

# Executive summary

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

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

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

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

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

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

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

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

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

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

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

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

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

## The DAC's recommendations to the United States

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

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



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