility to many of the propositions.
2. Host governments / host countries: Many respondents conclude that the PD principle of host country ownership does not necessarily mean “host government,” making it possible to provide assistance consistent with the PD principles without ever having to use host government budgeting, procurement, accountability or M&E systems. However, many assert that it is inconsistent with PD/AAA if donors do not adopt policies and procedures to strengthen a host government’s capacity to take responsibility for the full implementation of assistance program policies and objectives, in partnership with donor agencies.
3. Foreign assistance vs. development assistance or ODA: As described in Section 2, DOS’ foreign assistance work extends well beyond ODA. As one policy analyst put it: “Most of this building doesn’t work on issues in PD or they don’t think they do. Security and Democracy and Governance (DG) are what we like to claim and this is where aid effectiveness is hardest to write about.” Our findings come from offices and bureaus managing a variety of funds, not just ODA, but as the USG is working towards greater aid effectiveness, in general, we feel that the DOS context is better illuminated by including all these offices. We do try to highlight instances when PD would not apply.

#### DOS and the “whole of government”\*

The current policy reality is that the Secretary of State (and by extension the DOS) has emphasized that development promotes our foreign policy goals and is a moral imperative. The DOS provides a broad coordinating role in international affairs across all government agencies including on issues of development. The United States is increasingly moving toward a “whole of government” approach to its development policy in an effort to better align our development and foreign policy goals. In a “whole of government” context, the role of the DOS is to manage the policy and framework aspects of development programs, consistent with its authorities. State’s mandate of policy coherence and coordination is supported by its authority over the foreign assistance budget, but it has always implemented assistance through a variety of other agencies so as not to duplicate USG capacity. It funds them due to issues that involve comparative advantage, mandates and division of labor.

\*Taken from DOS Leadership comments on this evaluation. November 2010

We divide our findings between two groups, leaders and middle managers, and report on the awareness and commitment of middle managers in DOS operational bureaus and offices—those bureaus and offices that have assistance mandates and corresponding budgets. We also report our findings from a small set of individuals who have been involved in policy reviews and formulations, especially with regard to the DOS/USAID Quadrennial Diplomacy and Development Review (QDDR) process, as well as the National Security Council's Presidential Policy Directive (PPD) on Global Development. The QDDR is a blueprint document that provides the foundation for the USG's development and diplomatic efforts going forward. The DOS press release on the QDDR explains, "findings and recommendations of the QDDR will contribute to an interagency process aimed at developing a whole-of-government approach." The PPD is a strategic document outlining U.S. global development policy and its elevation to a key pillar of U.S. foreign policy. The official position of the USG is that these documents complement each other, with the PPD focusing on overall development policy, and the QDDR focused on strengthening the capacity of DOS and USAID. The PPD and the QDDR were released in September and December 2010, respectively.

### 3.1 PD Awareness and Commitment: Leadership

Interviews with six leaders, including persons with access to the Secretary of State and at the National Security Council in the President's office, produced very different findings with respect to knowledge and commitment to the PD principles, compared to DOS middle management respondents. As we were told by a senior policy advisor, "[W]e don't use the term 'Paris Declaration', rather we use 'Aid Effectiveness' when discussing this in USG circles." Another leadership respondent said that, "at OMB, PD principles infused all our thinking about U.S. foreign assistance." The recently released QDDR report, according to our leadership KIs, "used PD and Accra as the starting point for the task force on aid effectiveness." Another respondent declared flatly, "Our leadership has a strong commitment to the PD Principles, especially country ownership." Moreover, "there is a high level of commitment to turning State's aid to effectiveness based". One KI with a long history of involvement in policy planning told us that she had first heard about it in 2004, and that the U.S. has always maintained a constrained support for it, but that the aid effectiveness debate had no roots in the field missions. "Up to now, there has been no effort to transform Washington's commitment into guidance."

Commitment to PD principles at the leadership level goes well beyond the policy review and discussion stage. While it is true

#### Haiti: A Paris Declaration Test

Following the disastrous earthquake in Port au Prince, the USG decided to structure its assistance for the reconstruction of Haiti on Aid Effectiveness principles consistent in considerable measure with the Paris Declaration. Using the framework of the Feed the Future Initiative, the US mounted a coordinated effort involving the DOS, USAID, USDA and the Treasury Department. Intensive consultations were held with the Government of Haiti's Minister of Agriculture, who submitted a proposal for long term rehabilitation of Haitian agriculture. Working with the Ministry, the US also engaged the Inter-American Development Bank, and the World Bank to prepare a harmonized response to the various sectoral issues, such as watershed re-habilitation and management, value chain development, and other agricultural sector areas. The implementation of this longer term plan is just underway, but the overall effort complies well with several PD principles, including alignment, harmonization, and country ownership.

that as yet there has been no comprehensive guidance on the policies, strategies and operational procedures for implementing PD-based aid effectiveness, our review of documents did discover that DOS aid effectiveness is discussed in most State Department reports, press releases and other public documents. The 2007-2012 Department of State and USAID Strategic Plan states, “We seek to improve the quality and impact of aid through measures such as commitments in the Paris Declaration on Aid Effectiveness and focusing on development results.” The State Department’s more recent ‘Commitment to Development’ note cited Paris Declaration and DOS’ desire to use aid more effectively. In addition, the 2009 DOS report on Iraq notes, “To implement the principles of the Paris Declaration for greater accountability, transparency, and coordination of donor activities, Iraq and the UN have established a special task force involving all the major donors.”<sup>11</sup> Several other programs have already taken steps to “accelerate Aid Effectiveness” principles. For example, the U.S. PEPFAR (HIV/AIDS) initiative’s five-year strategic plan mentioned PD principles twice in the course of the document. Our recent interview with a senior officer at the Office of Global Health Initiatives, which includes PEPFAR, indicated that this important initiative is actively moving toward a “Partnership Framework” by reaching five-year planning agreements among donors, host country institutions and the United States. Citing the Nigeria case, our respondent said, “These agreements are signed at the highest level, and include a substantial commitment from the government of 50% of the program costs through 2015.” Moreover, the DOS Office of Strategic and Performance Planning did include a new section on aid effectiveness in its guidance to U.S. overseas Missions for preparing a required Mission Strategic and Resource Plan, which includes all USG elements active in the respective country. The office gave us a copy of the language used in the guidance:

Aid Effectiveness: Outline how the proposed approach meets aid effectiveness principles: (1) working with nations to ensure our efforts support country-led plans and priorities and build the capacity for transformational change; (2) focusing our efforts on key areas that we can address comprehensively and cost-effectively for maximum impact; (3) coordinating with a cross section of stakeholders—governments, foundations, civil society, and the private sector—and better coordinating our assistance with other donors to ensure our collective efforts are mutually reinforcing; (4) leveraging the resources and reach of multilateral organizations where they have a competitive advantage; and (5) committing to achieve sustainable results.

The guidance requires that the Mission complete a section on “Partners and Donors” coordination, but it is too early to tell whether Missions will see this instruction as moving

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<sup>11</sup> *The US Commitment to Development Fact Sheet July 2009:*

<<http://www.state.gov/e/eeb/rls/fs/2009/113995.htm>>

*July 2009 Report on Iraq:* <<http://www.state.gov/p/nea/rls/rpt/134615.htm>>

*FY 2007-2012 Department of State and USAID Strategic Plan*

<<http://www.state.gov/s/d/rm/rls/dosstrat/2007/html/82978.htm>>

For a full list of DOS management documents with mention of Paris Declaration aid effectiveness principles please see Annex 4.

beyond the usual coordination-type meetings that occur at field missions already. As noted by our respondents, the interpretation of aid effectiveness varies widely with each Mission, especially the USAID component, asserting that their assistance is effective. One leader referred to the massive U.S. and international effort to reconstruct Haiti as a test case for using the PD principles as the framework for achieving aid effectiveness. This effort is already underway and is demonstrating U.S. leadership in supporting both country ownership and donor harmonization.

The most significant document underscoring the USG commitment to the Paris Declaration is the 'Feed the Future Guide', produced as a U.S. Government Initiative, according to the website and explanatory guide. The Feed the Future Guide of May 10, 2010 makes five direct references to the Paris Declaration,<sup>12</sup> but more importantly, these principles are deeply embedded in all the operational procedures that will be used to implement the program, including donor harmonization, alignment with country strategies, mutual management for results, and mutual accountability. There is little question that the PD and AAA are embodied by and give specific content for implementing the Feed the Future initiative. Twenty countries have been initially identified as focus countries for this nearly \$3.5 billion, three-year program.<sup>13</sup>

Four of the five policy-level respondents made reference to the president's Food Security Initiative (FSI, now called, "Feed the Future") as a test case for the application of PD principles. As one noted, "[W]e are starting to implement all these aid effectiveness principles through initiatives, as opposed to across the whole agency right away. We are using initiatives like the FSI as a wedge to spread across programs and share best practices, to see if the principles work and if they do, then spread that throughout all our foreign assistance practices." One senior respondent said that Feed the Future was going to be different from PEPFAR, which has received criticism in the past for not paying enough attention to capacity building and sustainability. Feed the Future, according to this respondent, "is going to be embedded in our current system and processes. We are building it with USAID so we are re-building their capacity as well." Overall, it is important to emphasize that the USG policy discussions about foreign assistance frame the debate in terms of aid effectiveness, not necessarily Paris Declaration Aid Effectiveness principles.

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<sup>12</sup> USG Global Hunger and Food Security Initiative: Feed the Future  
<<http://www.feedthefuture.gov/guide.html>>.

<sup>13</sup> See Epilogue in Executive Summary for more details.

### 3.2 PD Awareness and Commitment–Middle Management

We found that knowledge of Paris Declaration principles was low to modest for ten of the fourteen offices we met.

Table 2, DOS middle management PD awareness and commitment				
Knowledge of PD Principles	Highly Aware	Modestly Aware	Limited Awareness	None
# per 14 offices	2	4	6	2

For six of the KIs, they had been briefed, or had done some research, just prior to our interview. As one respondent acknowledged, “I had never heard of the PD before this meeting was called.” Many of the KIs said they had heard about PD through various conferences and meetings with representatives of other bilateral and international assistance agencies. One KI told us that she was working in South Africa, where “there was an active donor group and the EU discussed PD a lot. At the USG level, it’s usually the higher ups discussing it...i.e.: Ambassadors.”

During our discussions, two unanticipated issues emerged. First, many of our DOS respondents stated that their programs were not developmental, and therefore they did not believe that PD principles were particularly relevant. Second, our more knowledgeable informants framed the discussion in terms of how to meet the Millennium Development Goals (MDG), or, more generally, about how to improve aid effectiveness. With respect to the emphasis on aid effectiveness, with some exceptions, our KIs tended to discuss this problem in terms of what they needed to do to improve their programs—but not necessarily with reference to the Paris Declaration principles. As one respondent put it, with regard to several PD-like practices his bureau uses, “[A]ll of this coordination is driven through our learning experience, not because of the Paris Declaration.” It is clear that the experience of many interviewees in striving for aid effectiveness reflect learning that is consistent with many of the Paris Declaration principles.

While awareness of and commitment to the PD principles explicitly has yet to reach most DOS operational office managers, our middle management KIs did say that they were committed to improving the effectiveness of their programs in a variety of ways. It is also true that there is great variability in the extent to which line managers in DOS feel that their seniors understand and are committed to PD. One officer observed that “awareness at top levels [at headquarters] and in the field is high,” while another manager in an equally important program said, “My impression is that top leadership are not very committed. There have been no policy directives, guidance, etc. on this.” While most State offices do not work directly with Food Security and therefore are not intimately involved in the Feed the Future initiative, it is worth noting that of the eleven middle managers we interviewed, not one made any reference to the Feed the Future initiative,

while senior leadership spoke of it frequently. Clearly, this program has not been viewed by DOS managers as a test of a broader set of principles that might one day govern other USG foreign assistance practices.

DOS commitment to Paris Declaration principles, by name, was not high on the agenda of most of our middle management respondents. Those who were not as aware of the PD, or had only a passing acquaintance with the Principles, generally said that they had received no specific or even general guidance with respect to the PD principles.

Table 3, KIs knowledge of leadership’s plans to incorporate principles				
KIs knowledge	Highly Aware	Modestly Aware	Limited Awareness	None
# per 14 offices	2	2	7	3

On the other hand, there was much more awareness of and commitment to making assistance as effective as possible. “Aid effectiveness” is a term much more widely known and discussed. In this respect, middle management is comprised of committed professionals who expect the programs they administer to have their intended impact. Any policies, procedures and practices which help them to do that are welcome. The key to being consistent with Paris Declaration principles, however, is found in the interpretation of the effective meaning of those principles, and the extent to which they may be applied in the specific context of each program and to the countries where they operate.

### 3.3 Strategy and Capacity for PD Implementation

After learning that most of our operational KIs possessed no detailed knowledge about the Paris Declaration principles, we changed our approach. Each KI was given a list of the PD principles (found in Annex 1 section C) and asked to comment on the extent to which their particular program followed procedures that were, in some form, consistent with the PD principles. Many of our respondents were more confident in describing processes they used to expend foreign assistance to achieve various programmatic goals. As such we have organized our strategy and capacity findings under the five Paris Declaration aid effectiveness principles. It is notable that, according to one of our respondents responsible for a major health initiative, “even without PD, we would be moving in the same direction.” However, as we discuss below, some principles are easier to conform with than others.

### The President's Emergency Plan for AIDS Relief (PEPFAR)

PEPFAR is the lead program under the more comprehensive Global Health Initiative, coordinated by the Department of State in the Office of the U.S. Global AIDS Coordinator. PEPFAR was created in 2003 by President Bush and the U.S. Congress and has programmed \$18 billion in HIV/AIDS prevention and relief efforts through FY 2008. The Office of the Coordinator was included in the DOS case study, and therefore may not have received the attention it deserved as the coordinator of a massive, inter-governmental US effort to combat HIV/AIDS.

*Findings:* Although PEPFAR leaders recognized the importance of the Paris Declaration principles in a document issue in 2005, criticism of PEPFAR's lack of investment in country ownership and capacity building mounted in the early years of implementation. In 2008, the US Congress re-authorized the PEPFAR program in Public Law 110-293. PEPFAR was told to strengthen its' approach to capacity building and sustainability. PEPFAR responded with the Partnership Framework guidance document September 2009 and a 5 year strategy in December 2009. Both documents were based on an explicit recognition of and commitment to Paris Declaration principles. A Government Accountability Office report published in September 2010 gave PEPFAR good marks for making progress in implementing the new strategy.

The implementation of PEPFAR requires coordination among USG agencies, most notably USAID and the Department of Health and Human Services. The HHS commitment to PD like principles was given high marks in the HHS case study, as was the health sector programming implemented by USAID. DOS is the point of coordination of all USG agencies involved, as well as coordination with the Global Fund to which the USG is a major contributor. The DOS case study found that middle managers in the Coordinator's Office, interviewed in the summer of 2010, were not well informed about Paris Declaration principles. Subsequent interviews with high level officials demonstrated much greater awareness and commitment, as is reflected in the documents released in 2009.

Conclusion: the Office of the U.S. Global AIDS Coordinator and PEPFAR stands out among USG assistance programs in its commitment and initial progress towards implementing PD principles, although PEPFAR middle managers lack specific knowledge of PD. This new approach is still in its initial stages in 2010, so it is too early to assess whether this commitment achieves the desired improvements in Aid Effectiveness as envisioned in the Paris Declaration.

### 3.3.1 Host Country Ownership

The underlying assumption behind this principle is that unless host countries 'own' the foreign assistance program, development impact will not be effective or sustainable over the longer term. This principle is a key outcome to which the other PD principles of harmonization, mutual management for results and accountability and policy coherence contribute. Taken in its most advanced form, host country ownership means that, over time, the assistance provided uses host country government institutions, budgeting systems, procurement systems, auditing and assessment systems and personnel systems for the implementation of foreign assistance-funded programs. Donors may require that the host country meet certain conditions such as changes in law and policy before releasing a funding tranche. The practice of implanting a Project Implementation Unit into a ministry is not consistent with the Host Country Ownership principle. Adherence to this principle, when fully implemented, implies that all foreign assistance goes through host country institutions. Only by taking full responsibility will assistance be fully effective, with host country institutions taking responsibility for results jointly with donors, and for accountability to their parliaments and citizens.

As we discuss below, the view that all assistance be channeled through a host government is not shared by most of our respondents.

There have been periods when the USG provided host countries with budget support, under varying degrees of conditionality for policy reforms. Largely due to concerns over accountability and mismanagement, USAID discontinued this practice. In 2008, only four countries received budget support—the Republic of Georgia, Jordan, Egypt and Palau—and this has been an intermittent, rather than a main, feature of USG's bi-lateral assistance programs.<sup>14</sup> To return to some form of budget support is possible, but would mean a major shift in US assistance policy and practice.

*Concerns about Host Country Ownership (defined as some form of budget support and/or use of government procurement systems.)*

For operational bureaus and offices in the Department of State, many of which use special funds provided through congressional earmarks, a shift toward budget support would be close to impossible. As one KI middle manager put it, “We have to be able to answer to Congress about what we did with the money.” Another KI said they work in situations where, for all practical purposes, there is no government. “We are substituting where a government cannot, so running funds through ‘government’ is impossible.” Others in DOS repeatedly make the point that their programs are not hugely popular with governments, citing democracy and human rights programs as especially sensitive. When the U.S. program has a greater alignment with government programs, such as PEPFAR or in the Bureau of Oceans, Environment, and Science (OES), there is much closer cooperation with governments, according to our respondents; even then, alignment and ownership are difficult because, as one respondent noted, “[W]e are trying to get them to change their laws in many cases, or, the Congress has imposed trade restrictions that require us to do certain things the host country doesn’t agree with.” In one instance, two host governments actually refused the offer of budget support for some specific programs, on the grounds that “the money would not reach the ground” (be effectively used) if the host government was managing it. Another respondent, vigorously opposing budget support, argued that he was accountable for the funds, and if so, he was going to exercise maximum control over how those funds were used.

An important PD principle is that overseas development funding levels be made more predictable over longer time frames. U.S. foreign assistance funds, including ODA, are available on a year-to-year basis. U.S. assistance agencies cannot guarantee a predictable level of flows due to OMB and congressional budgeting and appropriations processes. Nearly all USG foreign assistance programs are funded “subject to the availability of funds”. Major exceptions have emerged to this rule, including Millennium Challenge Corporation funding. As one DOS KI put it: “Usually we can’t forward funds due to F and OMB planning process: we need a high level of political visibility to get full forward funding.”

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<sup>14</sup> USG ODA figures provided by USAID/ODP/BMD.

### *Leadership Views of Country Ownership*

As noted at the outset, the debate about country ownership revolves around the issue of defining country ownership. For some, “country” does not necessarily include the host government or any of its institutions. For others—and this seems to be the emerging policy position—country ownership means all institutions with which our foreign assistance program is designed to assist: private sector and civil society, as well as government. When, under what circumstances and against what standards the USG will use government systems is a matter

for the USG to decide. The emerging U.S. view maintains that, for our foreign assistance to be effective, more must be done to build capacity for ownership, rather than simply going in and “fixing” things. One of our leadership KIs expressed his view on the meaning of country ownership: “I think it means the country writ large; not always need or want to work through the government . . . [it means] working with people most affected by lack of development, including violence.” He went on to describe the QDDR process as one which used PD and Accra as a ‘starting point’ for discussions, especially with regard to using host country procurements and the like. “QDDR recognizes that a lot depends on the trustworthiness of the government; its capacity (which varies across ministries). We will rate countries on the quality of their procurement system to make a determination of budget support, using IMF/WB standards to do this.” Another respondent engaged with the policy review process stated that “there is an affirmation of country ownership, but concern over what this means.” He went on to say that ‘X’ country would love to own our foreign assistance plan, but then it would have no democracy and government element in it. “We want to empower responsible governments . . . . FSI [Feed the Future] is a good example of this,” he added.

The move toward country ownership, and especially towards giving host governments a greater role in implementing and managing assistance-funded programs, is clearly a path the USG will tread very carefully, relying heavily on experimentation and evaluation to fashion a policy-relevant learning process each step of the way. Still, it is also clear that the interpretation of the PD and AAA idea of country ownership has moved policy discussions toward a greater and more focused effort to work with and through governments, as deemed appropriate (see text box for more details). This does not mean that all programs will be channeled through the host government. It appears that, where governments do meet the standard of “responsible” and “capable”, expectations are that the U.S. will use host government systems to some significant degree to implement the

#### Presidential Policy Directive on Global Development And country ownership:

##### Sustainable Development Outcome:

“Place greater emphasis on building sustainable capacity in the public sectors of our partners and at their national and community levels to provide basic services over the long-term. The United States will continue to provide medicine, emergency food aid, humanitarian relief and other assistance where it is desperately needed. But we will also strive to help increase the capacity of our partners to meet those needs by: investing in systemic solutions for service delivery, public administration, and other government functions where sufficient capacity exists; a focus on sustainability and public sector capacity will be central to how the United States approaches humanitarian assistance and our pursuit of the objectives set out in the Millennium Development Goals.”

programs. But—and it is an important “but”—as one leader succinctly put it; “We have some objectives that will never totally fit these principles.” In addition, a significant portion of DOS foreign assistance is directed towards multilateral funds that are responsible for implementation. Therefore, interacting with host countries and host governments is not part of the DOS’ involvement in these programs.

Moving toward a more deliberate policy of country ownership places a heavy burden on improving three other processes: harmonization and policy coherence, managing for results and mutual accountability.

### **3.3.2 Harmonization**

The principle of harmonization goes beyond simple information sharing among different assistance programs. Harmonization implies a certain division of labor, perhaps even joint programming through common funding sources. This PD principle’s purpose is to improve aid effectiveness by reducing transaction costs, overlap and redundancy, and sometimes-contradictory policy and program objectives.

Harmonization for many of our respondents meant ‘coordination’, in the sense of being informed about what others were doing and, sometimes, adjusting programs accordingly. This reflected a limited understanding of the principle of harmonization.

Many of our management-level KI respondents stressed that coordination within the USG was as much of a challenge as coordination with other donors. Generally, DOS programs rely heavily on the U.S. Mission (U.S. embassy, including USAID and other elements) to work out coordination within U.S. agencies, as well as with other donors. In Washington, however, coordination seems to be much more a matter of form rather than substance. One manager described another U.S. department active in foreign assistance as “very difficult to work with. They’ll just come into a country and do not coordinate with our programs.” Coordination between DOS and the DOD was singled out by several as being especially difficult. A manager in one of the larger DOS programs also noted that “inter-agency coordination is weak. Our donor coordination is better than interagency.” The USG Feed the Future Guide notes that better USG inter-agency coordination is a critical element of the program.

Most KIs observed that coordination with other donors is an important part of their program. One manager said, “We have a mandate to work with other donors. For example we have been trying to coordinate with the EU and the Eastern Partnership Initiative.” As with other respondents, she noted that “coordination happens best in the country missions.” Efforts to improve harmonization between DOS programs and other donors very much depend on the manner in which the U.S. program is implemented. The Bureau of Population, Refugees, and Migration (PRM) provides roughly 85 percent of its overseas humanitarian assistance to multilateral organizations, primarily the Office of the United Nations High Commissioner for Refugees (UNHCR), International Committee of the Red Cross (ICRC) and UN Relief and Works Agency for Palestine refugees in the Near East (UNRWA), most of which is unrestricted or “non-earmarked” funding. Other DOS programs make Washington-based decisions about how grant funds are allocated. The Middle East Partnership Initiative (MEPI), for example, consults with the U.S. Mission, including USAID, but finds coordination with other donors more *ad hoc*. In

fact, MEPI tends to view situations where many other donors are already active as less than fertile ground for MEPI grants. Other respondents also place a lower value on coordination with other donors. One said, “Harmonization is not as important . . . we want to know what others are doing, but in reality it doesn’t always work out to work together.”

### *Concerns with Harmonization*

While most respondents agreed that coordination was important and that they were making efforts to find out what other donors were doing, many related that even getting good information was difficult. One middle manager said, “It’s really difficult to find out what other people are doing . . . Sweden, AusAID, etc., we would love to talk with them but we mainly use our embassies to get knowledge of their projects.” Going beyond coordination to full harmonization was not on most of our middle management KIs’ agendas. However, leadership KIs are discussing ways to combine funds, and the President’s Feed the Future program clearly moves toward a ‘global fund’ type of joint effort.

One KI questioned whether harmonization (in the sense of some kind of global fund common pool of resources) was always desirable. This respondent asked, “What happens to creativity when everyone is putting funds in one pot?” Moreover, centrally-managed programs are always more responsive to the political environment of the donor, lacking the flexibility to adjust to different economic and sociopolitical contexts found in more decentralized programs.

Lack of coordination is attributed to many causes, especially between DOS bureaus and those domestic and foreign agencies seen by DOS as development agencies. As one KI put it, issues exist because “[State’s] vision is short term . . . in three to five years we expect to build enough host country capacity to turn over the program to them, while USAID and other development types have a longer term vision.” The congressional tendency to ear-mark funds for specific programs is also a hindrance to harmonization within the USG and with other donors. Multiple agencies may all be operating in the same sector with separate congressional mandates, and DOS bureaus with earmarked funds are expected to be accountable to the Congress. Other respondents indicated that developing joint programs is very difficult, because each donor has different funding, reporting and decision-making cycles, and each donor expects to be accountable for results to their own political masters, making it very difficult to engage in joint programming.

The locus of decision making is problematic. Most DOS program decisions are made in Washington, with advice from the U.S. Missions. Other donor programs are also centrally determined from the capital, or from Brussels in the case of the EU. Coordination at the country level is limited, for the most part, to gathering information and passing it on to headquarters. This degree of centralization makes it difficult to advance beyond information sharing. A local donor official may be willing to develop some degree of joint programming, but they typically lack the authority to make these kinds of decisions.

At times, the best one can do is reach an accommodation on a broad division of labor and geographic areas. One field officer said he had tried executing a joint project with another

donor, but never again. “They were responsible for infrastructure, and we were to train the technical people . . . but they fell way behind and we were training people who had nowhere to go with their new skills.”

Moving beyond keeping informed, some DOS bureaus do claim that they work jointly with other donors, especially UN agencies. The Office of International Narcotics and Law Enforcement (INL) has a very significant working relationship with the UN Office of Counter Narcotics in Central Asia, not only through its funding link, but in on the ground operations. PRM has a “not-withstanding” (other USG laws, regulations) authority that allows greater flexibility to provide Migration and Refugee Assistance in countries where other foreign assistance is subject to sanctions: “we work with other donors, the Red Cross movement, UNOCHA. We all follow the SPHERE standards for humanitarian assistance. ”

The wide variability in DOS bureaus’ harmonization practice makes it difficult to generalize about the extent to which DOS practices are consistent with the PD principle of harmonization. Each bureau has a different mandate, different degrees of congressional and administrative interest and oversight, and works in different kinds of task environments, ranging from conflict zones like Afghanistan to politically sensitive areas in the Middle East.

All bureaus struggle to a greater or lesser degree with harmonization within the U.S. government. Several reasons have been suggested for this. At the successful end of the harmonization scale, DOS programs of lesser direct strategic or foreign and domestic policy interest seem to enjoy greater freedom to develop advanced harmonization practices. In other bureaus and programs, harmonization of assistance is more ad hoc, depending on whether the USG needs to work with other donors to achieve results important to U.S. objectives and interests. Furthermore, in some programs, the effort to work with other donors is seen as nice, but not really necessary to the effective implementation of its programs.

### **3.3.3 Alignment with host country strategies**

As with the harmonization principle, the alignment principle is open to interpretation, especially when examining actual operational procedures among the different DOS programs. All of our middle management respondents told us they do “work with host governments . . . whenever possible.” Another manager of a very large and politically visible program told us: “Overall we work with the country’s institutions, so our alignment is pretty high.” Another respondent, speaking from the field in a high priority country, stated that “27% of donor funding is in alignment with government plans. Our goal is 80% alignment...and we have seen positive changes in the host government turning down aid they don't need or that doesn't fit with their plan.”

Several DOS bureaus promote values and actions that host governments may either oppose or show very little interest. The Bureau of Democracy, Human Rights and Labor (DHL), MEPI, the Office to Monitor and Combat Trafficking in Persons (G/TIP), and, in some countries, INL are examples. Many of the programs in this category tend to fund U.S and local non-governmental organizations to do awareness-raising, advocacy, and

service-delivery projects. MEPI wants to see host governments as partners, but engagement with government depends on the type of project MEPI funds. A legislative or judicial strengthening project would train judges, but “for a media project, we won’t necessarily involve the government.” The PRM country context is often that of a failed state or complex emergency which overwhelms an already weak government, or where the government is complicit in abuses against the refugees and conflict victims that the US is trying to assist. Our KI said that they “work with host governments whenever possible, but unfortunately there is usually low capacity in these situations.” The main thrust of our respondent’s statements is that while it is desirable to work with governments, the USG program priorities in areas like democracy are often of low priority (or actually opposed by) the government, so the extent to which ‘alignment’ occurs is very much a matter of context.

There are exceptions to this generalization. Our KIs for the PEPFAR program said: “One hundred percent of our plans are aligned with government plans,” although later in the discussion it was noted that alignment requires government cooperation and willingness, and “some are not willing.” The PEPFAR backup position when the government as a whole is not cooperative is to work with the Ministry of Health to build capacity, usually by working through U.S. and international partnerships with local NGOs that provide capacity building services to the Ministry.

#### *Concerns about Alignment*

The most common concern about country alignment was in situations where the host country has no plan, does not share a sense of urgency about the U.S. assistance program, or may actually see the program as a potential threat to the stability of the current regime. Managers of democracy and governance (DG), human rights, trafficking, and even some environmental programs, said they were often faced with this situation. Their response was to either work through multi-lateral institutions or, more commonly, to make grants to U.S. NGOs who, in turn, work with local NGO partners. In many countries, entire USG assistance efforts operate outside the government, with only perfunctory efforts to inform and gain concurrence. U.S. interests are driven by domestic dynamics that are often difficult to fully align with the priorities of the host country.

#### **3.3.4 Managing for Results**

It might seem odd to the outside reader that over the last few administrations the USG should be increasingly emphasizing results management, as most observers would expect any taxpayer funded program to be designed and implemented to achieve ‘results.’ Managing for Results means much more than just putting in place a robust M&E system, it includes transparent and accountable performance assessment frameworks, and especially as the PD is concerned, building the capacity of host countries to effectively manage for results.

Without these tools it is impossible to gauge whether USG efforts produced the expected outcomes or unexpected consequences. However, as is always the case in complex environments, this begs the question: how does an organization know when, and to what

extent, it is achieving results? Diplomatic outcomes are especially difficult to assess, as in many cases diplomatic success may mean that something *bad did not happen*—an outcome that is difficult to prove. For the program budgets now under direct DOS management responsibility, such as counter-narcotics, trafficking in persons and human rights protection, it is possible to devise appropriate M&E approaches to measure results, thereby giving program managers a robust tool for both improving the programs and for accountability to Congress and the administration.

The QDDR emphasis on aid effectiveness has accelerated momentum in the Department of State to improve its M&E efforts across the board, but especially with regard to operational programs. Academic and think tank critics, as well as professionals within the Department, have been critical of the weakness of the evaluations done at USAID, and by extension, the Department of State. DOS began a department-wide effort to improve M&E practices as early as 2007, and has held annual conferences on best practices in assessment since 2008. An evaluation policy paper was issued in January 2011. One of the major shifts on the monitoring side of the equation is away from heavy reliance on output monitoring, though that remains important, toward “outcome” monitoring, or the observation and measurement of progress towards a program’s objectives. Another major shift is toward greater emphasis on more scientifically rigorous evaluations, including attention to counter-factual explanations using quasi-experimental and, in some cases, randomized control trials, evaluation designs and methods.

DOS middle managers are very aware of the increased emphasis on results and, consequently, on improving their efforts to monitor and evaluate their programs. One division chief stated, “Every project has its own M&E plan. We put performance indicators in the Scopes of Work . . . [our department] has a division for coordination and evaluation. We know that Secretary Lew [DOS Deputy Secretary for Management Jacob ‘Jack’ Lew] has made it clear that results management is a priority.” Another KI saw great value in their M&E efforts:

MfR is a high priority for [us]. We have two people who do this for the whole bureau and evaluation is a part of all project/field positions. We do share results. . . . We support evaluation capacity of partners through financing . . . MfR is very useful in program design and policy advocacy as it helps justify funding requests to Congress. Because [we] have strong MfR capabilities, Congress does not earmark as much for us (as it does for other programs.)

The managers of a very large DOS program saw MfR as part of their overall effort to improve host government and host country capacity, which they consider a necessary component of the success of their efforts: “We also try to build capacity to do M&E and this effort is incorporated into all of our programs.”

In a major effort in Afghanistan, the USG is using its assistance to strengthen the Afghan government’s ability to govern democratically, justly and effectively—an effort that touches on every aspect of governance, from establishing a Rule of Law to improving health and education services—while at the same time fighting a determined insurgency against both the elected government and NATO military forces. Under these

circumstances, MfR is critical, if results are defined in this instance as long term and sustainable, but also incredibly difficult to achieve in this environment. There is tremendous pressure for short term results, which can be counterproductive for longer term, successful development.

Two of our KIs are knowledgeable about MfR in the Afghan case. One noted that much more needed to be done to strengthen Afghan capacity for M&E. “The QDDR process is creating opportunities to work on these principles,” he said. He noted that his program was working with their counterpart agency to build M&E capacity in seven different sectors of the Ministry’s countrywide responsibilities. “This is not the norm, though. Afghanistan is special . . . however; we are trying to reserve more funding up front for M&E in all our projects.” Our other KI was more skeptical about MfR efforts, saying, “[W]e have strong monitoring mechanisms but there is a strong distaste for being held accountable . . . evidence-based policy making is not evident in Afghanistan right now.”

#### *Concerns about the effectiveness of MfR efforts.*

Several KIs noted that despite the fresh emphasis on MfR, and especially M&E, both USAID and DOS were still adhering to reporting decisions made in previous administrations. This includes a focus on monitoring outputs that could be aggregated and included in the Government Performance and Results Act of 1993 (GPRA) annual reports required by law from each federal department. The shift now underway, toward a greater focus on outcomes, results and impact, depends on rebuilding a strong technical competence and developing a management culture that values evidence and rewards the achievement of program results. One KI said that MfR means “ensuring a focus on outcomes and adjusting projects to meet them. . . . but in the field (U.S. Missions), they look at activities and outputs.” The same KI noted that the PEPFAR program is considered a success in part because of its system of output reporting. “This has driven the field to believe that outputs are all D.C. cares about.” Several KIs said that it would be difficult to move toward outcome and results reporting, in part because the political pressure for numbers and short term “success” was so great. One noted that “reporting on outcomes is tedious and can show no progress in one year.”

The renewed DOS emphasis on MfR, with its corresponding effort to improve M&E practices, falls short of the PD vision. With a few exceptions, such as very recently in Afghanistan and, although some would disagree, the PEPFAR program, the MfR renewal is focused on improving DOS program management practices, not necessarily on including a major effort to build M&E capacity in host country institutions, including government. One DOS, policy-level KI observed, “Building capacity of government is not high on the agenda of Missions. They don’t have the capacity to do it themselves.” This is an important shortcoming with respect to strengthening government ownership and mutual accountability as well.

### **3.3.5 Mutual Accountability**

This PD principle has to do with three needed improvements in the donor-host country partnership: (1) improving data collection and analysis capacity on the host country side, (2) agreeing to common framework of indicators for assessing outcomes and results, and

(3) greater transparency in reporting on all dimensions of the assistance relationship to interested stakeholders, public and private.<sup>15</sup> Mutual accountability is strongly linked to MfR specifically, and to the strengthening country ownership, overall. For USG agencies active in providing foreign assistance, accountability relationships are largely with the Congress and the administration, and from there to the American people. For many host countries, especially those with less-than-democratic political regimes, there may be little interest in developing serious efforts to improve accountability, especially with regard to transparency in reporting to other stakeholders.

Most of our KIs discussed accountability in terms of their responsibility for reporting to higher levels in State and, more frequently, to whichever congressional committee is most interested in their particular program. One exception is PRM, which made a point of telling us that “they did share results of monitoring efforts” with host country stakeholders, including implementing partners, but stated, “[W]e do not share results with governments that much. We expect that implementing partners work with and talk to governments.” PEPFAR also stresses working with governments to share information and help them build capacity to use it for better decision making, budgeting and management.

#### *Concerns with Accountability and other PD Principles*

Both DOS leaders and program managers tend to consider accountability to Congress a constraint to their ability to move towards PD principles. For example, one leader said, “Harmonization is difficult because people (managers, administration, Congress) want accountability for their resources. Nobody is discussing the tradeoffs between these principles.” Another policy KI noted that “[t]here is pressure from Congress on accountability so it [works as] a hindrance to funding programs through governments.” There is some tangible effort to improve the quality and transparency of information about DOS and USAID foreign assistance; one leader told us, “[W]e are going to use Haiti reconstruction to address donor transparency . . . we are setting up a ‘donor dashboard’ which will link budget information with results.” The information will be available to all stakeholders. Still, the current accountability relationships and standards are seen to hinder more than help any USG effort to move toward compliance with PD Principles. As one leader bluntly put it, “Accountability standards stop us. Politically we can’t sell the idea of using (host government) procurement systems. It can backfire. If it doesn’t work, then the Congress won’t trust us.”

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<sup>15</sup> In December 2010, State/USAID released the Foreign Assistance Dashboard at [www.foreignassistance.gov](http://www.foreignassistance.gov). It is designed to enhance the transparency of aid investments so that stakeholders can see how much aid the US is giving to each country and how it is being used. It is intended to eventually include other USG agencies involved and project and performance information.

### **3.4 Incentives and Disincentives to the application of PD Principles for Aid Effectiveness**

Incentives for compliance with Paris Declarations do not exist. As several KIs put it, “[T]here are no positive incentives for implementing these principles.” In light of the fact that leadership has chosen to frame the discussion in terms of aid effectiveness, this finding is not too surprising. When framed in terms of aid effectiveness, then the issue becomes determining what specific changes are being expected to improve aid effectiveness and the timelines for making those changes, for assessing the problems, and for gauging the consequences in terms of improved program results. During the data collection phase for this report, we could find no evidence of a policy or procedural directive that would lay the foundations for a new approach to aid effectiveness, however compliant it might be to the PD principles. As noted elsewhere, policy reviews and new policy directives have been issued which do provide the necessary foundations. Every DOS person in a position of program responsibility we interviewed (sixteen, total) was well informed about their programs, sensitive to the need to improve where possible, and aware of some of the constraints, as demonstrated in our findings on each of the principles in the previous sections of this report. Most of them considered their programs to be effective already, given the mandates, resources and complex environments of their work. A number were quick to identify problems as well, such as currently weak M&E procedures, while asserting that these problems were being addressed by one means or another. They were, and are, experienced professionals committed to doing the best job possible. However, they also work within a culture and a set of rules that reward certain behaviors and processes more than others, and most KIs perceived some level of disincentives.

Disincentives for improving aid effectiveness alignment with the Paris Declaration are well known and have captured the attention of the leaders involved in State/USAID’s QDDR and NSC PPD. Many of these are being addressed by State/USAID leadership within the design of the Feed the Future initiative, the administration’s most ambitious manifestation of an assistance program that approaches the PD principles. We summarize just a few of the ‘disincentives’ most frequently mentioned by our respondents here:

1. Assistance managers operate within a set of rules involving procurement, financial management and reporting; contractor oversight; responsibility for timely expenditure of annually appropriated funds (the burn rate); and legal compliance warrants. Failure to comply with any one of them can land a person in trouble, with the possibility of criminal charges at the extreme. The net result is that experienced managers learn to be ‘risk averse’ in the exercise of their management roles and responsibilities. The QDDR task force has explored ways and means to permit more freedom of action by those in the field to move toward PD principles by giving them what one KI called “safe harbors, . . . to give money to a host government without going to jail . . . 32 risk-mitigation instruments have been identified as needed.” The desired outcome is a shift from a risk averse to a risk management bureaucratic culture and rule set.

2. The U.S. Congress is responsive to a variety of U.S.-based interest groups with roots in a variety of social, ethnic, economic, and value identities, many of which extend into the foreign assistance arena. This results in multiple mandates, funding streams, and especially earmarks, directives that dictate that certain amounts have to be spent on certain objectives or problems. According to one knowledgeable KI, last year the U.S. appropriation for Africa assistance was ninety-eight percent directed or earmarked, only two percent discretionary. This degree of congressional micromanagement makes moving toward a foreign assistance system in which field managers have the flexibility to design and mount assistance programs, in close collaboration with other donors or the host governments, very difficult.
3. Many host governments either lack capacity in financial and budgetary systems or are so riddled with corruption and ‘facilitation fees’ that any effort to use local systems for projects and programs would be foolhardy and engender the risks associated with the first disincentive, listed above.
4. Emphasizing results, without extended time frames for achieving results—especially with regard to capacity building for country ownership—will produce behaviors and projects that focus on outputs, e.g., number of schools built, teachers trained, etc., rather than whether children are graduating with the skills and attitudes necessary for success and the realization of their own potential. Moreover, building schools or roads does not mean that they will be maintained, or that supporting systems will be established; these are the sustainability dimensions of results that don’t always appear in quarterly reports.
5. Harmonization with other donors, if it means merging funds, programs and accountability and reporting rules to lower local transaction costs, will be resisted so long as DOS program managers are required to demonstrate results from the expenditure of U.S. funds. There is no corresponding incentive to demonstrate results through donor harmonization or joining into merged enterprises.
6. As is frequently said about financial markets, uncertainty breeds risk aversion and withdrawal. As one leader stated, even among the policy groups now focusing on foreign assistance reform “there is an affirmation of the need for country ownership . . . but concern over what this means and who can do it.” Another noted that “it is unclear who is accountable for what . . . there has been no effort to transform Aid Effectiveness into clear guidance.” A middle manager for a large DOS coordinated program said that “there seems to be general agreement on the AE principles and their importance, **but it is not clear how we are supposed to get there.**” DOS managers facing uncertainty in their own policy and procedural guidance environment will seek certainty and clarity elsewhere, most

likely in the established Federal rulebooks and OMB circulars, and in the mandates and earmarks set out by the U.S. Congress.

Table 4, Perceived Level/Intensity of Disincentives				
Perceived Level/Intensity of Disincentives	High	Modest	Limited	None
# per 14 offices	7	4	3	0

### 3.5 Coherence

#### 3.5.1 Policy Coherence

At the most basic level of understanding, the principle of policy coherence dictates that “policies should not be contradictory in both their objectives and the means put in place to achieve them”. A more sophisticated phrasing of the same principle is that the donor’s foreign policies on all issues that bear on our foreign assistance objectives should be supportive, or at least neutral in its effect on those objectives. Because of the DOS’ primacy in setting foreign policy objectives, and also their ultimate responsibility for overseeing all U.S. foreign assistance, the issue of policy coherence at the USG level is particularly relevant. Classic examples of this not being the case may be found in various trade policies, or in the restrictions on foreign assistance that prevent the USG from transferring agricultural technology for crops that might compete with U.S. agricultural production and exports, better known as the Bumpers Amendment to the Foreign Assistance Authorization Act. This affects some DOS programs as well as USAID and USDA. For example, two DOS KIs specifically mentioned this amendment as a factor in program decisions.

Policy leaders and operational managers are extremely cautious when discussing assistance policies that could run up against U.S. economic interests. One KI, describing the Feed the Future initiative, said the program would start with twenty smaller countries “to not be a threat to [U.S.] agricultural interests right now, but we recognize that may become a problem and we are trying to get Congress involved from the start.” Another observed that in all the policy review processes, “we are not addressing trade policies that are affecting development policies. PSD (NSC PPD)<sup>16</sup> is trying to get at this, but it is hard.” A middle management respondent said about their program: “[W]e support some agricultural research, but only those crops that don’t threaten us (i.e., bananas).”

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<sup>16</sup> Presidential Study Directive (National Security Council Presidential Policy Directives)

### 3.5.2 Coherence within DOS

Although DOS has refined its broad policy objectives, implementation strategies are emerging, or generally are left up to the U.S. Missions and operational bureaus. As one illustrated, “State is like thirty-eight separate islands. There is a preference for doing things bilaterally, and this hurts our coordination with other donors.” A middle manager stated that her office “had a mandate to work with other donors”, but that it was unique; “all regions are different”, she said. One leader with in depth experience was especially critical of the lack of coherent assistance policy: “We need upgrades in State’s policy, programming and overall structure. But there is no demand from above for processes for development planning . . . no one has discussed the tradeoffs between these PD principles and other U.S. objectives.” Another criticism was that each of the DOS operational departments has a certain political visibility, supported by various interests in the U.S. Congress. INL, for example, deals with counter-narcotics and law enforcement, another office deals with democracy, human rights, and labor; one deals with trafficking in persons, another with oceans, environment and science. Some have a mandate to provide funds through UN agencies, but according to one respondent, the trend is increasingly toward centrally managed programs like MEPI, PEPFAR, or INL.

## 4 ANALYSIS AND CONCLUSIONS

The Department of State possesses a wide variety of functional and operational bureaus, many of which have emerged from special foreign policy interests and threats after the end of the Cold War. Generalizations about these programs, how they operate and to what extent their procedures are consistent with Paris Declaration and AAA are extremely difficult to make. Our analysis of the evidence presented above leads to the following conclusions, each of which must be qualified by exceptions, as noted in the findings section of this report:

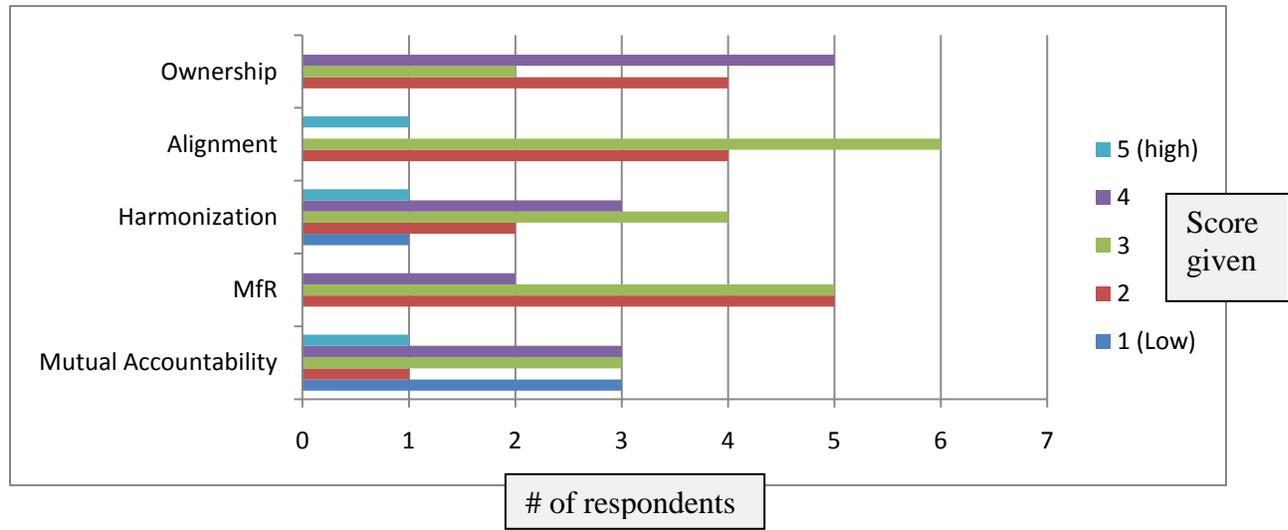
### 4.1 Department of State Rating Scores on PD Principles

The interview guide included a question on respondents’ assessment of DOS’ effectiveness in implementing the Paris Declaration Principles. It should be noted that what is reported here is how well respondents think their agency implements *according* to the principles, but in almost every case, they stated that this was not because of the principles or U.S. signature to the Paris Declaration, but due to the aforementioned ongoing “aid effectiveness” discussion within the agency. Graph 1 below shows the range of responses.

The vertical axis shows the categories that KI were asked to score (on a scale of 1-5, with ‘5’ being the highest) and the horizontal axis is the number of respondents who gave a particular score. If we were to average the scores, harmonization would be ranked the highest, and mutual accountability would be lowest. The high rating for harmonization may be attributed to the latest discussions within DOS to which many KIs referred. “Many of our programs now require interagency consensus instead of recommending it,” a program manager explained. As mentioned in our findings, leadership cited all the new initiatives that are based on interagency and international coordination. The KIs attribute

the low ranking of mutual accountability to the mandates and other policies to which they are ultimately held responsible. One KI explained her low ranking of mutual accountability in another way, “there is a large transparency effort, but we don’t share results with governments that much. There is the expectation that implementing partners work with and talk to the governments.” Another added that more fiscal transparency between donors and host governments is needed before mutual accountability can take place.

**Graph 1: Department of State KI Compliance ratings**



The following table identifies the agency’s overall rating, as given by the Social Impact Evaluation Team. The Team used a 1-5 scale, with ‘5’ being the highest, to rate the agency on each PD principle. The rating is based on our examination of DOS’ practices and policies branded “PD” and those that are simply consistent with the PD principles. Specifically, this includes how the principle is practiced by the agency and its staff, any agency policies or procedures related to the principle, and overall commitment to the principle by agency leadership and staff.

Table 5, Department of State PD assessment team compliance ratings					
PD principles	Ownership	Alignment	Harmonization	Mutual Accountability	Managing for Results
DOS	2	3	3	1.5	2.5

The most difficult aspect of assessing the Department of State as a single entity is that each bureau and office’s practices, strategies, and mandates vary widely. For instance, State Government Affairs Council (S-GAC) would rank higher in managing for results

than other bureaus, as they have strict results-management policies that have been enacted since the bureau's formation. The Office for the Coordinator of Reconstruction and Stabilization (S-CRS) is higher than most in harmonization because their mission is to act as a coordinating body. Finally, while all the KIs believed in greater aid effectiveness and had a clear understanding of ways in which these principles could achieve this, the reality of implementing these principles (described in the disincentives and constraints section) is difficult and at times impossible.

## 4.2 General Conclusions

1. Although awareness and commitment to the Paris Declaration is quite high among DOS leaders—especially those guiding and working on the Quadrennial Diplomacy and Development Review (QDDR) and other foreign assistance process and policy reviews—this has not as yet translated into substantial awareness and operational guidance for DOS managers of functional bureaus. When framed in terms of aid effectiveness, mid-level awareness and commitment increases considerably, but the interpretation of what aid effectiveness means in practice varies widely. It is for the most part seen as the need to improve the delivery and results of foreign assistance. The State Department has focused its efforts at improving adherence to PD and AAA-like principles within its new initiatives. Starting in 2009 with the President's Emergency Fund for AIDS Relief (PEPFAR) Partnership Framework and Strategy, and continuing to the new initiatives of the Obama Administration, new development assistance dollars are increasingly flowing to programs that build on the principles of aid effectiveness. Progress toward incorporating PD principles in existing State programs has been slower and more complicated. Although the implementation of the QDDR described in the epilogue of this report should improve matters, there is little evidence that, until recently, DOS managers were thinking in terms of host country partnerships, or more aggressive partnering with other donors in pre-established programs. .
2. Among the five major Paris Declaration Principles for Aid Effectiveness, DOS functional bureau managers report giving increasing attention to Managing for Results (MfR). MfR is supported by efforts to improve monitoring and evaluation (M&E) processes within the DOS bureaus and offices, as well as in the implementing partners (grantees, contractors, other Federal departments). DOS mid-level managers are aware of the increased emphasis on achieving results and, consequently, the need for improving their efforts to monitor and evaluate their programs; for example, the first-ever DOS Evaluation Policy paper was issued shortly before the completion of this report. There is also some evidence that bureaus and offices are beginning to build capacity in host country civil society partners, though not in host government agencies.
3. While the majority of KIs consider coordination within the USG and with other donors an important element to their work, improved coordination and harmonization is a twofold problem for most operational managers. The first concerns improving coordination and cooperation with other USG departments

and agencies, especially those with their own congressional mandates and funds. The second concerns improving coordination and cooperation with other donors, which appears to be mostly confined to information sharing and, in a few cases, working out division of labor for ongoing or planned programs. The DOS bureaus that provide resources to UN agencies tend to report good working relationships that are based on the harmonization of common objectives and standards for providing assistance. Overall, efforts to improve harmonization between DOS programs and other donors very much depend on the manner in which the U.S. program is implemented.

4. Although all respondents agreed that alignment with host government strategies and policies was a good thing where possible, and working "with" government ministries was frequently both desirable and necessary, they did not agree that using government procurement and implementation systems was feasible, or desirable, in many cases. They gave many reasons for this, including weak budgeting, financial, procurement and implementation systems and a high level of corruption among many of the host governments. According to them, working 'through' many governments is simply a recipe for "waste, fraud and abuse", and runs contrary to their responsibility for careful management of U.S. government funds. Their accountability to Congress and the White House Office of Management and Budget (OMB) therefore prevents them from pursuing such a course. Finally, some governments are considered unrepresentative of their people or undemocratic; therefore, they are not viable partners in DOS work. The Feed the Future Initiative is attempting to "empower" responsible host governments by using country-led plans to implement its programs. The success of this approach will be closely observed by the US government and by the international NGO community.
5. DOS managers do not connect their efforts to improve effectiveness with any incentives other than the normal professional incentives, both formal and informal, that exist in the department, or rewards for performance.
6. DOS leaders recognize that there are powerful disincentives and constraints to moving toward full compliance with Paris Declaration principles and are making efforts to open up possibilities for working through, as well as with, some host governments that meet certain standards. In so doing, policy leaders are also working on ways to transform a "risk averse" organizational culture to one that manages risks, while focusing on achieving results.
7. The DOS' mandate as coordinator of all U.S. global assistance and foreign policy means that its bureaus and offices manage multiple forms of assistance programs and funds with a variety of objectives. They continue to exercise their judgment and discretionary authority in determining the extent to which U.S. foreign assistance, including development assistance, are managed in compliance with the full array of Paris Declaration principles and the Accra Agenda for Action. For each of these principles there are instances in which adherence is not deemed

appropriate or necessary to achieve the desired outcome. Examples include DOS program priorities in areas like democracy assistance, which often can be a low priority or actually opposed by the host government, making alignment with the government's plans or their ownership of the program unnecessary—and at times undesirable.

8. Within DOS, the Office of the U.S. Global AIDS Coordinator is responsible for coordinating the major USG commitment to fighting HIV/AIDS, and other major global health threats. The oldest and largest commitment has been the President's Emergency Plan for AIDS Relief (PEPFAR) program, which since 2009 has made significant progress in developing operational and strategic guidance for moving PEPFAR towards explicit adherence to Paris Declaration principles, including country ownership and harmonization with other donors, although it is too early to tell whether this new approach will produce desired improvements in Aid Effectiveness.
9. The Obama administration is making a major effort to develop a new model for delivering U.S. assistance, a model that has been influenced by and is moving toward Paris Declaration principles. The Presidential Policy Directive on Global Development (PPD) and the QDDR policy and process reviews have engaged these PD principles. The principles are increasingly referred to in various official documents, notably in PEPFAR and in DOS guidance to field missions for the preparation of annual Mission Strategic and Resource Plans. The administration's Feed the Future (FTF) initiative is the single best expression of the direction DOS, the USG and other federal agencies will be taking to implement a model of assistance that is substantially compliant with the Paris Declaration principles. Whether this new approach succeeds remains to be seen. The leadership clearly sees this initiative as an experiment that will be rigorously monitored and evaluated. If successful, leadership expects that the model will be scaled up for broader policy and procedural reform throughout the foreign assistance system.

## **5 MATTERS FOR CONSIDERATION**

1. Recognizing that the QDDR and PPD policy and process review processes are completed, it is important that these documents are followed by more detailed procedural guidance on *how* and *which* foreign assistance operating bureaus and offices are to move toward implementation of aid effectiveness principles, whether explicitly branded as Paris Declaration or not. This guidance should address the definitional issues of what constitutes foreign assistance and host country ownership, as well as other aid effectiveness terms relevant to the Paris Declaration Principles.
2. Clear guidance must be accompanied by DOS wide education and/or training to begin the process of transforming its organizational culture for improving aid effectiveness. More appropriate and rigorous outcome, results, and sustainability-focused monitoring and evaluation practices should be resourced and planned as part of the introduction of new aid effectiveness models. This would include

approaches to building host-country institutional support and practices to strengthen MfR, Accountability and Transparency. The DOS needs to be as transparent as possible about the steps it is taking to restructure and refocus its assistance. These DOS-commissioned PD case studies and the synthesis paper may provide a basis for a realistic appraisal and dialogue with PD partners. This dialogue should also discuss the constraints USG agencies face, as well as the need for the USG to retain its discretionary authority to determine how best to advance its own interests as well as those of the larger community of nations.

# ANNEXES

## **ANNEX 1 INTERVIEW AND COMMITMENT GUIDES**

### Introduction

The Paris Declaration (PD) on Aid Effectiveness 2005 has become a major milestone in development assistance. Designed to improve the quality and effectiveness of development assistance, it is built around five principles – ownership, alignment, harmonization, managing for results, and mutual accountability. These principles are meant to guide interactions, relationships, and partnerships between development agencies and partnering countries. In addition to monitoring the progress of the implementation of the PD, OECD/DAC has launched a major evaluation of the PD to examine its implementation and explore its impacts.

The USG has joined this international effort and is committed to conducting an independent review of its commitment to and efforts towards implementing the PD. Since the USG review is a part of a larger study, its primary focus is consistent with those of other reviews conducted by participating donor countries. Consequently, the USG review will primarily focus on: commitment to PD principles, capacity to implement, and incentives.

The USG has contracted our firm, Social Impact, to carry out this project. To better reflect the reality of USG foreign assistance, we will prepare separate case studies for each of the participating organizations: USAID, DOS, HHS, MCC, DOL, Treasury and USDA. All case studies will use the same conceptual framework, approach and variables to enable comparative analysis. A synthesis report will then be written using data and information generated by case studies.

To inform the individual case studies, we are conducting informational interviews with senior and mid-level leadership at each organization. These interviews will be completely confidential and no names will be referred to in the reports generated. In addition, we would like to emphasize that this review is an attempt to understand the current state of affairs surrounding the USG's implementation of the PD, not to act as a grading system. Your candid responses will allow us to gain insight into the achievements, challenges, and varying incentives and disincentives to implementing the PD principles, and present relevant recommendations to the USG.

**Section A: PDE Key Informant Interview guide (core questions)**

Interviewer: \_\_\_\_\_ Date: \_\_\_\_\_

Respondent: \_\_\_\_\_ Gender:  Male  Female

Office/Title/Rank: \_\_\_\_\_ Length of Service: \_\_\_\_\_

Thank you for meeting with me today. As introduced in the email from X, I would like to ask several questions about the Paris Declaration on Aid Effectiveness of 2005 and how you see [your Department’s/Agency’s/Unit’s] response to it. Please remember that this discussion will remain confidential.

- 1) How and when did you first learn about the Paris Declaration principles?
- 2) What can you tell me about them?

Scale for interviewer: (based on the answers, circle the most relevant answer below)

Highly aware	Modestly aware	Limited awareness	None
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**Commitment:**

- 1) How would you characterize the extent of awareness of the PD principles and their implications by the top leadership of your agency?

Scale for interviewer: (based on the answers, circle the most relevant answer below)

High	Modest	Limited	None
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**Probing Questions:**

- o How has top leadership shown commitment to implementation of PD principles?
  - o If they have reservations about implementing the PD what are the underlying reasons?
- 2) [If applicable] How would you characterize the extent of awareness of the PD principles and their implications by the leadership of your agency in field missions or offices?

High	Modest	Limited	None
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**Probing Questions:**

- How does their understanding compare with that of top leadership at headquarters?
- Why?

3) How has your agency taken steps to adopt the PD principles and incorporate them into your strategic plans?

Scale for interviewer: Based on answer, rate the KI's awareness level of agency steps

Highly aware	Modestly aware	Limited awareness	None
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4) To what extent have these attempts been successful?

Scale for interviewer: (based on the answers, circle the most relevant answer below)

High	Modest	Limited	None
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Probing Questions:

- What attempts have been made to translate PD principles into policies, guidelines, and operational directives?
- If successful, cite some examples. If not successful, can you give reasons?
- Are there documents where these are reflected? E.g. guidance or policy documents. If so, can we have copies of them?

**Capacity:**

1) To what degree do you believe your agency has the guidance and capacity to support implementation of the PD?

- If little or none, what are the main things that are weak or missing?

Scale for Interviewer: Based on answer, rate the capacity:

High	Modest	Limited	None
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2) What steps, if any, are being taken to strengthen capabilities?

3) How has the PD affected cost-effectiveness of USG delivery of bilateral foreign assistance?

- a. If so, how?

Scale For Interviewer: Based on answer, rate the effect:

High	Modest	Limited	None
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**Incentives:**

1) Are there any positive incentives provided to staff to implement PD principles?

(Provide examples, if any.) If so, how effective are they?

High	Modest	Limited	None
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2) Are there perceived disincentives amongst staff (at home and in the field) to implementing PD principles?

- If so, how constraining are they?

Scale for Interviewer: Based on answer, rate the level/intensity of disincentives present

High	Modest	Limited	None
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**General:**

- 1) How would you rate your agency on implementation of the each of the five PD principles on a scale of 1-5, with 5 the highest?
- 2) How would you rank the five PD principles in terms of effectiveness of implementation by your agency?
- 3) What would be reasons for the least effectively implemented principles?
- 4) How would you rate the USG, beyond your agency, on implementation of each of the PD principles on a scale of 1–5?

For the interviewer: Effectiveness of Implementation: Scale 1–5, with ‘5’ being the highest.

	Ownership	Alignment	Harmonization	Managing for Results	Mutual Accountability
KI's Agency					
USG as a whole					

- 5) What recommendations do you have to better facilitate effective implementation of the PD principles by the USG in general and by your agency?

## **Section B: Selected questions about aid processes/ elements that lie behind the Paris Declaration**

Thank you for meeting with me today. As introduced in the email from X, I would like to ask several questions about the Paris Declaration on Aid Effectiveness of 2005 and the aid processes that lie behind it in relation to your (Department's/Agency's/Unit). Please remember that this discussion will remain confidential.

[These questions may well vary by country and operating unit within [name of Department/Agency/Unit]

1. What role, if any, do host countries or other donors play in the process by which [name of Department/Agency/Unit X] formulates its programs in a country?

If needed for illustrative specificity:

- To what extent does [Department/Agency/Unit X] coordinate with other donors or with the host country in developing its purposes, strategies, policy dialogues, programs, periodic reviews and the like? What are the mechanisms for doing that?
  - Is there a common framework of conditions or indicators jointly developed by [Department/Agency/Unit X] and the host country in the areas of programming? Is there any mechanism to ensure that your operating units have been using that common framework? To what extent do they share the common framework?
  - Is there a common framework of conditions or indicators jointly developed by [Department/Agency/Unit X] with other donors in the areas of programming? Is there any mechanism to ensure that your operating units have been using that common framework? To what extent do they share the common framework?
2. Turning from planning to implementation to what extent, if any, does [Department/Agency/Unit X] use or rely on the recipient country's project implementation systems,? What guidance, if any, is provided regarding use of recipient country systems?

- For example, how common is it to use the recipient country’s own institutions and systems for:
  - Procurement
  - Accounting
  - Project management
  - Project monitoring
  - Project assessment
  
- What factors inhibit your greater use of host-country systems?
- What about other donors? Does [Department/Agency/Unit] ever work out a division of labor with other donors, for example in carving out areas for your respective programming? If so, to what extent: is it common or rare? To do what extent does [Department/Agency/Unit] join in consortiums of donors? To what extent, in general, does [Department/Agency/Unit X] act as the lead donor in a consortium of donors? To what extent does it follow the lead of some other donor or delegate responsibility to another donor?
- To what extent has [Department/Agency/Unit X] collaborated with other donors on joint missions for e.g. analytic work, planning, monitoring, or evaluation? If so, what have been the benefits of such collaboration? What were the constraints and costs? Did the benefits exceed the costs?
- Does it make any difference for the effectiveness of cooperation with other donors if the program is “cross-cutting” like gender or fragility or conflict?
  
- 3. To what extent, if any, has [Department/Agency/Unit X] used its funds to augment the capacity of the recipient countries to formulate, manage, monitor or assess the programs it funds? What has been your experience in doing that? In general, has it made any difference in your subsequent reliance on the mechanisms of the host country?
  
- 4. What measures do you use to assess the development outcomes or results of your overall assistance program (or activity) in a given country?
  - Do you use host country sources of information for this assessment? Why or why not?
  
- 5. How do you use information on the results being achieved by your assistance?

6. How is the results information you collect used in the implementation of your current programs and in the design of future programs?
7. Do you meet with representatives of the host country to assess the performance of your assistance program and propose plans for future assistance?
  - If so, how often do you meet? Who calls the meeting? Who sets the agenda? Who chairs the meeting?
  - Are you satisfied with these meetings? How could they be improved?

### **Section C: Paris Declaration Commitments**

Donors commit to: (11 commitments, chosen for emphasis by the evaluation team. We have changed the wording slightly to fit better with the U.S. context)

- 1) Ownership. Respect host country leadership and help strengthen their capacity to exercise it. (This is the only PD commitment for donors under "Ownership." It received a lot of emphasis in Accra.)
- 2) Alignment. Donors should base their overall support -country aid strategies, policy dialogues and development cooperation programs - on the country's national development strategy and periodic reviews of progress in implementation.
- 3) Alignment. Use country systems and procedures to maximum extent possible.
  - Avoid creating dedicated structures for day-to-day management and implementation of aid-financed projects and programs. [i.e., Project Implementation Units – “PIUs” - this is]
  - Progressively rely on host country systems for procurement when the country has implemented mutually agreed standards and processes.
- 4) Alignment. Predictability. Provide reliable indicative commitments of aid over a multi-year framework and disburse aid in a timely and predictable fashion according to agreed schedules.
- 5) Harmonization. Work together to reduce the number of separate, duplicative, missions to the field.
- 6) Harmonization. Make full use of the respective comparative advantages of donors at sector and country levels by delegating, where appropriate, authority to lead donors for the execution of programs, activities and tasks.

- 7) Harmonization. Reform procedures and strengthen incentives, including for recruitment, appraisal, and training, for management and staff to work towards harmonization, alignment and results.
- 8) Harmonization. Harmonized activities with respect to cross-cutting issues, including fragile states, gender equality, and environment.
- 9) Managing for Results. Countries and donors work together in a participatory approach to strengthen country capacities and the demand for results based management.
- 10) Mutual Accountability. Provide timely, transparent and comprehensive information on aid flows so as to enable host country authorities to present comprehensive budget reports to their legislatures and citizens.
- 11) Mutual Accountability. Jointly assess through existing ("and increasingly objective") country level mechanisms mutual progress in implementing agreed commitments on aid effectiveness, including the [55] Partnership Commitments.



### ANNEX 3: DOS MANAGEMENT, PLANNING AND POLICY DOCUMENTS ADDRESSING PARIS DECLARATION

- **FY 2007-2012 Department of State and USAID Strategic Plan**  
<http://www.state.gov/s/d/rm/rls/DOSstrat/2007/html/82978.htm>
- **FY 2007 ANNUAL PERFORMANCE REPORT & FY 2009 ANNUAL PERFORMANCE PLAN U.S. DEPARTMENT OF STATE PERFORMANCE REPORT AND PERFORMANCE PLAN:**  
<http://www.state.gov/documents/organization/107556.pdf>
- **The US Commitment to Development Fact Sheet July 2009:**  
<http://www.state.gov/e/eeb/rls/fs/2009/113995.htm>
- **July 2009 Report on Iraq:** <http://www.state.gov/p/nea/rls/rpt/134615.htm>
- **US Commitment to Development Document (PD listed as an element of ODA)** <http://www.state.gov/e/eeb/rls/fs/2009/113995.htm>
- **CONGRESSIONAL BUDGET JUSTIFICATION DEPARTMENT OF STATE OPERATIONS Fiscal Year 2011**  
<http://www.state.gov/documents/organization/136355.pdf>
- **Managing for Results: Our Approach to Performance Management FY 2008 Citizen's Report**  
<http://www.state.gov/s/d/rm/rls/perfrpt/2008cr/html/116292.htm>
- **Trends in US Foreign Assistance over the Past Decade: 2009.**  
[http://pdf.usaid.gov/pdf\\_docs/PNADQ462.pdf](http://pdf.usaid.gov/pdf_docs/PNADQ462.pdf)

This paper documents and discusses the major changes that have taken place over the past eight to ten years in the organization and delivery of foreign assistance, including examining the relationship between USAID and The State Department, the creation of new programs designed to transform development, and their impacts on USAID.

- **Implementation of the Global Health Initiative:**  
[http://www.usaid.gov/our\\_work/global\\_health/home/Publications/docs/ghi\\_consultation\\_document.pdf](http://www.usaid.gov/our_work/global_health/home/Publications/docs/ghi_consultation_document.pdf)

The United States will invest **\$63 billion over six years** in the GHI. The Initiative promotes a new business model to deliver its dual objectives of achieving significant health improvements and creating an **effective, efficient and country-led platform** for the sustainable delivery of essential health care and public health programs. In the coming months this implementation roadmap will be refined and finalized, through consultation with Congress, partner countries, civil society

organizations, other donors and governments, the private sector, and multilateral and international institutions.

- **Global Hunger and Food Security Policy**  
<http://www.state.gov/s/globalfoodsecurity>  
Includes investing in “Country-led plans” as main principle.

## ANNEX 4: SCOPE OF WORK

### EVALUATION OF IMPLEMENTATION OF PARIS DECLARATION BY USG FOREIGN ASSISTANCE ORGANIZATIONS

#### 1. Background

The Paris Declaration (PD) on Aid Effectiveness was endorsed in 2005 and has become a major milestone in development assistance. Designed to improve the quality and effectiveness of development assistance, it is built around five mutually reinforcing principles which should guide interactions, relationships and partnerships between development agencies and partnering countries:

*\*Ownership:* Developing countries must lead their own development policies and strategies, and manage their own development work on the ground. Donors must support developing countries in building up their capacity to exercise this kind of leadership by strengthening local expertise, institutions and management systems.

*\*Alignment:* Donors must line up their aid firmly behind the priorities outlined in developing countries' national development strategies. Wherever possible, they must use local institutions and procedures for managing aid in order to build sustainable structures.

*\* Harmonization:* Donors must coordinate their development work better amongst themselves to avoid duplication and high transaction costs for poor countries. In the Paris Declaration, they are committed to coordinate better at the country level to ease the strain on recipient governments.

*\*Managing for results:* All parties in the aid relationship must place more focus on the end result of aid, the tangible difference it makes in poor people's lives. They must develop better tools and systems to measure this impact.

*\*Mutual accountability:* Donors and developing countries must be accountable to each other for their use of aid funds, and to their citizens and parliaments for the impact of their aid.

The Paris Declaration provides a practical, action-oriented roadmap with specific targets to be met by 2010. It is a major international agreement on aid relationships which identifies appropriate roles for all major actors, specifies 12 indicators to provide a measurable and evidence-based way to track progress, and sets targets for the indicators to be met by 2010. At the Third High Level Forum (HLF 3) on Aid Effectiveness held in Accra in 2008, both donors and developing countries reaffirmed their commitment to the Paris Declaration and agreed to speed up the process of fulfilling the Declaration's pledges. This agreement was codified in the Accra Agenda for Action, which was endorsed at the HLF 3.

## 2. Purpose of Statement of Work

In addition to monitoring the progress of the implementation of the Paris Declaration, the Organization for Economic Co-operation and Development, Development Assistance Committee (OECD/DAC) has launched a major evaluation of the Paris Declaration. The overall objective of the evaluation is to assess the relevance and effectiveness of the Paris Declaration and its contribution to aid effectiveness and poverty alleviation. The evaluation is being carried out in two phases.

The Phase 1 evaluation assessed the early implementation of the Paris Declaration. It focused on four central questions: What important trends or events have been emerging during the implementation? What factors and forces are affecting the behavior of recipient and donor countries in relation to implementing their respective commitments? And, is the implementation leading towards the adoption of the PD principles? If not, why not? The Phase I findings of the assessments have been finalized and a synthesis report has been written which provides empirically grounded conclusions and recommendations.<sup>17</sup>

The overall objective of this Phase 2 evaluation is to assess the relevance and effectiveness of the Paris Declaration and its contribution to aid effectiveness and ultimately to development effectiveness, including poverty alleviation. The evaluation is expected to document the results achieved through implementing the Paris Declaration, highlight the barriers and constraints which might limit its effectiveness and impacts, and strengthen “the knowledge base as to the ways in which development partnerships can most effectively and efficiently help maximize development results through aid in different contexts – including varying degrees of ‘fragility’.” Phase 2 evaluation plans to undertake 15 country case studies to examine in depth the effects of the Paris Declaration on aid and development effectiveness. In addition, it also plans to commission five special studies to examine critical issues. The evaluation will then synthesize the findings, conclusions and recommendation of all the studies, reports and documents in a comprehensive report.

As a contribution to the Phase 2 evaluation, the USG has committed to conducting an independent evaluation (“USG Evaluation”) of its headquarters’ commitment to, and efforts towards, implementing the Paris Declaration, consistent with the terms of reference provided for such studies as part of the overall evaluation. The purpose of this SOW is to outline the requirements and deliverables for the design and implementation of the USG Evaluation. The SOW specifies evaluation questions, evaluation design criteria, data collection approaches, estimated level of effort required, time table, evaluation criteria and the deliverables.

## 3. Evaluation Questions

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<sup>17</sup> Evaluation of the Implementation of the Paris Declaration:  
[http://www.diiis.dk/graphics/Subweb/paris\\_evaluation\\_web/index.htm](http://www.diiis.dk/graphics/Subweb/paris_evaluation_web/index.htm).

Since the USG evaluation is a part of a larger evaluation study, its primary focus must be consistent with those of other evaluations conducted or being conducted by participating donor countries. It must also take into account the multi-agency management structure of foreign assistance that is used by the USG. By agreement among international participants in the overall PD evaluation, individual donor evaluations are largely undertaken at headquarters and focus on three broad areas; commitment to the PD principles at the different levels of the foreign assistance agency, the agency's capacity to implement the Paris Declaration and the steps that it has undertaken to enhance its capacity, and incentives and disincentives for implementing the PD principles. In view of this focus, the following questions shall be answered by the evaluation:

#### Commitment

1. Are the top leaders of bilateral foreign assistance organizations aware of the five PD principles and their implications for the delivery of foreign assistance? Do they interpret them correctly? What sort of misconceptions, if any, do they seem to harbor?
2. Are the top leaders committed to implementing the Paris Declaration? Do they have any reservations about it? If so, what are these reservations? What are the underlying reasons for their reservations and concerns?
3. Are the managers of foreign assistance programs aware of their leadership's commitment to the five principles and their implications for the programs they manage? Has the implementation of PD affected foreign assistance program's priority setting?
4. How is foreign assistance agencies' commitment affected by the mandates and requirements of the Congress and Office of the budget and management and the demands of the civil society?
5. Has each bilateral foreign assistance organization formulated and implemented a coherent strategy to adopt the PD principles in its policies and programs? If so, what are the major elements of its strategy? If not, what are their reasons for not developing a strategy to internalize and implement the Paris Declaration?

#### Capacity

6. What attempts have been made by these organizations to translate the PD principles into their policies, guidelines and operational directives? To what extent, have such attempts been successful (cite examples)? If they did not make efforts to revise their policies, guidelines and operational directives, what were the main reasons for this omission?
7. Did foreign assistance agencies launch special training programs to prepare their staff for implementing PD principles?
8. Are assistance organizations' mandates, organizational structures, budgetary processes, and capacities suitable to implement the Paris Declaration? What specific mandates, organizational structures, budgetary processes, and operational procedures have facilitated or impeded the adoption and implementation of the PD?
9. Has the Paris Declaration affected USG delivery of bilateral foreign assistance and its interactions with the recipient countries? If so, in what way? What are the

examples of such effects? Are there major differences in the commitment and behavior of different USG assistance organizations?

#### Incentives

10. Are their perceived disincentives to implement PD principles both at the headquarters and the field?
11. Do bilateral foreign assistance organizations provide incentives to their headquarters and field staff to implement the PD principles? If so, what are these incentives? Did these incentives produce concrete, positive results (cite examples)? Did they also provide additional training to the staff in the field?

#### General

12. What factors have affected or are likely to affect the implementation or non-implementation of the Paris Declaration by bilateral USG foreign assistance organizations? How can they be categorized?
13. How do partner organizations, civil society organizations and host countries assess USG commitment to and efforts to adopt the PD principles? Do they have concerns about them? Are their perceptions justified and, if so, to what extent?
14. What recommendations can be made to facilitate the effective implementation of the PD principles by USG bilateral foreign assistance agencies and organizations individually and collectively? What general lessons can be drawn from the USG experience for other bilateral and multilateral donor agencies?

#### 4. Multi-Case Study Evaluation Design

Unlike most bilateral donor agencies, there is no single bureau or office of the USG which administers bilateral foreign assistance programs. Presently there are five organizations that manage the great majority of US bilateral foreign aid – the U.S. Agency for International Development (USAID), Department of State (State), Department of Defense (DOD), Department of Health and Human Services (HHS) and the Millennium Challenge Corporation (MCC). In addition, there are 22 other USG agencies and organizations that manage the remaining bilateral foreign assistance. Although the volume of assistance they administer is relatively small as compared to the above mentioned organizations, it is nonetheless significant. This undoubtedly creates a major challenge to any evaluation of foreign assistance programs.

The problem is compounded by the fact that there are significant differences in the mandates and organizational structures of these entities. For example, the mandate, policies and programs of the MCC are very different from the projects run by the State Department. The HHS works within its sectoral mandate, while USAID programs are highly diversified. Agencies managing smaller proportions of bilateral assistance also have different approaches – use of more headquarters line staff; fewer long-term field activities or presence, for example. Their mandates tend to be predominantly domestic. To capture these differences, the proposed evaluation shall follow a multi-case study method, focusing on both major and minor foreign assistance agencies and organizations.

The evaluation undertaken as part of this SOW shall primarily focus on four of the five major bilateral foreign assistance organizations – USAID, the State Department, HSS and MCC. In addition, up to 3 smaller US bilateral donors organization shall be selected on the basis of mutually agreed criteria between the evaluation COTR and the contractor. The contractor shall prepare separate case studies for each of these organizations. All case studies shall use the same conceptual framework, approach and variables to enable comparative analysis. A synthesis report shall be written using the data and information generated by case studies.

Each case study focus on the topics identified below; the list is illustrative and not comprehensive. It is important that each case study individually examine each of the five principles (ownership, alignment, harmonization, managing for results and mutual accountability), as there are likely to be variations in their acceptance, internalizations and implementation within an organization.

1. Awareness of the five PD Principles and their Implications

- Awareness of the five PD principles among leadership in headquarters

- Awareness of PD Principles by operating units in the field in the case of major agencies and organizations that have field presence

- Misconception and misunderstandings about PD principles, if any

2. Political Commitment to the five PD Principles

- Leadership's commitment to PD principles

- The rationale for commitment

- Reservations and doubts

3. Strategy for implementing the Paris Declaration, if any

4. Translation of PD Principles into Policies, Guidelines and Operational Directives

- Extent of revisions and changes, if any

- Effectiveness of such efforts

5. Training for facilitating adoption of the PD principles

- Introduction of new training programs

- Effectiveness of new training programs

6. Institutional capacity to implement the Paris Declaration

This section shall analyze the mandate, organizational structure, transfer of authority to the field, budgetary processes including congressional earmarks, reporting requirements and general procedures to determine the extent to which they facilitate or inhibit the adoption of the PD principles.

7. Assessment of the direct or indirect impacts of PD on the organization/agency's

- Allocation of resources for capacity building in host nations
- Use of host country organizations to manage USG assistance programs
- Coordination with other USG agencies to avoid duplication and waste
- Coordination with other bilateral and multilateral agencies in the field
- Partnerships with host countries in performance management and evaluation

## 8. Findings, Lessons Learned , and Recommendations

On the basis of the information, data and findings of the case studies, a synthesis report shall be prepared. This report shall address the topics above and shall include appendices on methodology, interviews and documents.

## 5. Data Collection Methods

The contractor shall use the following data collection methods to generate the needed information, ideas and recommendations:

- i) Content analysis of the mandates, policies, budgetary allocation processes, procedures and selected programs documents of foreign assistance organizations.
- ii) Review of principal reports, analyses, evaluations and other documents on PD implementation issued by participating bilateral and multilateral agencies, NGOs, think tanks and other creditable sources. (Note: There now exist a plethora of information which will be helpful in framing questions, sharpening the focus of case studies and developing suitable recommendations.)
- iii) Interviews with the senior congressional Staffers, OMB, staff at the selected USG agencies.
- iv) Semi-structured interviews with the senior officials of the foreign assistance organizations for which case studies shall be prepared.
- v) Key informant interviews with partnering organizations, including contractors and non-profit organizations which implement foreign assistance programs and projects
- vi) Telephone interviews with 1-2 host country officials in up to 10 countries based on selection criteria determined jointly by evaluation COTR and the contractor. Such interviews are necessary to understand their perceptions, concerns and assessment of USG's commitment to and efforts towards implementing the Paris Declaration. (Note: at least some of the countries selected shall be those undertaking country-level evaluations in Phase 2)
- vii) Mini-surveys through internet and/or telephone with USG managers of assistance programs and projects in the field. It is suggested that each case study conduct one survey. The number of respondents shall depend upon the size of assistance programs, the number of countries in which they are located and the sectors in which they operate. (Note: at least some of the

countries selected shall be those undertaking country-level evaluations in Phase 2)

- viii) Attendance at up to three international meetings in Europe; no other international travel is anticipated.

## 6. Deliverables

The Contractor shall propose dates to deliver the following in accordance with their technical approach and specific evaluation design. Exact dates will be determined upon the approval of a final management plan within one week after award:

1. A management plan
2. A comprehensive outline of the organizational case studies based on preliminary interviews with concerned agencies
3. Draft of organizational case studies
4. Revised case studies
5. Draft of the synthesis report\*
6. Submission of the final synthesis report
7. A policy brief of no more than four pages summarizing the main findings and recommendations of the synthesis report
8. Three briefings or seminars\*\* on the content of the synthesis report, accompanied by a Power Point presentation.
9. Brief monthly progress reports

\* The contractor shall arrange for 2 peer reviewers of the draft. The reviewers must be approved by COTR.

\*\*For planning purposes, the Contractor shall assume that the venue and duration of the briefings and seminars is: (1) Paris at the meeting of bilateral and multilateral donors – duration 3 hours; (2) Meeting of the US bilateral donor agencies in Washington D.C, - duration 3 hours, and; (3) Briefing to the senior officials of the State and USAID in Washington D.C., - duration 1hour.