

**Evaluation of the Implementation of the  
Paris Declaration: United States  
Government  
Synthesis Report  
Executive Summary**

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This is an independent evaluation report prepared by a private contractor. It was developed as part of the larger international evaluation of the Paris Declaration and is one of 48 country reports which are the basis for the international evaluation. As such it followed the protocols of the international evaluation. This report synthesizes the reports from seven major US government agencies who work on US foreign assistance. The report was made possible by the support of the American people through the Office of the Director of U.S. Foreign Assistance and the United States Agency for International Development (USAID). The contents are the responsibility of Social Impact, Inc. and do not necessarily reflect the views of the Office of the Director of U.S. Foreign Assistance, USAID or the United States government.

The data collection period for this evaluation began in March 2010 and was completed in early January, 2011. Since that time, the reports have been reviewed and revised based on additional information received from agency reviewers and accepted by the independent evaluation team.

The full Synthesis Report can be found at the following locations:

Diplopedia:

[http://diplopedia.state.gov/index.php?title=Program\\_Evaluation\\_Portal](http://diplopedia.state.gov/index.php?title=Program_Evaluation_Portal)

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# Evaluation of the Implementation of the Paris Declaration: USG Synthesis Report

## EXECUTIVE SUMMARY

The purpose of this study is to review and assess implementation by the U.S. government (USG) of the principles of the Paris Declaration on Aid Effectiveness. The study is one of almost twenty donor studies prepared for the global evaluation of Paris Declaration (PD) implementation. The methodology included an examination of relevant documents from each of seven U.S. government agencies that manage official development assistance (ODA), key informant interviews at the headquarters levels of each of the agencies, a questionnaire survey of overseas staff of four agencies, and selected interviews of staff in cross-cutting “apex” entities in executive and legislative branches that play important roles regarding development assistance policy and resource allocation.<sup>1</sup> This synthesis report brings together the main findings from these sources, grouped by the factors or conditions identified by the framework for the PD evaluation as enabling donor implementation of the commitments and principles of the PD.<sup>2</sup> These enabling factors are: Leadership, Awareness and Commitment; Capacity; Incentives and Disincentives; and Coherence. Report findings and conclusions include both policy changes influenced by the PD and enabling factors related to the implementation of foreign assistance by those responsible for program management. The report then draws relevant conclusions and sets out matters for consideration by the USG. Section 7 discusses some issues raised by the findings regarding the PD principles.

The report uses the term “USG” to refer collectively to those policies and actions which influence or affect U.S. foreign assistance programs, processes and procedures in general. It is important to note that there is no single USG agency with authority over all seven agencies included in this assessment, although the President with the advice of the National Security Council (NSC) does set overall policy. However, the U.S. Congress plays a major role through the appropriations process, frequently mandating agency programs as well as setting specific limitations and conditions on how and for what purposes foreign assistance is to be provided.

### **Main Findings**

#### *Leadership, Awareness and Commitment*

After endorsing the PD in March 2005, the USG continued to participate in the process, including considerable staff work to monitor and report on USG PD implementation and prepare US officials for subsequent meetings. The United States Agency for International Development’s (USAID) initial guidance to the field was issued in March 2006. An Interagency Working Group on Aid Effectiveness (IWG-AE) , succeeded by the Aid Effectiveness Sub-Policy Coordinating

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<sup>1</sup> Interviews were conducted with selected staff in the National Security Council (NSC) and the Office of Management and Budget (OMB) in the executive branch and the Government Accountability Office (GAO), the Committee on Foreign Affairs and the Committee on Appropriations of the U.S. House of Representatives, and the Committee on Foreign Relations of the U.S. Senate, in the legislative branch,. The names of the seven case study agencies and the study authors are given in the Preface to this report.

<sup>2</sup> See “Generic Terms of Reference (ToR) for Donor/Agency HQ Studies for Phase II of the PD Evaluation,” December 7, 2009.

Committee (AE-PCC) met as an interagency committee under the aegis of the Policy Coordination Committee on Development and Humanitarian Assistance in subsequent years to marshal USG support for PD actions, including a USG Action Plan (2007), the monitoring surveys of PD implementation and preparing for USG participation in the Third High Level Forum in Accra in September 2008. However, its efforts to raise awareness of and commitment to the PD principles among program management staff were not very effective, according to the case studies. With the exception of Millennium Challenge Corporation (MCC) and Department of Treasury Office of Technical Assistance (TREAS-OTA) respondents, the case studies revealed that very few program managers in other USG departments—Department of State (DOS), Health and Human Services (HHS), Departments of Agriculture (USDA), and Labor (DOL), and USAID—had an intimate understanding or knowledge of the PD or the Accra Agenda for Action (AAA).

Beginning in 2008, a new USAID Administrator actively began to support the PD and AAA, taking steps to expand awareness and examine constraints. The current USAID administration has accelerated this process by issuing specific guidance for strategic planning, undertaking a serious examination of how to improve aid effectiveness, and identifying constraints that can be relaxed without congressional action as well as those that will require new statutory authorities. The new U.S. Global Development Policy (also referred to as the Presidential Policy Directive on Global Development) focuses on policy and structural reforms necessary to increasing the effectiveness of USG assistance. This, and the just released Quadrennial Diplomacy and Development Review (QDDR) prepared by DOS and USAID represent the results of nearly two years of intensive study and discussion by senior staff and policy makers in the NSC, DOS and USAID. Both documents are informed by PD principles, and the QDDR specifically cites the PD and the AAA as the source for its development assistance principles.<sup>3</sup> The guidance provided by these policies give management structure to three previously announced initiatives: Food Security (Feed the Future), Global Health and Climate Change.

The seven U.S. government agency case studies may be organized into three groups:

- *Agencies expressly committed, with policies specifically aligned with PD principles.* In our case studies, MCC and TREAS–OTA come closest to this standard.
- *Agencies that follow practices highly consistent with PD principles.* Among our case studies, HHS comes closest to this standard.
- *Agencies within which some practices conform to PD principles, but for which the constraints imposed by external and internal factors, such as organizational mandates, USG accountability and contracting procedures and agency practices, or competing organizational cultures present severe disincentives or constrain movement towards greater compliance with the PD.* DOS, USAID, Department of Labor, Bureau for International Labor Affairs (DOL–ILAB), and USDA make up this grouping of our study cases. As demonstrated in the USAID case study, DOS and USAID leadership is directly confronting many of these constraints, especially through the USAID Forward reforms and to some extent the three major program initiatives—Feed the Future (FtF), the Global Health Initiative (GHI) and the Global Climate Change Initiative (GCCI).

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<sup>3</sup> The Quadrennial Diplomacy and Development Review is available on line at: <[www.state.gov/qddr](http://www.state.gov/qddr)>.

Evidence for seven cases studies and this synthesis paper was collected over a seven-month period, during which USG promotion and discussion of PD principles increased considerably. Thus, interviews conducted toward the end of the data collection phase may reflect this. Clearly, respondents at higher levels of the professional staff were better informed than most program managers. Comments received by DOS and USAID case study reviewers requested that the report give greater attention to the accelerated progress toward greater policy compliance with PD-like aid effectiveness principles, as noted above. Additional interviews have provided some evidence that implementation of these policies is just underway, especially with regard to the FtF initiative.

Efforts by USG leadership to raise awareness notwithstanding, levels of awareness of the specific language of the PD on Aid Effectiveness and its principles were low among DOS mid-level managers, but higher in USAID, MCC, and TREAS–OTA. On the other hand, officials in the DOL–ILAB, HHS, and the USDA at higher management levels were not well informed. Respondents to an electronic survey of USG Missions abroad in four agencies showed greater awareness and understanding of the implications of PD principles.

However, as noted in all the case studies, the majority of key informants are conversant with aid effectiveness principles, in general, and can describe efforts to improve their own program’s effectiveness (though not labeling the construct PD, as such).

### ***Capacity***

The capacity required in the reviewed agencies to implement the PD principles effectively tended to be underestimated in almost every case, with the exception of some MCC and USAID respondents. As a corollary, only a few agencies mentioned the need to acquire or develop improved capacity in order to help strengthen host country capacities in areas such as financial management, procurement management, and monitoring and evaluation. Instead, as noted above, agency capacity strengthening tended to focus on meeting USG requirements rather than strengthening host country capacities.<sup>4</sup> HHS and TREAS–OTA are notable exceptions to this finding. Both agency case studies noted that interviewed officials pointed out that strengthening host government capacity is a prime objective of their programs.<sup>5</sup>

### ***Incentives and Disincentives***

Efforts to find evidence of PD-like foreign assistance processes yielded positive results, especially for the HHS and MCC case studies, and to some extent, mid-level program managers in DOS. No specific incentives for implementing PD principles were mentioned in any of the case studies. Instead, respondents referred to their professional commitment to improve the effectiveness and impact of the programs they managed. Disincentives derived from the constraints embedded in USG procedures for doing business and for being accountable for how

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<sup>4</sup> Both the PD and the AAA give considerable emphasis to the need for donors to strengthen host country development capacities (six PD commitments and nine AAA commitments). These statements also recognize the need for donors to strengthen their own capacities. Commitment 14 (a) of the AAA states that “Donors will strengthen their own capacities and skills to be more responsive to developing country needs.”

<sup>5</sup> While not a prime objective, capacity building has received increased attention in MCC Compacts and implementing entity agreements. It is implicit in the smaller MCC threshold programs, to the extent that capacity strengthening is required for a country to meet compact eligibility criteria. See Section 4 for further discussion.

public funds are used. However, the lens through which respondents viewed their compliance varied. Generally, compliance was more influenced by the general laws, policies and regulations of the U.S. Government, like the Government Performance and Results Act (GPRA) or Federal Acquisition Regulations (FAR), than by an understanding of the PD principles. This was especially the case for procedures related to managing for results (MfR) and mutual accountability. Respondents in nearly all agencies framed their responses in terms of U.S. Government requirements to manage for results and to improve monitoring, evaluation and reporting to the U.S. Congress and to the executive branch, as opposed to working with host countries to strengthen their capacities in these areas. The PD principles of mutual accountability and country ownership were largely missing from these discussions. The commitments under the principles, if followed, would impose a very different set of procedural requirements and practices on U.S. government foreign assistance managers. On the other hand, in HHS the PD-like assistance was influenced more by a long-standing culture of public health officers that emphasized partnership-like technical assistance whose goal was sustainability of public health systems improvements.

Efforts to implement the harmonization principle were also constrained. The agency case studies did not say much about the PD principle of harmonization. Perhaps this is because little need is seen for it, as in the case of the financial and economic advisors fielded by TREAS–OTA—but a more significant reason is that risk-averse cultures in agencies like USAID and DOS militate against joint efforts with other donors to reduce the aid delivery transaction costs imposed on host countries, or to work toward a division of labor among donors.<sup>6</sup> Another factor militating against harmonization, as suggested in Section 5, is the felt need, expressed by both HHS and DOS staff, to attribute their success in MfR to USG efforts and resources, rather than to a harmonized approach with other donors. The USAID case study found similar views among USAID respondents. An unusual view expressed by one USAID Mission director was that some host countries questioned the effort and cost of harmonization.<sup>7</sup> At the same time, the relatively large field presence of USAID and DOS staff has facilitated informal coordination with other donors.<sup>8</sup> Explicit priority is given to harmonization by the new, “Presidential Policy Directive on Global Development” (PPD) as well as by the new initiatives at USAID, including in the guidance, “Building Local Development Leadership” and “Country Development Cooperation Strategies.”<sup>9</sup>

### ***Coherence***

While coherence is not mentioned in the PD or AAA, it was noted as a significant enabling factor for Declaration implementation by several donor case studies in Phase I of the evaluation, with coherence flagged several times for consideration as an enabling factor for assessment in

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<sup>6</sup> For example, the USAID case study suggests that perceived ceding of responsibility by a USAID staff member to another donor would expose the staff member to prosecution and punitive action. See G. Hyman and M. Kjaer, *op. cit.*, pp.33.

<sup>7</sup> *Op. cit.*, p. 22. Note: One agency stated that these views are contrary to their written directives. The views were expressed by respondents from DOS and HHS, as well as USAID.

<sup>8</sup> *Op. cit.*, pp. 9 and 36.

<sup>9</sup> Issued by the USAID administrator’s office in August 2010.

the “Generic Terms of Reference (ToR) for Donor/Agency HQ Studies” for Phase II of the PD Evaluation.<sup>10</sup>

U.S. foreign assistance has expanded, both in dollars and in the number of issue areas and objectives, over the last twenty years, in large part due to the emergence of a variety of global issues, negative externalities, and the concomitant expansion of America's global engagement after the end of the Cold War. USG commitment to providing humanitarian assistance has remained strong, but the combined increase in the severity of natural disasters and the persistence of internal conflict in many states has resulted in the engagement of the US military with other USG departments, in association with the international non-governmental organizations (NGO) community, in providing relief. The oft-congressionally-mandated efforts to “do something about...” has created a complex web of foreign assistance programs, agencies and earmarked funding. These factors have strengthened the interdependence between development, diplomacy and defense originally articulated in the last Bush administration, and substantially expanded by President Obama's Global Development Policy, the just released QDDR and Secretary Clinton’s references to a “whole-of-government” approach to dealing with the global agenda. However, many DOS officials who manage foreign assistance did not consider their programs to be “development assistance,” and did not see how the PD principles would apply. These officials explained that they were doing diplomacy work or pursuing foreign policy objectives, not development strategies.

The Scope of Work (SOW) directed the SI team to prepare case studies on each of seven U.S. departments because both the PD and AAA were endorsed on a whole-of-government basis. On average, nearly half of the funds administered by the DOS are classified as ODA. Other US departments’ overseas programs’ are at least partially classified as ODA.

The U.S. government has elevated development to an equal status with defense and diplomacy, but tensions remain among the three objectives, as well as with the economic and trade interests of the several of the US domestic agencies now involved in the development process. Each of the case studies noted examples of where specific amendments to the US Foreign Assistance Authorization and related appropriations bills placed limitations on the foreign assistance programs, most notably in the promotion of agricultural products that compete with US agricultural exports, or in “source/nationality/origin” provisions which may raise the costs of assistance in some countries. Less explicit sources of tension also arise from what we have termed “values-based” program objectives such as support for human rights advocacy groups and the desire to have alliance relationships with important countries for security or diplomatic objectives, especially when some of these alliances are with regimes that have a poor record of protecting human rights or for tolerating political dissent.

### ***Implementation***

Respondents across the board, but especially in USAID, were somewhat skeptical of the U.S. Government ever moving toward full compliance with the PD principles—in large part due to the perceived weakness of, and incidence of corruption in, host government institutions, but also because of the very detailed legal responsibilities imposed on USG managers by FAR and other

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<sup>10</sup> Coherence is mentioned four times under “Contextual Factors” and twice under “Incentives and Disincentives” in the Generic Terms of Reference, December 7, 2009.

U.S. statutes. Managers are simply unable to take the risk of losing control of funds or of the procurement/contracting process.

## **Key Conclusions**

The conclusions presented below are based on the research conducted mainly in the period of March to September 2010. As repeatedly noted in the Findings section, by late September the administration's ongoing efforts to develop a new global development policy, to address the issue of policy and operational coherence, and especially to reform and rebuild USAID began to bear fruit. The release of policy and reform related documents accelerated, and with the GHI and FtF Initiatives, implementation protocols and practices are being tested. While much of this effort has been driven by a more general recognition that, to serve U.S. interests, U.S. foreign assistance has to become more effective and focused, there is little doubt that the PD, AAA and the Rome Principles (with regard to food security) have had a major impact on the direction of U.S. aid effectiveness reforms. However, as any student of organizational behavior well knows, the transformation of reform policies into reformed implementation procedures and practices is not automatic. For this reason, many of our conclusions focus on the operational constraints that must be overcome if the new policies are to produce the desired results.

- 1) U.S. foreign assistance has lacked an overall conceptual and organizational architecture, in spite of efforts to give it conceptual unity under the “Three D” mantra: Defense, Diplomacy and Development. It involves many federal agencies and is heavily earmarked and influenced by the U.S. Congress and a variety of interest groups. It is therefore difficult to develop generalizations about the degree of PD and AAA compliance. Several agencies, such as MCC, TREAS–OTA, and HHS, claim a high degree of consistency with PD/AAA principles and accords, but the reasons for whatever consistency that does exist are different for each agency. Among the larger programs—USAID, DOS, HHS and MCC—MCC enjoys a degree of greater freedom with regard to source of procurement, multi-year funding (up to five years) and more flexibility in personnel decisions afforded by its status as a government corporation. MCC's capacity building focuses primarily on the Millennium Challenge Account (MCA), a parastatal organization responsible to the host government and to the MCC for implementation of compact projects. Capacity building also takes place through implementing entity agreements that MCAs hold with line ministries that implement compacts. TREAS–OTA has a very specific mandate, does not manage grants or contracts, and is fully embedded in the host government's agencies, such as ministries of finance, central banks and banking superintendencies. HHS, via the Centers for Disease Control (CDC), uses funds transferred to it from the DOS and develops close working relationships with host-government institutions, with building institutional capacity the primary objective, but does not use host government systems for budget management or procurement. USAID and DOS programs are also shaped by congressional mandates and earmarks, behind each of which is a vocal and well-organized domestic community. The recently issued White House “Policy on Global Development” (fact sheet found in Annex F) does address this issue through several means, including vesting USG coordination responsibility with the NSC and strengthening both DOS and USAID.
- 2) Respondents in U.S. government agencies that did follow assistance management practices consistent with the PD tended to stress principles and practices, including

country alignment, engagement with host country institutions, capacity building through extended technical assistance, and efforts to gradually shift program implementation responsibility to host country institutions. The HHS case study perhaps shows the greatest responsiveness in this regard. One of the reasons for this degree of alignment is an already-extant global network of public health professionals, as well as a close affiliation between public health development experts and the larger health research and scientific community. Health programs, insofar as their technology is concerned, usually are well grounded in existing evidence and practice, and therefore represent known solutions, the efficacy of which, if properly administered, is not in doubt. Another factor is that health programs do not challenge political arrangements in a host country, unlike economic and, in particular, democratic development programs. Efforts to improve the rule of law generally are not appreciated by kleptocratic or authoritarian regimes.

- 3) 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 PD 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.
- 4) The findings on coherence lead to the conclusion that inherent tensions exist between the three major strategic purposes of U.S. government foreign policy—diplomacy, defense and development—that affect the ability of aid effectiveness policies to be internally consistent and coherent. Some of this tension arises from the pressure to produce results in a relatively short time period, as in the MCC case wherein significant measurable impact on poverty must be demonstrated within the framework of the 5 year Compact period. Most observers would agree, for example, that capacity building is a long-term process, especially with regard to the establishment of effective, transparent, and accountable institutions of democratic governance. Political and statutory pressure to report positive outcomes on a yearly basis works against the kinds of time frames and long-term efforts most likely to be effective, making “the long run” simply too long. Good development practice may end up subsumed under short-term diplomatic and defense objectives.

Another source of incoherence lies in the potential tension between helping to develop a country's comparative advantage through development investments and free-trade regimes, and the objectives of American producers and exporters, especially America's farm sector, which may face stiff competition from abroad, now or in the future. In addition, a tension exists between the moral basis for development—including advancing democracy and human rights, protecting women and children from trafficking, and protecting endangered species—on the one hand, and on the other, the USG's need to develop alliances and cooperative security relationships with regimes that show little interest in U.S. values-based objectives.

- 5) The considerations that follow this section demonstrate the importance of analyzing the conditions under which certain PD principles, or aspects of them, may not fully apply. For example, aspects of country ownership and alignment may not apply in situations of

fragility, lack of accountable governance, or immediate post-conflict situations. In particular, alignment with country systems is not likely to be feasible under these conditions. Even aspects of harmonization, managing for results, and mutual accountability may be difficult. For example, some joint donor efforts and a division of labor among donors may be difficult to achieve. Nevertheless, close coordination among donors at the information-sharing level and some kinds of joint efforts, such as fact-finding missions, will be essential in post-conflict situations. MfR and mutual accountability in these circumstances may need to be multilateral with the donor, rather than joint with the country.<sup>11</sup> As demonstrated in the DOS and the USAID case studies, the USG experience in post-earthquake Haiti represents an effort to apply PD principles of country ownership, alignment, and harmonization with other donors in a real-time, worst case scenario of a natural disaster and a fragile and weakened government. If this is successful, the USG and other donors will gain much needed confidence and experience in the application of PD principles.

- 6) A key conceptual issue for many respondents and case study analysts is whether “host country” means host government (especially those without credible representative claims), or whether it applies more broadly to all sectors, including civil society, the private for-profit sector, universities, and more.<sup>12</sup> Moreover, are assistance programs that work directly with civil society or the private business sectors, without host government involvement, permissible under the PD principle of host country ownership, or is some direct involvement of the host government a necessary requirement of country ownership? The recent “U.S. Global Development Policy” clearly anticipates working with host governments by stating: “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 Millennium Development Goals (MDGs),”<sup>13</sup> bringing back into balance a U.S. assistance approach that had moved too far toward circumvention of the state and use of intermediaries, as recognized by the managers’ report of the 2010 DOS-Foreign Operations legislation.
- 7) It is unlikely that the U.S. government will ever achieve full compliance with the PD and AAA. To do so would require a sea change in the way U.S. interests influence both domestic and foreign assistance policy and practices. Full compliance would also require

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<sup>11</sup> This conclusion is generally consistent with the thematic paper on fragile situations prepared for Phase I of the PD evaluation. The authors emphasize the continued importance of harmonization in a fragile situation, but recognize the possibly limited applicability of the other PD principles in these circumstances. Jones, Stephen and Katrina Kotoglou, Oxford Policy Management, and Taylor Brown, IDL Group, “The Applicability of the PD in Fragile and Conflict-affected Situations,” Oxford, UK, August 2008.

<sup>12</sup> One agency stated that this is a settled issue in the PD/AAA, that country means more than just government. However, discussions with the U.S. international NGO member organization, InterAction, raised this issue as a major concern. Country government participants at the Third Meeting of the International Reference Group of the Evaluation of the PD, December 7–10, 2010, expressed the view that civil society organizations needed to conform to the government’s strategic plan—a view that worries many local and international NGOs who perform advocacy roles with respect to social, rule of law, and other human rights issues. However, the Reference Group is not a policy-making body.

<sup>13</sup> Find the “Fact Sheet” on the U.S. Global Development Policy in Annex F

a profound change in the behavior and capacity of the regimes now in place in some partner countries in the developing world. However, the present US administration clearly is motivated by the normative challenge presented by the USG's commitment to the PD, and appears determined to continue to take specific steps to move toward PD-like aid effectiveness.

### **Matters for Consideration**

The findings and conclusions presented generate ideas and suggestions for improvement and raise additional questions and issues that require further review. These matters for consideration, outlined below, are based on the enabling factors laid out in the SOW and identified in the paper.

#### ***Overarching considerations for U.S. Government executive and political leaders***

The operational and procurement reforms already under way in USAID should be monitored for success and their applicability to other agencies.

#### ***Leadership, Awareness and Commitment***

- 1) The frequent references to the PD principles in emerging USG policy directives and other documents relevant to DOS and USAID, by reflecting top level leadership commitment, have begun to have a positive impact on awareness and commitment by agency senior and middle managers. However, given the large number of USG agencies involved in managing US foreign assistance, and the recognition that this is a "whole of government" effort, more needs to be done to raise the level of leadership, awareness and commitment to PD among other USG agencies as well.
- 2) Awareness is not the same as commitment. USG agencies involved in foreign assistance need to strengthen the level of commitment by program managers with the responsibility for day to day implementation of US foreign assistance programs. Issuing directives and guidance documents is a necessary step, but more needs to be done to address the constraints and lack of positive incentives that are more powerful influences on the behavior of implementing managers.(see below)

#### ***Capacity***

As part of the USAID Forward reform process, USAID is analyzing and developing guidance to address a variety of operational constraints to improving aid effectiveness. This effort should be broadened to require all agencies to prepare an inventory of their substantive capacities and skills in order to assess training, recruitment, placement, orientation, mentoring and other approaches required to adequately implement the PD principles. This should include assessing the capacity required to provide effective capacity-strengthening assistance to enable host countries to carry out the PD principles, including planning and/or implementing fiduciary systems, donor coordination, and monitoring and evaluation for MfR. Once the key capacity constraints are identified, agencies can begin to develop targeted capacity building programs relevant to each agencies' mandate and responsibilities in the 'whole of government' process.

### *Incentives and Disincentives*

- 1) All USG agencies managing foreign assistance accounts need very specific guidance on acceptable conditions and arrangements for promoting host country ownership, alignment and greater donor harmonization. Agency officials should be provided with the appropriate means and incentives to ensure appropriate risk taking in developing host-country capacity, while being protected from legal or bureaucratic repercussions if problems of accountability or mismanagement do arise.
- 2) The administration, on behalf of USG agencies managing foreign assistance accounts, should ask Congress to eliminate or ameliorate those requirements that inhibit implementation of PD principles.
- 3) U.S. government agencies managing foreign assistance accounts should ask Congress to eliminate or ameliorate those requirements that inhibit implementation of PD principles.
- 4) Officials responsible for managing U.S. assistance need specific guidance on strategic approaches for advancing country ownership through greater involvement of partner country government and non-governmental institutions in the design, implementation and monitoring and evaluation processes used for foreign assistance programs. This goes beyond reducing risks associated with U.S. accountability and procurement rules.
- 5) Detailed PD guidance should include an analysis of favorable and unfavorable conditions for implementation of the different components of PD principles. USAID currently is preparing guidance for the use of country systems under the alignment principle of the PD. Guidance should also address the role of capacity strengthening in helping to improve conditions for PD implementation. It should be made clear, however, that these detailed considerations are part of a serious USG effort to move toward compliance with the PD principles.

### *Coherence*

- 1) Building on the PD and the Presidential Policy Directive on Global Development, agencies should establish a continuing mechanism to ensure the greatest degree of coherence possible among policies and programs affecting the developing countries.
- 2) The USG executive should dialogue with the US Congress on the potential incoherence among legislative restrictions, trade protection amendments, mandates, and earmarks and the need for greater policy coherence as a critical part of the overall aid effectiveness reform effort. As noted in the QDDR, some of the degrees of freedom afforded the MCC legislatively should be provided to USAID and other implementing agencies. The U.S. Government should resolve the definitional confusion about what kind of foreign assistance is included in the effort to strengthen its aid effectiveness, consistent with Paris Declaration principles. Many respondents, especially in the DOS, questioned whether their assistance programs were truly development programs, and whether it was appropriate to apply PD principles to assistance programs that had other foreign policy or security aims at their core. They did not believe that Paris Declaration principles were particularly relevant. However, evolving concepts of the whole-of-government approach to U.S. Government assistance suggests that all foreign assistance should be provided in a manner consistent with PD principles.