# USAID 200-Day Progress Report
# on Equity Assessments

**Agency 200-Day Progress Reports on Equity Assessments**
- **Agency name:** United States Agency for International Development
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# Information About the Agency and Report Preparation

**OVERVIEW OF AGENCY MISSION AND INTERSECTION WITH EQUITY**

On behalf of the American people, the U. S. Agency for International Development (USAID) promotes and demonstrates democratic values abroad, and advances a free, peaceful, and prosperous world. USAID programs nearly $25 billion annually, through efforts in many sectors including economic growth, climate and environment, global health, food security, education, conflict prevention and stabilization, and humanitarian assistance. The Agency operates in more than 100 countries across Africa, Latin America and the Caribbean, Asia, Europe and Eurasia, and the Middle East, and implements program activities that address the key drivers of poverty and social disparities. In these countries, racial tension is more commonly seen in connection with ethnicity or tribal identity. For this reason, USAID's interpretation of the scope of the Executive Order will cover "racial and ethnic equity."

**APPROACH UPDATE**

This Equity Assessment Report includes equity assessment working group findings and preliminary recommendations that USAID could use, if approved, to advance a values-based approach, update rules and regulations, expand our partner base, and become more consultative to achieve the Administration's goals regarding racial and ethnic equity in a foreign assistance context. Recommendations will be assessed for cost and feasibility prior to them being finalized and included in an action plan that will be submitted to the Administrator for her consideration and approval.

The equity assessment's lines of inquiry are consistent with those proposed in the 90-day Report submitted to OMB in April 2021. USAID streamlined the overall assessment approach to be consistent across all three areas of inquiry versus three separate approaches for each of the focus areas.

The Agency has continued to advance racial and ethnic equity while also completing the external equity assessment. Since the 90-Day Report, the Agency developed a racial and ethnic equity key issue in collaboration with the State Department that will be included in the fiscal year 2021 (FY21) Operational Plan and Performance Plan and Report (PPR) guidance to capture programming efforts across the Agency and the Department that address disparities experienced by beneficiaries based on race or ethnicity. Additional efforts to align Agency policy and operations with guidance in [EO 13985](#)[1] include the expected distribution of a policy update on diversity, equity, and inclusion (DEI) in September and the integration of EO 13985 guidance into operating unit (OU) level New Partner Initiative Action Plans that outline OUs' plans for enhancing equity and inclusion through acquisition and assistance practices and activity implementation abroad.

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[1] Find the [Executive Order](#)

**STAKEHOLDER ENGAGEMENT**

The Agency Front Office and Agency Equity Team (AET)[2] collaborated with the Bureau for Development, Democracy, and Innovation (DDI); Bureau for Policy, Planning, and Learning (PPL); the Management Bureau's Office of Acquisition and Assistance (OAA); the Office of Small and Disadvantaged Business Utilization (OSDBU); and the Office of Civil Rights and Diversity (OCRD) to identify a broad range of internal and external stakeholders. Internal stakeholders included representatives from the Agency's 17 employee resource groups (ERGs), with an emphasis on those representing protected classes in Title VII of the Civil Rights Act of 1964. External stakeholder focus groups were held with civil society organizations representing indigenous people, as well as U. S. - based and local (overseas) implementing partners.

**METHODOLOGY**

To collect qualitative and quantitative data from relevant stakeholders, agency policies and reports, the agency utilized a two-pronged approach: (1) Desk Review by staff and the application of automated text analytics; and (2) Focus Groups. The two-pronged approach allowed USAID to engage stakeholders and review information to assess racial and ethnic equity in the  following focus areas: (1) Racial and Ethnic Equity in the USAID Program Cycle; (2) Institutionalization of a Racial and Ethnic Equity Focus in Programming; and (3) New and Underutilized Partners from Underrepresented Groups. The quantitative and qualitative analysis allowed USAID to obtain data-rich findings while mitigating personal and institutional biases. The initial findings and recommendations are detailed in the following pages by focus area (i.e., line of inquiry). See Annex 2 for a detailed description of the methodology.

## Focus Area 1: Addressing Racial and Ethnic Equity Through USAID Program Cycle

USAID's Program Cycle is USAID's operational model for planning, managing, assessing, and adapting development programming in each region or country to achieve more effective and sustainable results to advance U. S. foreign policy. The following findings and recommendations provide an opportunity to address racial and ethnic equity through foreign assistance programming in partner countries across several key areas including policy, country strategies, programming approaches, organizational learning, and data availability and systems. The context for these areas is further described in Annex 3: USAID Program Cycle Relevant to Advancing Racial Equity.

**THE POLICY AND PROGRAM CONTEXT**

**Findings:** Focus group discussions consistently identified the need for, and effectiveness of, working through local players in all stages of program design, including monitoring and evaluation. Currently, the approach taken for, and by, each policy area is varied.

**Recommendations:** Going forward, USAID could work toward a consistent approach to incorporate racial and ethnic equity and diversity, and broader aspects of equity, inclusion, and accessibility (DEIA) issues, into the policy formulation process so that, regardless of sector or

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[2] Annex 1: AET Members

thematic area, essential principles of inclusive development and equity are assured. In addition, guidance to Missions to involve local partners and stakeholders, including host government, civil society, faith-based organizations, academic institutions, and private sector players including those from under-represented groups in each country,, at all stages of the Program Cycle would improve ground-truthing, transparency, and buy-in in the design, implementation, and evaluation of program activities. Participation of local stakeholders in the evaluation process, and contribution of local knowledge to the interpretation of evaluation data, will contribute to mutual learning for the enhancement of USAID's program design, and for maximizing program outcomes.

**COUNTRY DEVELOPMENT COOPERATION STRATEGIES**

**Findings:** Country Development Cooperation Strategies (CDCSs) analyzed during the desk review mentioned the need to include marginalized populations in USAID programming -- including women, youth, religious minorities, persons with disabilities, refugees, LGBTQI+ people, indigenous peoples, and ethnic minorities. However, many provided only a cursory mention without specific detail as to the underlying issues or clear information on how the USAID country program would address these issues.
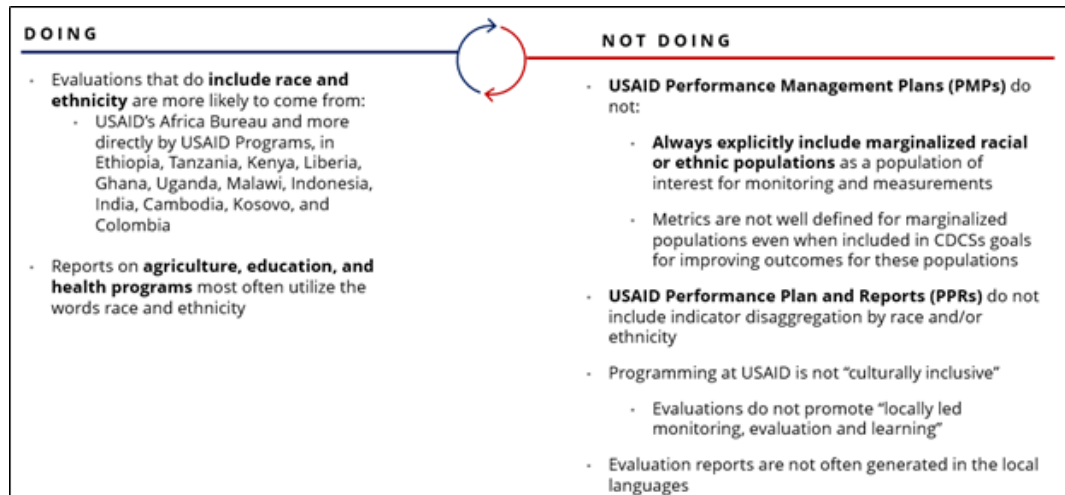
**Recommendations:**

- The specific inclusion of marginalized populations could be noted in USAID programming documentation. When programming specifically mentioned marginalized populations, and details were provided, efforts to ensure marginalized groups were better represented and protected.
- For new CDCSs, USAID can update guidance to ask Missions to include more specific descriptions of any racial, tribal, or ethnic equity issues as they relate to USAID's strategic approaches and programming. Including mapping key data sets to understand and demonstrate geographic differences in core development indicators.
- In addition, during mid-course stocktaking and/or annual portfolio reviews, a set of nuanced questions and specific sources for data and analysis can help Missions consider DEIA issues and racial and ethnic disparities to inform adjustments within programs as appropriate.
- Operating units could assign responsibility to specific offices to implement DEIA in programming activities. The Agency could consider mandating regular review and monitoring (indicators, portfolio reviews, etc.), and require new project/activity designs to do inclusive development analyses and/or respond to questions specific to how they will implement cross-cutting DEIA elements from their CDCS into the new designs.

2. 1 Measuring and Evaluating Program Performance

**Findings**

Chart 1: Illustrating Findings on Measuring and Evaluating what USAID is Doing and Not Doing



| DOING | NOT DOING |
|---|---|
| · Evaluations that do **include race and ethnicity** are more likely to come from:<br>  · USAID's Africa Bureau and more directly by USAID Programs, in Ethiopia, Tanzania, Kenya, Liberia, Ghana, Uganda, Malawi, Indonesia, India, Cambodia, Kosovo, and Colombia<br><br>· Reports on **agriculture, education, and health programs** most often utilize the words race and ethnicity | · **USAID Performance Management Plans (PMPs)** do not:<br>  · **Always explicitly include marginalized racial or ethnic populations** as a population of interest for monitoring and measurements<br>  · Metrics are not well defined for marginalized populations even when included in CDCSs goals for improving outcomes for these populations<br>· **USAID Performance Plan and Reports (PPRs)** do not include indicator disaggregation by race and/or ethnicity<br>· Programming at USAID is not "culturally inclusive"<br>  · Evaluations do not promote "locally led monitoring, evaluation and learning"<br>· Evaluation reports are not often generated in the local languages |

**Recommendations:**

- Communicate the development of guidance to country Missions on specific budget attributions and performance reporting on advancing racial equity for FY 2021 so that Missions are aware of how they could articulate their interest to invest in this area, describe program activities, and report on outcomes.
- USAID can update guidance on Performance Management Plans (PMPs) and Activity Monitoring, Evaluation, and Learning (MEL) Plans to consider tracking outcomes among racial and ethnic marginalized populations as relevant to the country context.

Note: USAID is currently going through rulemaking to require GIS data for all indicators from partners to be included in DIS so that outcomes can be mapped geographically - which in many countries reflects ethnicity so we should have data on marginalized populations

2. 2 Co-ownership of MEL Could be Pursued

**Finding:** Stakeholders expressed the desire for increased co-ownership of MEL with non-U. S. stakeholders especially with those who are working for the interests of ethnic minorities. However, some facets of MEL cannot be co-owned given the nature of USAID mechanisms, such as contracts. In lieu of full co-ownership, participatory methodologies that engage local knowledge holders and build on local knowledge assets can be emphasized. Also, where not co-owned, we can share data with local stakeholders, and already do, to some extent through the International Aid Transparency Initiative (IATI).

**Recommendations**

- Update guidance for evaluation design, to include evaluation questions of interest to stakeholders in local communities and ethnic regions where USAID activities are implemented.

- Update guidance for Evaluation Dissemination Plans and "Post Evaluation Action Plans" where bureaus, missions, and independent offices (B/M/IOs) document how they will share evaluation findings with stakeholders.
- Update guidance on co-creating evaluation recommendations that includes additional participatory approaches that enable stakeholders from or representing racial and ethnic minorities.
- Discuss participatory evaluation, learning and evidence use methodologies with other donors and development organizations.
- Formulate specific recommendations, monitoring plans, and accountability indicators on localization for the Agency by working across USAID groups working on aid localization and marginalized communities to identify common themes.
- Collect examples of programming that focus on elevating local actors and knowledge to promote sustainable development, analyze these for implications for USAID policy and staff skill-building, and share with staff engaged in program design. Particularly focus on examples of elevating local actors who can represent marginalized populations.

2. 3 Implement More Effective Communication Methods For MEL

**Finding:** Stakeholders shared that they would like to see evaluations that are more engaging and interactive, as effective, context-relevant programming depends on effective learning and evaluation. Stakeholders noted that, while evaluations are typically written products, verbal engagement may be more effective when working with some marginalized communities.

**Recommendation:** Update USAID's evaluation guidance to emphasize methods of communicating MEL findings that are appropriate for engaging marginalized communities. This may include leveraging a wide variety of communication tools, such as oral histories, storytelling, podcasts, photography, and the creative arts as a companion to standard, written evaluation reports, and other knowledge products. Ensure that such products are made available in accessible formats above and beyond our obligations under Section 508 of the Rehabilitation Act.

**PROGRAMMING APPROACHES**

**Finding:** To reach marginalized groups in ethnic regions, one would need to work through local organizations who have better understanding of the socio-cultural context, can speak the language and may be more acceptable in the community. Stakeholder consultations report that working with new and local partners requires a lot of staff time, and there is a dire need to enhance bandwidth among project/activity managers to ensure inclusion and ethnic diversity in program implementation.

**Recommendations:**

- Based upon principles of inclusion, co-design and co-creation with partners, the Agency could dedicate more resources, in the form of budget and human capital, to support Missions in the implementation of the updated policy through guidance, training, and technical assistance.
- Once the Agency re-calibrates the risk appetite and tolerance to programming USAID funds through in-country systems, Non Project Assistance, a Government to Government

(G2G) modality that has declined in recent years, could be considered as an approach to incentivize policy reform and improve host government capabilities for the equitable provision of essential public services. Increasing the use of Non-Project Assistance would allow USAID to increase partnerships with new and local partners, minimizing a barrier to equity.

## ORGANIZATIONAL LEARNING ON LOCAL KNOWLEDGE USE

**Findings:** USAID programs are grounded in evidence and mostly aim to benefit marginalized groups although that is not always the case. However, the evidence base is often defined in ways that deprioritize local knowledge, especially from marginalized communities. The consequence is that local development agendas - priorities and modalities - are neglected in favor of more familiar types of evidence and ways of approaching development programming.

Focus group findings indicate the importance of elevating local knowledge and that decisions on shaping program investments need to originate from local partners and communities who are affected. Feedback also points to the lack of information and materials in local languages. This reduces marginalized groups' ability to participate fully in programming opportunities, and thus sustains inequity.

The skills to translate this body of work, and its implications, into practical aspects of planning, managing, and assessing USAID programs are uneven throughout the Agency's workforce, and need to be addressed in order to advance racial and ethnic equity in USAID programs.

**Recommendations:**

- Conduct a landscape analysis to glean the key insights and practical methods in use in the development sector to identify, value and leverage local knowledge, engage local knowledge holders inclusively in USAID program processes, and build on analyses of systemic power imbalances to address root causes.
- Convene Agency staff and implementing partners to share best practices and lessons on advancing equity using local knowledge.
- Support peer learning and skills development to enable know-how in advancing local knowledge and local ownership in planning, managing, assessing, and adapting USAID programs.

## DATA AVAILABILITY AND INFORMATION TECHNOLOGY (IT)

**Finding:** At the country level, the lack of access to data on USAID-supported programs among local actors has disadvantaged their ability to conduct analyses that could help inform activity design, performance tracking, and adaptations.

**Recommendations:**

- In assessing program performance, USAID performance data is often disaggregated into relevant subgroups, including by race or ethnicity where appropriate. However, further guidance could be provided by USAID/Washington on encouraging more granular disaggregation of performance data and analysis of such data as appropriate. For example, the USAID Program Cycle Operational Policy encourages the use of

disaggregated indicator data, but only specifically recommends disaggregation by sex and geography.

- USAID recommends disaggregation by ethnic group, when appropriate to understand if ethnic minorities are provided equitable access to USAID supported programming.
- Such enhancements would require additional financing and expert resources that need to be factored into budget planning processes.
- The Agency could consider developing and/or supporting locally relevant knowledge management processes, data interoperability and integration, and IT systems that enable local stakeholders to access and use data compiled through USAID's program resources for activity design and performance planning.

## Focus Area 2: Institutionalizing Racial and Ethnic Equity in USAID Programming

### INTERSECTIONAL APPROACH TO FOREIGN ASSISTANCE

### Findings and Recommendations

Table 1: Agency Intersectionality Findings and Recommendations

| Overview | Findings | Recommendations |
|---|---|---|
| Agency Programming Needs to Focus on Intersectionality | Stakeholders report that USAID programming has weaknesses in the domain of racial and ethnic equity due to inadequate intersectional intentionality; that is, Agency programming seldom acknowledges that forms of oppression within a society (e. g. , racism, sexism, ableism, nativism, anti-LGBTQI+ attitudes) can act in concert with each other, often against principles of inclusive and participatory development. | Expand upon the inclusive development training that currently exists as a 15-minute session at New Entrant Orientation and implement a mandatory refresher to be taken every 2–3 years. The expanded training could ensure all staff — including those onboarded overseas such as Cooperating Country Nationals and Third Country Nationals — understand intersectionality and how it contributes to marginalization when not considered robustly in programming.<br><br>Increase resources available for developing specific programs to advance racial and ethnic equity. Expand resources and guidance available to integrate racial and ethnic equity considerations into broader programming. |

| Inclusive Development Analysis (IDA) is Necessary | USAID was praised throughout the focus groups for advancing gender equity through the implementation of mandatory Gender Analyses. Several stakeholders noted that these same advancements could be made for racial and ethnic equity through more widespread engagement in Inclusive Development Analyses (IDA).

The IDA is a tool that strengthens programming by providing information on how to include marginalized groups to deepen and sustain the program's impact. They create a framework for identifying new opportunities for traditionally excluded groups and identify local knowledge that can be incorporated into programs. IDAs are currently non-mandatory, and many Agency staff are unaware of the Additional Help to ADS 201 document that provides guidance on performing one.

Stakeholders praised Missions that have performed some form of an IDA or social inclusion analysis, which include but are not limited to Nicaragua, India, Rwanda, and Uganda. | Explore policy options to make IDA mandatory. To do so, also explore how to "resource" this effort through additional funding and staff to Missions

Designate an Inclusive Development Advisor at each Mission and an Inclusive Development support mechanism managed through the Agency's Inclusive Development Hub. |
|---|---|---|
| The Inclusive Development Framework Needs Updates | The Additional Help to ADS 201 document requires an update. The current framework insufficiently addresses racial and ethnic equity and intersectionality. | Convene relevant diversity, equity, inclusion, and accessibility (DEIA) and localization stakeholders and subject matter experts to update the Additional Help to ADS 201 document with a localization, inclusion, and equity lens to reduce racial and ethnic barriers to equity. |
| Improve Data Collection | Some Agency policies and procedures, such as on data collection, were identified as potentially undermining our understanding of populations we serve. | USAID could increase data management planning to refine data collection, to include targeting more granular forms of |

| | Focus groups emphasized that efforts to understand our partners and beneficiaries must be done responsibly in a manner that will not cause unintended consequences/harm for marginalized individuals; for instance, answering a question on gender identity could put respondents at risk in certain country contexts. | data collection in programming and planning that account for marginalization within a country context via a standards-based approach. These include, but are not limited to, data collection on disability and on the full spectrum of gender identities and ethnicity. Efforts could include appropriate data protection and privacy protocols within the technology solution design and organizational policies as well as considerations of cultural norms and local contexts. |
|---|---|---|

## LOCALIZATION OF FOREIGN ASSISTANCE AND "DEMOCRATIZING AND RE-BALANCING THE AID PROCESS"

2.1 Programming Could Place Increased Emphasis on Local Actors

**Finding:** Stakeholders recommended prioritizing localization, the set of recommended best practices in addressing power dynamics and other inequities between the donor and recipient. When localization is considered, decisions can originate from the local partners who are affected by the programming in accordance with USAID's key principle of "Do Nothing About Them Without Them."

**Recommendations:** In addition to the recommendation in Focus Area 1, Section 1, performance standards and elements for all hiring mechanisms could monitor the staff person's adherence to racial and ethnic equity, inclusive development, and a commitment to underserved populations. Program officers could review all funding sources regarding incorporation of racial and ethnic equity, inclusive development, and a commitment to underserved populations in USAID programming during OU portfolio reviews. Program officers are requested to ensure that all drafters of operational plans (OPs) and performance plan and reports (PPRs) also utilize the new Racial Equity Key Issue. The Agency Evaluation Officer could also review any planned evaluation of any type (performance, impact, etc.) for principles that incorporate racial and ethnic equity, inclusive development, and a commitment to underserved populations. All new USAID CDCS documents or those being reconsidered for a refresh could be required to include consideration of racial and ethnic equity, inclusive development, and a commitment to underserved populations.

USAID could engage with a wide range of actors within host countries, including national governments and local communities, both while developing a CDCS and throughout the Program Cycle. Staff could consider who is in "the room," who is not, where the room is "located" and whose interests are being addressed through the interactions. The Agency could build

commitment and skills in listening to civil society organizations that credibly reflect the priorities, aspirations, and deeper narratives of the local community and marginalized groups. In doing so, the Agency will better determine what is in common among the host country's development goals and USG policy interests and how USAID might invest in building capacity of local players to lead their development agenda.

## 2. 2 USAID Staff Need Support in Implementing Localization in Programming

**Finding:** Focus groups praised USAID for prioritizing localization through inclusive development principles in recent years but commented that the Agency's efforts to localize foreign assistance through engagement with external stakeholders often fall short due to inconsistent levels of staff buy-in.

**Recommendations:** USAID could implement mandatory training to increase staff awareness and acknowledgment of the principles of localization, including understanding the legacy systems of power and oppression that perpetuate power dynamics in Agency programming and building the skills required to effectively engage in external stakeholder consultations. This mandatory training would require annual refresher courses and could be mandatory for all USAID staff.

## 2. 3 Localization Requires Consulting with Non-elites In Partner Countries

**Finding:** Some stakeholders reported that Missions will often defer to Cooperating Country Nationals (CCNs) in their attempts to engage in localization, without considering that USAID often hires from the host country's pool of elite citizens, who sometimes represent one ethnicity or tribal group.

**Recommendations:** In elevating local knowledge, it is important to remember that the Agency could also engage in deep listening to a community's "non-elites" and shape USAID programs to leverage their knowledge and address their priorities. This selection bias sometimes affects recruitment for certain leadership training programs. In addition to more expansive hiring processes (see Annex 4), USAID staff could engage in external stakeholder consultations with members of the local community that represent underserved communities. USAID staff, particularly FSOs and CCNs, could receive training about host country diversity that is salient to improving USAID's analytic capabilities, program processes, workforce skill sets and socio-cultural sensitivity.

Missions could also be more intentional about searching for and hiring staff from non-elite groups and from outside the capital to engender a more diverse and representative staff.

See Annex 4 for additional recommendations specific to USAID's internal workforce that are relevant to achieving racial and ethnic equity across USAID programs and partnerships.

## 2. 4 Efforts at Advancing Equity Are Often Framed Through A Western Lens

**Finding:** Some stakeholders expressed that they believed that foreign assistance is often delivered through a Western perspective, without enough care being taken to account for local

thought and tradition. For example, racial equity is a starting point that is not always sufficiently addressed in the context of foreign assistance, where ethnicity and caste are equally, if not more so, critical for analysis.

**Recommendations:** The Agency can convene conversations with anthropologists, behavioral scientists, and historians in USAID's global workforce to answer a series of questions that require more attention:

- How can/does a U. S. and Eurocentric perspective in determining development outcomes reveal itself in foreign assistance as USAID designs and implements its programming?
- Who drives USAID's learning agenda, and to what end?
- Who decides if USAID is on course during stock-taking and portfolio reviews?
- Who participates in monitoring and evaluation?
- What counts as knowledge and evidence, and whose knowledge counts in USAID programs?
- What is the "blue sky" policy change needed to create sustainable trajectories for peacebuilding, social cohesion, and improved programmatic outcomes?

2. 5 U. S. Policy Interests and Cultural Norms Can Lead to Tension in Localizing Foreign Assistance

**Findings:** A third of the focus groups discussed the potential tension of foreign assistance; ownership or decision-making authority does not  rest with local stakeholders because USAID's work is performed in the foreign policy and national security interest of the United States, as an expression of U. S. soft power. Stakeholders believe locally-led development will allow the Agency to engage in programming that is important to those whom our assistance is meant to benefit while recognizing that USAID is ultimately accountable to U. S. national security interests, the U. S. Congress, and the American taxpayer.

In parallel, stakeholders pointed out that USAID and other Western donors are often the only parties "speaking the truth" to the host country establishment. For instance, in Central Europe, the fact that USAID advocates against discrimination and violence against LGBTQI+ people highlights the tension between localization and international human rights.

**Recommendation:** USAID's efforts on locally led development is supported with funds that are heavily earmarked.  Realistically, the Agency should be upfront and establish the parameters with host country governments, local and community stakeholders about supporting their priorities through available funding within the parameters set by Congress and U. S. foreign policy.

USAID can develop an "Ethics in Development" policy so that Agency staff and beneficiaries are able to consider the tensions between U. S. policy interests and local goals in foreign assistance. This policy can:

- Describe the value conflict inherent in foreign assistance, including a clear statement that USAID's goal is a component of U. S. foreign policy focused on national security goals;
- Determine where host country and local communities may and may not participate in key decisions in programming, across the Program Cycle;

- Support a social and behavior change culture in the Agency to grapple with tough ethical questions in programming;
- Introduce local actors into the policy-making process to make Agency internal policy more inclusive of foreign cultural norms and traditions; and
- Explore the competing perceptions, narratives, and perspectives that can exist between localization and international human rights concerns.
- Explore elite bias when working with the National Governments.

2. 6 Congressional Earmarks can Act as a Barrier to Localization

**Finding:** Focus groups described how some funding earmarks for specific outcomes may act as a barrier to locally led development. For instance, in some contexts HIV funds dominate foreign assistance even when addressing HIV may not be the main or only priority for partner countries or local communities.

**Recommendation:** Agency leadership could meet with Congress to amplify the concern that earmarked funding does not allow USAID to fully address local needs and, instead, can unintentionally reinforce the power imbalance between the U. S. and host country governments. USAID and Congress could consider moving to a system in which funding levels and priorities are determined through inclusive country-level consultations - including representatives of marginalized groups - so the voices of under-represented communities are heard.  Agency leadership could also consider advocating for more flexible funding, including three to five-year time horizons, that will allow for more in-depth consultations and effective partnerships with these communities.

## 3. ACCESSIBILITY BARRIERS AT USAID

3. 1 Perceptions that USAID Terminology has Roots in Colonial Systems

**Finding:** Stakeholders stated that certain USAID terminology to describe overseas operations made them uncomfortable. They objected to terms such as "Missions" and "the field," as this terminology centers AID/W staff in the role of "saving" local populations and gives the appearance of racial bias.

**Recommendation:** Convene a working group to perform a complete and comprehensive review of language used by the Agency in policy, strategy, and operational documents to assess language that is more suitable to support the local context. To start with, USAID could provide guidance on these matters for all future documents of these types.

3. 2 Lack of Accessibility Limits Effective Communication of Agency Requirements

**Finding**:  Agency processes and documents are primarily set up to cater to English language speakers. Seeing that we work in countries that have varying indigenous languages, this limitation creates barriers to effective communication, putting local organizations with varying English language fluency at a competitive disadvantage. Accessibility to translation or translation assistance is vital to diversifying the partner base.

**Recommendation**:  The Agency could consider issuing an Agency wide vehicle, such as a Blanket Purchase Agreement (BPA), for interpretation and translation services. USAID could pursue a waiver to 2 CFR 200.111 to allow for concept solicitation, submission, and review in local languages. The Agency could allow for post-award processes to be conducted in whatever language is deemed appropriate.

## Focus Area 3: Barriers to Expanding Partner Base

1.1 Lack of Knowledge and Complex Agency Systems Makes it Difficult to Partner with USAID

**Finding:** The Agency's systems and processes, particularly procurement processes, are very complicated. Results of a June 2021 USAID LinkedIn poll showed that 41 percent of respondents indicated their biggest challenge in applying for USAID funding is not knowing where to start. It was also reported that Historically Black Colleges and Universities (HBCUs) have limited knowledge of USAID, its programs, requirements, points of contact, and avenues to pursue promising opportunities. This also may be true for most Minority Serving Institutions (MSI). Other potential partners may not even be familiar with the services available through the Agency's Office of Small and Disadvantaged Business Utilization (OSDBU).

**Recommendation:** Continued development of the WorkwithUSAID platform, a free resource hub built to empower new and existing partners with the knowledge and networks to navigate how to work with USAID. It includes a Partner Directory, which is open to both prospective and current partners to register their organization. Registration opens access to a variety of services and resources designed to improve organizational readiness, connect partners to peers and experts, and prepare them to pursue USAID funding.

1.2 Complex Federal Acquisition Regulations (FAR)and the USAID Acquisition Regulation (AIDAR) prohibit many local partners from working with USAID

**Finding:** The FAR and AIDAR include language that is highly technical in nature based in part on the American legal system and neither document uses plain language. Large American organizations have full time lawyers and contract officers who interpret contract and assistance clauses related to their active awards. Organizations based in the countries where we work do not have this type of support, may not be familiar with the American legal system and the texts cannot be easily translated into local languages. This is a common concern raised repeatedly in stakeholder meetings.

**Recommendation**: The Agency could hire technical experts who can review regulations and propose high impact changes to pursue through the FAR council to reduce the legal and language barriers faced by organizations in the countries where we work.

1.3 Time Constraints Impede Partnership Building and Discourage Pursuit of Procurement Opportunities

**Finding:** Due to late congressional appropriations, movement on high-priority actions, and other related time constraints, the window for program design, proposal development, evaluation of proposals, and award may be significantly decreased. Thus, the capacity to focus on expanding

the partner base may be limited. Moreover, the responsiveness of new partners may be greatly affected. With the urgency of some timelines, prospective partners from communities that are not familiar with navigating USAID's procurement process or lack the institutional capacity to pivot quickly may not have the capacity to respond as requested by the Agency.

**Recommendations:**

- To afford the time needed for greater inclusivity, the Agency could consider increased use of rolling solicitations, like Annual Program Statements (APS) and two-step or phased solicitation approaches, inviting partner collaboration to advance solutions that foster business and organizational success and achieve sustained development impact.
- The Agency could consider requesting three to five-year funding to extend the window for co-creation of program design and proposal/application development that allows for greater inclusion of traditionally marginalized voices and under-represented groups.
- Similarly, the Agency could consider greater use of restricted eligibility to allow diverse and non-traditional partners a chance to gain experience working with USAID and the skills to compete with traditional partners.
- Extended response times for Grand Challenges can also be used to bring in new local organizations and other new voices to solve developmental problems. By affording more adequate response time, we can see what organizations are poised to perform well, how they can benefit the Agency's mission, and subsequently invest in helping them grow.

1.4 The Agency's Risk Tolerance Decreases Propensity Toward New Partnerships

**Finding:** Tension was noted between the Agency's low financial risk tolerance and the desire to expand its partner base. Rigorous procurement requirements and inclinations to limit our relationships with local organizations to subcontracts, help reduce the Agency's financial risk but may limit the partner base. In humanitarian aid, for example, the Agency often partners with large U. S.-based businesses with approval to issue subawards to local organizations. Performance risk management, subsequently, is passed onto the prime.

**Recommendations:** According to the USAID Risk Appetite Statement – June 2018, the Agency has a high programmatic risk appetite for circumstances that could potentially improve or compromise the effectiveness of USAID's development or humanitarian assistance. As such, the Agency could aim to take smart and disciplined programmatic risks.

Program design teams could be made aware or reminded of the Agency programmatic risk appetite and encouraged to collaborate with a diverse range of partners to leverage innovative thinking that works in the country context. This could be done in balance with considering fiduciary, reputational, legal, security, human-capital, and information-technology risks as well.

1.5 Insignificant and Inefficient Capacity Building Relegates Underrepresented Organizations to Subcontract/Subaward Roles

**Finding:** In response to solicitations, organizations may propose partnering arrangements with small and local organizations. However, once an award begins, partners often do not follow the proposed partnering arrangements. While trying to break into the federal contracting space, many small businesses build relationships with large businesses to gain access to subcontracting

opportunities. But instead of being utilized for their technical expertise, many are relegated to contract administrative assignments so the prime can meet small business goals. Although these goals are tracked by the percentage of contract dollars, systems do not track how small businesses are being utilized. Representatives from underrepresented small businesses reported not being brought to the table for involvement in substantial developmental or technical issues, thus arresting capacity development and keeping them relegated to the subcontract/subaward realm.

**Recommendations:**

- The Agency could consider that capacity development of the sub-awardees be made part of the Program Description (PD) or the Scope of Work (SOW), and that they include milestones and objectives to hold the prime accountable.
- The Agency could further promote SBA's Mentor-Protégé Program (MPP) that can help eligible small businesses (protégés) gain capacity and win government contracts through partnerships with more experienced companies (mentors).


## CAPACITY CONSTRAINTS TO POTENTIAL PARTNERSHIP

2.1 Operational Constraints of Some Potential Partners Hamper Ability to Pursue Procurement Opportunities

**Finding:** Potential partners from underrepresented groups may not have the operational capacity to hire or designate contract/grants proposal writing teams, nor the experience to navigate Agency systems. Often staffed with smaller teams and limited operating expenses, the initial proposal submission process is cost-prohibitive for many organizations led by and serving historically marginalized groups.

**Recommendations:**

- More streamlined proposal and evaluation processes are recommended to reduce the overhead costs for proposal preparation. Some streamlined approaches include oral presentations, concept papers, two-step phased acquisitions, down-select processes, lowest price technically acceptable, and simplified evaluation criteria.
- Also, under Title XII of the Foreign Assistance Act of 1961, USAID is authorized to limit competition in the agriculture section with land-grant institutions. USAID could explore further limiting competition with 1890 land-grant institutions, which are HBCUs. Overall, the Agency could consider increased use of restricted eligibility requirements.

2.2 High Dollar Value Agency Requirements can Make it Difficult for New Partner Entry

**Finding:** High dollar awards usually involve more staff, reporting, accounting, and other administrative requirements which may exceed a small business' operational capacity. A respondent noted that USAID's size and scope of awards have "locked funding and approaches into the hands of a small number of organizations" and these organizations are largely not founded, led, or managed by historically marginalized or underrepresented groups.

**Recommendations:**

- The Agency could prioritize the inclusion of small business set-asides within IDIQ contracts and take advantage of the ability to restrict some task order competition exclusively for small businesses led and managed by members of historically marginalized or underrepresented groups.
- The Agency's WorkwithUSAID platform could educate potential new partners on the Agency's use of Category Management and GSA's One Acquisition Solution for Integrated Services (OASIS) contract.
- USAID could pursue greater amounts of five-year and no-year funding, as the pressure to obligate large amounts of money rapidly is a significant contributor to the scale of some awards. Most importantly, significant increases in staff are necessary if USAID is to issue smaller awards, as the internal management burden of each award is rarely related to the dollar amount.

2.3 Award Financing Creates Barriers to Entry for Small Business Partners

**Finding:** Demonstrating significant financial capability pre-award is a major barrier to working with USAID. The inability to anticipate the timeline of solicitations and subsequent awards puts a constraint on small businesses that often face challenges with securing lines of credit and ensuring adequate cash flow.

**Recommendation:** Per ADS 636, the Agency could continue to extend the Federal policy which endorses providing advances in reasonable amounts to nonprofit, educational, or research institutions for experimental, developmental, or research work to all nonprofit organizations, including U. S. or non-U. S., international private voluntary organizations, domestic American and local (in the countries where we work), educational and research institutions, and international research institutions.

- Methods of advance funding include Letter of Credit (LOC) and Periodic Treasury Check/Automated Clearing House (ACH) or Electronic Funds Transfer (EFT). Under certain conditions, advances may be extended to organizations operating for profit.
- Longer performance periods for organizations with comparatively limited financial capacity based on their qualification as a disadvantaged business or entity can also be an incentive to reduce financial barriers. Eligibility requirements could be identified to provide controls over use of longer performance periods.

**LACK OF DIVERSE RESOURCING**

3.1 Lack of Resources for the Minority Serving Institutions Program Coordinator Limits USAID's Ability to Coordinate Information with these Institutions

**Finding:** USAID does not dedicate sufficient resources to adequately support Minority Serving Institutions (MSI). According to a report on Engagement Between USAID and HBCUs in February 2021, there was only one staff person housed in DDI's Local, Faith, and Transformative (LFT) Hub dedicated to this effort. MSIs and HBCUs want a more robust unit to help facilitate a dialogue with USAID offices, understand future USAID funding opportunities, and otherwise utilize the MSI Program Coordinator's office to engage with USAID more effectively.

**Recommendation:** Expanding office capacity will assist in coordinating flow of information from different sources in USAID to MSIs. The coordination of information flows within the multiple technical, geographical, and operational units within USAID is overwhelming for a single coordinator. A more robust unit would allow them to serve as a knowledge resource for all MSIs, managing outreach, communication, training, USAID initiatives, funding opportunities, and potential partners. This would lead to more engagement between USAID and MSIs.

3.2 The New Partners Initiative (NPI) left out MSIs and HBCUs as Explicit Partners in the Initiative

**Finding:** NPI is a positive program attempting to diversify the partner base. However, its primary focus was on partners in host countries and there has not been sufficient focus or outreach on MSIs and HBCUs as part of that effort.

**Recommendation:** USAID could leverage the success of the NPI program to broaden its outreach to include focus on non-traditional partners, MSIs, HBCUs, and other domestic non-profits with an interest in international development. Currently, many of these organizations have received less than $25 million from USAID over the last 5 years and therefore would meet the USAID definition of an underutilized partner. This would make them eligible for special competition exceptions. Additionally, MSIs or HBCUs could be listed in ADS 303 as entities eligible for Restricted Eligibility Based on Pre-Approved Conditions, which would greatly simplify targeting awards to them.

3.3 Partners and HBCUs Report that USAID has a Preference for Cost Sharing Which Creates a Barrier to Entry for Many Under Resourced Groups

**Finding:** Cost-sharing is not required in USAID according to its policies but as a matter of practice, it is frequently required to be eligible to receive an award. Researchers found that nearly 80% of solicitations reviewed required cost-sharing. MSIs and HBCUs reported that this requirement prevents many organizations from applying for large grants and cooperative agreements. ADS 303's section on Cost Share Determination states that "cost-sharing is an important element of the USAID-recipient relationship. The Activity Planner must determine the appropriate cost share for individual grants and cooperative agreements." This wording indirectly and directly pushes the idea that each grant and/or cooperative agreement could have a cost-share requirement.

**Recommendation:** USAID needs to provide guidance to technical offices and Agreement Officers as to when cost-sharing is appropriate. As the Agency moves towards a diversified partner base, the issue of cost-share must be addressed given the reduced resources available to organizations serving underrepresented populations. In addition, ADS 303 policy language needs to be revised to reduce the idea that each grant could have a cost share requirement.

3.4 Increased Emphasis on USAID's Oversight and Management, Resulting in Less Time Focused on Doing "Real Work"

**Finding:** Many of the reporting requirements in USAID instruments are dictated by statute or regulation. However, many of the programmatic reporting requirements are dictated by the Agency's desire for data and oversight. Larger organizations can better manage these requirements and develop expertise in them often through costs covered in their Negotiated

Indirect Cost Agreements (NICRAs). Smaller partners report that these programmatic requirements create tremendous costs and divert resources from technical work.

**Recommendation:** USAID needs to mandate a working group to review the variety of programmatic reporting requirements. This working group could look across technical sectors to compare differing requirements. The working group could identify the value of these reports and the outcome indicators they track. The working group could identify the purpose and value of these requirements and how they are utilized to achieve USAID development goals beyond process and output indicators. The working group could make recommendations regarding simplifying or reducing the reporting requirements as appropriate. Additionally, the working group could work to implement updates to reporting recommendations that were made in Focus Areas 1 and 2, such as metrics around including marginalized ethnic and racial populations and nuanced data collection.

## Conclusion

To move forward with implementing EO 13985, the results of the Agency Equity Assessment indicate that USAID could carry out the following tasks:

- Update guidance on formulating policies, country strategies, and performance tracking and reporting to incorporate efforts to advance racial and ethnic equity and support to underserved communities;
- Update and apply tools and systems that can support analysis of the drivers and solutions towards addressing equity in development;
- Promote the use of consultative approaches that enable the participation of marginalized populations in shaping development efforts at both international and country levels;
- Expand the partner base and adjust systems and regulations to enable access to USAID resources among marginalized population serving institutions both within the U.S. and in partner countries; and
- Improve quality and practices of USAID partnership and collaboration with local and national organizations in countries where we work as well as across the international community with reference to the drivers of inequity and social exclusion.

The Agency will conduct a round of follow-on consultations to share the assessment findings and recommendations with both internal and external stakeholders to jointly refine the recommendations and subsequent action plan for EO 13985 (due to OMB in January 2022). A change management plan and communications strategy will support the implementation plan to facilitate adoption of selected recommended changes by various stakeholder groups.

# Appendix

## Annex 1: List of Agency Equity Team Members

### USAID Agency Equity Team Members

| USAID Bureau / Independent Office | Name | Title | Email Address | Phone Number |
|---|---|---|---|---|
| AET Chair, Primary POC Office of the Administrator | Erin Brown | DEI Coordinator (Interim)/AET Chair | erbrown@usaid. gov | 202-921-5117 |
| Primary POC Office of Civil Rights and Diversity (OCRD) | Ismael Martinez | Director (Acting) | imartinez@usaid. gov | 202-712-5881 |
| Primary POC Office of Human Capital and Talent Management (HCTM) | Bob Leavitt | Chief Human Capital Officer (CHCO) | bleavitt@usaid. gov | 571-216-3405 |
| Primary POC Bureau for Management (M) | Colleen Allen | Assistant Administrator (Acting)/Regulatory Affairs Senior Designee | coallen@usaid. gov | 202-921- 5152 |
| HCTM/Human Capital Services Center (HCTM/HCSC) | Jeffrey Anoka | Director, HCTM/HCSC | janoka@usaid. gov | 202-712-10742 |
| HCTM/External Outreach and Strategic Recruitment (HCTM/XOSR) | George Booth | Director, HCTM/XOSR | gebooth@usaid. gov | 703-310-0667 |
| M/Office of Management Policy, Budget and Performance (M/MPBP) | Ruth Buckley | Performance Improvement Officer (Acting), M/MPBP Office Director | rbuckley@usaid. gov | 202-921-5068 |

| | | | | |
|---|---|---|---|---|
| Workforce Planning and Program Office of Workforce Planning, Policy, and Systems Management (PPSM) | Daniel Corle | Division Chief, PPSM | dcorle@usaid. gov | 202-712-4910 |
| Bureau for Development, Democracy, and Innovation (DDI) | Anthony Cotton | Deputy Assistant | acotton@usaid. gov | 202-712-4856 |
| Bureau for Development, Democracy, and Innovation (DDI) | Karl Fickenscher | Assistant Administrator (Acting) | kfickenscher@usaid. gov | 202-712-1765 |
| Bureau for Policy, Planning and Learning (PPL) | Michele Sumilas | Assistant to the administrator | msumilas@usaid. gov | 202-712-4040 |
| Office of the General Counsel | Alpana Gupta | Attorney Advisor | algupta@usaid. gov | 202-712-0329 |
| Office of Civil Rights and Disability (OCRD ) | Cheryl Klein | Strategic Advisor | cklein@usaid. gov | 202-372-5541 |
| Office of the Administrator | Chris Milligan | Agency Counselor | cmilligan@usaid. gov | 202 712-5010 |
| Bureau for Legislative and Public Affairs (LPA) | Amy Paro | Assistant Administrator (Acting) | aparo@usaid. gov | 202-712-1035 |
| Office of the Chief Information Officer (M/CIO) | Brandon Pustejovsky | Chief Data Officer and Statistical Official | bpustejovsky@usaid. gov | 202-921-2495 |
| Action Alliance on the Prevention of Sexual Misconduct (AAPSM) | Keetah Salazar Thomspon | Coordinator | ksalazar-thompson@usaid. gov | 202-712-5145 |
| PPL/Office of Learning, Evaluation and Research | Aye Aye Thwin | Office Director | aathwin@usaid. gov | 202-906-2017 |

| | | | | |
|---|---|---|---|---|
| M/Office of Acquisition and Assistance (M/OAA) | Mark Walther | Director/Procurement Executive | mwalther@usaid. gov | 202-567-5289 |
| Office of Small and Disadvantaged Businesses (OSDBU) | John Watson | Office Director | johwatson@usaid. gov | 202-567-4975 |
| M/Office of Acquisition and Assistance (M/OAA) | Matt Johnson | Public Engagement Senior Designee | matjohnson@usaid. gov | 202-916-2669 |

**Annex 2: Detailed Description of Methodology**

Why Was this Methodology Selected?

Due to limited time and resources, this assessment used qualitative methods and convenience sampling to target sources that were known to be data-rich, using breadth and variety to help mitigate bias. Data collection included a desk review of USAID policy and programming documents as well as a series of internal and external focus group discussions.

Description of Desk Review and Automated Text Analytics

The methodology adopted by the team for conducting this equity assessment included a desk review of USAID published and unpublished documents in the following focus areas, (1) Racial and Ethnic Equity in the USAID Program Cycle; (2) Institutionalization of Racial Equity Focus in Programming; and (3) New and Underutilized Partners in Underrepresented Groups. The desk review was conducted to assess the extent to which USAID programming and service procurement process reflect racial and ethnic equity.

For the USAID Program Cycle focus area, the team reviewed 27 Country Development Cooperation Strategies (CDCS). These included six from Africa, ten from Asia, three from Europe and Eurasia, five from Latin America and the Caribbean, and three from the Middle East. The CDCSs provided evidence of the extent to which ethnic and racial equity were integrated into the strategies that are used to inform the design of USAID program interventions.

In addition to the CDCSs, USAID policy documents were also reviewed. These included the Policy on Promoting the Rights of Indigenous Peoples (PRO-IP), and the Evaluation Policy. The results of this desk review contributed to the findings and recommendations outlined in Focus Area 1 of this assessment.

In addition to staff desk review of CDCSs, PMPs, and PPRs, USAID also applied Natural Language Processing Text Analysis to analyze unstructured data from the previous ten years of Evaluation Reports published by USAID and identify countries which used specific language and terminology related to racial and ethnic equity. This review included 1,208 evaluation reports and 2,525 final contractor/grantee reports that were available on USAID's public Development Experience Clearinghouse (DEC) and converted to machine readable format. To develop an algorithm to find the most relevant information, the team consulted with experts from across the agency working on inclusive development and DEIA issues to develop a lexicon of terms that together with other factors were tested and found to identify relevant documents.

Description of Workshops and Focus Groups

As part of the racial and ethnic equity assessment, USAID conducted 90-minute stakeholder consultations, or workshops, to better understand how USAID can address institutional racism in its programming and partnerships and identify options for mitigating or eliminating long-standing inequities.

Fifteen workshops were conducted in total. Seven workshops were held with stakeholders internal to USAID. Four were open to USAID staff from any bureau or independent office, one was composed of members of the Agency Equity Team, one of AOs/COs, and the last SDC/SDA. The remaining eight sessions were held with external stakeholders, six of which contained a mix of participants from implementing partners, NGOs, and contractors, and two with participants from small businesses looking to partner with USAID. The workshops were designed to have a small number of participants each in order to encourage open and honest discussion by participants, ultimately ranging in number from four to fourteen.

Each workshop included a facilitator and a note-taker. Facilitators were provided with a facilitators guide which included an introductory script and a list of ~7 questions separated into three sections: (1) program management; (2) USAID programming; and (3) procurement regulations, policies, and practices. The specific questions asked during a particular workshop were adjusted depending on whether it was an internal or external stakeholder workshop. Participants were reminded that they were not required to respond to every or even any question. Thorough notes were taken by the note-taker throughout the focus groups, with all identifying information removed to anonymize all responses.

Coding of Workshop Responses

Workshop Themes Methodology and Approach

The team conducted a cursory review of the Equity Assessment Workshop notes to identify key themes and code words using the inductive coding method. Each theme was identified by bucketing responses into groups and identifying which groups could be combined to create a comprehensive theme and coding framework. The code words for each theme were identified through examining the responses that fell into each theme and identifying the words that aligned to their theme placement.

The initial themes and code words were used to generate formulas that would search the responses for the code words and place them in the appropriate theme. This allowed for quantitative data to support the qualitative responses from the workshop sessions.

The coding team used the initial framework themes and codes to further define key findings and support materials. If code words were used across multiple themes, the coding team was responsible for manually reviewing the output and determining which theme it falls into.

Focus Areas for the Coding

Additionally, the findings were coded into which focus areas they pertain. The coding team manually coded the focus area for the response.

Focus Areas:

- *Racial and Ethnic Equity in the USAID Program Life Cycle*
- *Institutionalized Racial Equity in Programming*
- *New and Underutilized Partners in Underrepresented Groups*

| Theme | Definition | Code Words |
|---|---|---|
| **Reducing Barriers to Partnership** | Discussion surrounding how difficult it is for diverse partners to work with USAID | Barriers, Partnering, Small Business, Guidance, Understanding USAID, Language Barriers, Access, Understand, Frameworks, Manage, Honesty, Transparency, Lower, Underrepresented, Power Dynamic, Qualified, Traditional, Non-traditional, Services, Opportunities, Contracting, Solicitations, Contracts, Legal, Complicated, Exclusionary, Cost, Prohibitive, Grants, Requests, Vendors, Financing, Conferences, Procurement Agents, Resources, Invest, Communications, Exclusionary, Payment Cycle, Contract Vehicles, Prime, Sub, English, Knowledge |
| **Policy Focuses and the Political Economy Impacting Mission Work** | Discussion around policies and the political economy that impact how the mission work is being completed and if it can be done inclusively | Political, Administration, 889 Restrictions, Made in America, Zero Emissions, Policy, Organization for Economic Co-operation and Development (OECD), European Union (EU), Antiracism, Reform, Promote, Indigenous Communities, World Bank (Bank) , constraint, Public, Terminology, Development Assistance Committee (DAC), United Kingdom (UK) |

| Internal focus on DEIA Culture | Discussion around how USAID needs to improve the internal culture to make it more DEIA friendly | Staff, Staffing, Hiring, Culture, Outreach, Historically Black Colleges and Universities (HBCUs), Clearances, Chief of Parties, Representation, Leadership, Personnel, Limits, Hierarchy, Women, Child, Men, White, Racism, Promotion, Empathy, DEI Training, Family, Eurocentric, Sensitivity, Bereavement Leave, Internal Demographic, Echo Chamber, Workforce, Messaging, LGBTQIA+, LGBT, LGBTQ, LGBTQI, LGBTQIA |
|---|---|---|
| Program Design | Discussion on how USAID Programs are Designed and Implemented | Assumptions, Input, Efficiencies, Non-Traditional Partners, Co-creation, Invitation, Designing, Without, Engagement, Strategy, Relationships, Marginalized Populations, Include, Tailor, Targets, Inclusion, Advisor, Equity, Perspectives, Programming, Accountability, Local, Context, Consideration, Approach, Conversations, Flexible, Tools, Assessment, Capacity, Scalability, Biases, Host, Reform, Monitoring, Decolonizing, HIV, AIDS, Malaria, Gender, Sustainability, Co-Creators, Evaluations, Monitoring |
| Procurement Regulations and Oversight (inclusive of budgeting, risks, reporting) | Discussion on mandatory reporting, regulations (i.e., FAR and AIDAR), budget use, risk averse, etc. dictated by the federal government (OMB, OMP) for all agencies to follow. Doesn't tend to change with administration. | Budgeting, Risk, Reporting, Administrative Burden, Funding, Earmarks, Timing, Risk Management, Procedures, Burden, Money, Documentation, Sludge, Tolerance, Congress, Governments, Constraints, Bureaucracy, Donor, Western, Allies, Priorities, Contracts, Contracting Vehicles, Sub, Prime |

Limitations to the Methodology and Initial Report

There were several limitations regarding the drafting of this report and its recommendations. Most of them can be traced back to two specific areas. The first was the need to be responsive within the time limitations given. The second is related to the time issue as the report had to narrow down our findings through generalizations and extrapolation of the limited amount of data that could be collected, reviewed, and interpreted in that time frame. Given more time and resources, the report would have looked in more detail into the specific needs of the communities that this Executive Order is targeting.

For example, the focus groups that helped inform this report were very insightful. However, if we move to operationalize the recommendations in this report, there will be a need to conduct more research in order to identify specific needed ethnic, cultural, regional, or national modifications to the recommendations based on more targeted feedback. It must also be acknowledged that participation in the focus groups was limited to individuals who were in a position that allowed them to hear of their existence in the first place and were both able to and willing to make time in their schedules to participate with little advance notice.

<u>List of Focus Group Questions</u>

**General Questions**

·  What are some ways that USAID **has *and* has not** advanced racial and ethnic equity and/or supported underserved communities? Please consider this question in terms of our policies, program management, our programs, and working with new partners.

·  What **power dynamics** between USAID and host countries have either supported or hindered relationships? How can we better set agendas together with host countries?

·  How can USAID address the call to "**decolonize aid**," as some call it — that is, how can USAID fully address racial and ethnic equity and meet the needs of underserved communities while taking into consideration donor priorities?

**Program Management**

·  How could USAID's operational approaches be more inclusive and equitable in the range of tasks for program management, such as activity design, monitoring results, evaluation, and learning and adapting to reach better outcomes?

·  **INTERNAL:** What <u>best practices or lessons learned (not just lessons identified)</u> have been embraced at USAID that promote equity in development in terms of partnering and programming?

·  **EXTERNAL:** Are you aware of any best practices that USAID has adopted to promote equity in our development work?

**Programming**

·    Are you aware of <u>documented barriers, or specific instances</u> of how groups of people have been marginalized and unable to equitably access USAID services? Are you aware of any USAID policies that address these barriers?

·    **lNTERNAL ONLY:** What could be done at <u>USAID/Washington</u> to advance racial and ethnic equity to meet the needs of underserved populations?

·    **INTERNAL ONLY:** At the <u>bilateral or regional Mission level</u>, how might we meet the goal of advancing racial and ethnic equity and meeting the needs of underserved populations? Can this be done without creating additional burden or time lags, real or perceived, for Missions, contracting, and implementing partners?

·    **EXTERNAL ONLY:** What could be done at <u>USAID</u> to advance racial and ethnic equity to meet the needs of underserved populations? If possible, reflect on what can be done by our Washington, DC-based staff and what can be done at the Mission level.

## Partnerships

·    What barriers do partners face to accessing or working with USAID? What improvements could we make in addressing barriers that prospective underrepresented partners face?

## Wrap-Up

·    Is there anything we have not covered that you would like to share as we reflect on how to address equity across all of USAID? Anything you want to expand upon?

·    Do you have any feedback for us on how today's session went - both in terms of process and substance?

·    In closing, thank the participants for their time and participation and invite them to email you directly if there is anything additional they would like to share that they may have been unable to during the discussion.

**Annex 3: USAID Program Cycle Relevant to Advancing Racial Equity**

USAID's Program Cycle, Codified in Automated Directives System (ADS) 201

The Program Cycle is the Agency's operational model for planning, delivering, assessing, and adapting development programming in a given region or country to achieve more effective and sustainable results in order to advance U. S. foreign policy.

The Program Cycle itself does not set USAID's principles, priorities, or approach to complex development challenges. Those are determined by USAID's development policies, including the Agency's Policy Framework and other policies listed in the USAID Policy Registry. Rather, the Program Cycle articulates the process and requirements for turning USAID priorities into programming. For example, the Program Cycle Operational Policy prescribes the process for developing a country strategy but does not provide specific guidance on the content of that strategy.

While USAID's Program Cycle is more focused on the means than the ends of U. S. foreign assistance, it is not free of values, principles, and standards that likely affect USAID practice in addressing racial and ethnic inclusion. For example, an explicit principle stated in the Program Cycle Operational Policy is for USAID programming to Promote Sustainability through Local Implementation and Financing. In describing this overarching principle, the policy states that, "USAID could seek out and respond to the priorities and perspectives of local stakeholders" and that "these processes could be inclusive of poor, marginalized populations, religious and ethnic minorities, and women and girls. " There is also additional guidance including the mandatory guidance on Promoting Nondiscrimination and Inclusive Development in USAID Funded Programs and the additional help guidance on Suggested Approaches for Integrating Inclusive Development Across the Program Cycle.

Policy on Advancing the rights of Indigenous People

The USAID Policy on Promoting the Rights of Indigenous Peoples (PRO-IP), adopted in March 2020, is the most relevant of USAID's policies addressing issues of racial or ethnic inclusion. This groundbreaking policy represents the first time the Agency has laid out specific guidance for how it engages with and empowers Indigenous Peoples in a systematic way. The policy recognizes that USAID activities impact the cultures, territories, resources, and/or livelihoods of indigenous peoples, and that indigenous people could be critical partners for USAID.

The policy provides guidance and good practice that promotes thoughtful and direct engagement of Indigenous Peoples in the design, implementation and monitoring of projects to ensure that indigenous communities benefit from USAID assistance, and that those benefits are in line with the communities' self-determined development objectives. For example, an explicit objective of the policy is to empower Indigenous Peoples and their representative organizations to advocate for, exercise their rights, and practice self-determined development. It also provides examples of how USAID Missions could support USAID with the removal of barriers to advancing the rights of Indigenous Peoples.

Evaluation Policy

The Office of Learning, Evaluation and Research (LER), at the Bureau for Policy, Planning and Learning (PPL), is the main point of contact on evaluation with domestic and international agencies and donors, nongovernmental organizations, foundations, academic institutions, multilateral organizations, and local governments and organizations in the countries where USAID works.

The policy requires consultation with in-country partners and beneficiaries as essential, and that evaluation reports could include sufficient local contextual information. To make the conduct and practice of evaluations more inclusive and relevant to the country context, the policy requires that evaluations will be consistent with institutional aims of local ownership through respectful engagement with all partners, including local beneficiaries and stakeholders, while leveraging and building local capacity for program evaluation. As a result, the policy expects that evaluation specialists from partner countries who have appropriate expertise will lead and/or be included in evaluation teams. In addition, USAID focuses its priorities within its sectoral programming on supporting partner government and civil society capacity to undertake evaluations and use the results generated. Data from the USAID Evaluation Registry indicated that annually, about two-thirds of evaluations, were conducted by teams that included one or more local experts. Also, while local experts may be included in the team composition, it is still a rarity to have a local expert as the evaluation team lead for conducting USAID evaluations.

The approach taken for, and by, each policy area is varied. Going forward, the Agency will work towards a consistent approach towards incorporating racial equity and DEIA issues into the policy formulation process so that, regardless of sector, or thematic area, essential principles of inclusive development and equity are assured.

Guidance to Missions to involve local partners and stakeholders, including host government, civil society and private sector players, at all stages of the Program Cycle would improve ground-truthing and transparency in the design and implementation of program activities. Enabling their participation in all stages of evaluations would also provide effective interpretation of delivery and outcomes.

Country Development Cooperation Strategies

USAID programming at the country and regional level is driven primarily by Country Development Cooperation Strategies (CDCSs). CDCSs are grounded in development theory, practice, literature, evidence and experience from implementation. CDCSs support USAID's mission to promote and demonstrate democratic values abroad, and advance a free, peaceful, and prosperous world. They set forth a high-level goal supported by Development Objectives (DOs) or, in the case of a regional strategy (RDCS), Regional Development Objectives (RDOs), that each Mission, in collaboration with its development partners, will address during the strategy period (typically up to five years). Results Frameworks illustrate how component activities (interventions) are intended to result in key intermediate results (IRs) and achieve DOs.

During strategy implementation, Missions use portfolio reviews and midcourse stock-takings to adapt strategies to changes in country context, development needs, new priorities, and evidence from implementation and development literature.

To review how recently approved CDCSs have or have not addressed racial and ethnic equity within specific countries, USAID identified which USAID country programs were most likely to have programming aimed at improving racial and ethnic equity and reviewed the strategies for 25 countries: Afghanistan, Pakistan, Bangladesh, Nepal, India, Burma, Cambodia, Philippines, Indonesia, Serbia, Kosovo, Bosnia (and Herzegovina), Colombia, Guatemala, Honduras, Nicaragua, Peru, Iraq, Jordan, Lebanon, Egypt, Rwanda, Nigeria, Uganda, Ethiopia; and two regions (Asia Regional Development Mission, and the Southern Africa Regional Development Strategy).

Some illustrative examples are shown below:

- **USAID/Nepal** outlined the need to reach marginalized groups and regions where appropriate (for example, removing barriers for women, youth and marginalized groups, which may relate to their identity as Dalits, Madhesi Other Caste, Tarai Janajatis, Muslims, and other ethnic and religious minorities).
- **USAID/India** recently conducted an Inclusive Development Analysis. It is channeling assistance through a legislated earmark with a special objective to enhance "economic and cultural resilience" of Tibetan communities in India and Nepal. An integrated multi-sectoral approach is taken to promote livelihood development, increase household incomes, reduce underemployment, improve the quality of basic education and community health, increase access to higher education, and strengthen key Tibetan institutions for long-term impact.
- **USAID/Indonesia's** strategy has a cross-cutting focus on improved governance, tolerance, and inclusion for minorities, particularly religious and ethnic minorities in support of the Government of Indonesia's goals.
- **USAID/Nigeria** has advanced a strategy for equality, leadership, and support of women, youth, persons with disabilities, religious minorities and other marginalized populations to reach the country's full potential to achieve development outcomes identifying sector-specific gaps, opportunities, and entry points for greater inclusion.
- **USAID/Colombia** has launched a local empowerment strategy for ethnic populations, to enable social, economic and political inclusion of indigenous and Afro-Colombian communities while promoting ethnic culture and tradition. The Mission is providing direct support to indigenous and Afro-Colombian organizations.
- **USAID/Nicaragua** is promoting partnerships with, and participation of, ethnic and linguistic minorities, LGBT persons, persons with disabilities, and other marginalized groups in support of inclusive development.

Measuring and Evaluating Program Performance

To implement a CDCS and understand program progress, USAID Missions are required to create a Performance Management Plan (PMP). The PMP is a Mission-wide tool for planning and managing the process of (1) monitoring strategic progress, project performance, programmatic assumptions, and operational context; (2) evaluating performance and impact; and (3) learning and adapting from evidence. Each Mission must prepare a Mission-wide PMP within three months of CDCS approval and continue to adapt it as needed to meet learning and management needs. In addition, all USAID operating units must report annually on a set of Standard Foreign Assistance Indicators that are applicable to their programs. This reporting is used to better

understand the scope and scale of Agency programs across units, and to inform the Agency's Annual Performance Plan and Report (PPRs) as well as individual reports to Congress and others on specific programmatic results.

In coordination with STATE/F, USAID has developed guidance to country Missions on specifying budget attributions and performance reporting on advancing racial equity for FY 2021. The guidance clarifies how Operating Units could articulate their interest to invest in this area, describe program activities, and report on outcomes.

Programming Approaches

USAID's Government-to-Government (G2G) Assistance, codified in Automated Directives System (ADS) 220:

The ADS Chapter 220, Strengthening the Capacity of Partner Governments through Government-to-Government (G2G) Assistance, specifies the policies and procedures for designing, negotiating, and implementing direct funding agreements with partner governments. Through the policy's full revision in 2021, USAID has made considerable effort to improve one of the Agency's key programmatic tools for promoting true partnerships based upon the principles of inclusiveness, shared objectives, trust and mutual accountability. G2G assistance differs from other forms of USAID assistance in that it relies on a partner government's systems and institutions for implementation, and the relationship as an equal partner.

In addition to articulating the processes and requirements for planning, designing and implementing G2G assistance, the updated policy harmonizes the process by integrating the Agency's Local Systems Framework, replacing the Public Financial Management Risk Assessment Framework (PFMRAF) with the Agency's 7-step risk management process, a holistic Risk Management approach and removing unnecessary Washington clearances. The revised guidance is now adaptable to meet each Mission's specific needs, and is in sync with ADS 201 to "de-sludge" Program Cycle Policy operations.

Organizational Learning on Local Knowledge Use

There is a large body of work in international development that aims to advance equity by strengthening how we identify, value, and leverage local knowledge, how we engage local knowledge holders inclusively, and how we build on the insights derived from analyses of how systemic racism and ethnocentrism impede development aims and the advancement of equity. Adopting program planning, management and assessment practices that expand our answers to questions of "whose knowledge counts?" and "what counts as knowledge?" can open up avenues for addressing systemic power imbalances in our development approaches and our assistance programs. This can be done by assessing available frameworks for what types of knowledge and evidence address what kinds of development questions; identifying practical methods for USAID staff to use to incorporate local knowledge and engage local knowledge holders and marginalized communities in program cycle processes; and strengthening staff capacity and organizational learning so that these approaches are fully incorporated into USAID programs as relevant.

Data Availability and Systems

High quality relevant data is essential to all decision making at USAID, including efforts to address racial and ethnic inclusion in USAID programing. At the highest level of country strategic planning, USAID assesses a country's development commitment and capacity through USAID's Country Roadmaps.

One of the 17 metrics used, is the Social Group Equality index, which measures political equality with respect to civil liberties protections across social groups as defined by ethnicity, religion, caste, race, language, and region. The Country Roadmap Secondary Metrics Compendium also includes a variety of measures of inclusive development that assist USAID staff in assessing issues of racial and ethnic inclusions in countries receiving USAID assistance.

Development Cooperation

USAID is gauging conditions in the international community that could foster collaboration and partnerships to promote racial and ethnic equity globally. The Agency is represented by Senior Development Advisors (SDAs) at the U. S. Missions to the United Nations in New York, Geneva, and Rome, as well as with the Development Assistance Committee of the Organisation for Economic and Development Cooperation in Paris, the World Bank in Washington, and the European Union in Brussels. At present, race relations, ethnic identity, and other aspects of equity and inclusiveness in the bilateral and multilateral development institutions headquartered in these locations are largely articulated within the context of internal policies and operations of Member States rather than externally across their development assistance programs.

For example, in March 2020, the European Union (EU) convened the Anti-Racism Summit which largely focused on racial tensions within EU Member States. The conference communique outlined the Anti-Racism Action Plan with reference to promoting equality externally. The EU's fight against racism and discrimination on any grounds is a key objective of their human rights agenda and reflected in their international agreements and external policy documents. The EU Action Plan on Human Rights and Democracy 2015-2019, and its successor for 2020-2024, provides guidance on addressing racism and racial discrimination for EU institutions and Member States including through their trade policies. Recent developments include financing and technical assistance for these priorities through their democracy and governance programs.

The Australian Government's Department of Foreign Affairs and Trade (DFAT) is addressing diversity, equity, and inclusion on two levels. First, internally within its own agency with regards to workforce and personnel management practices. Secondly, in its foreign policy priorities and aid program, particularly with safeguards and programming (such as budget and guidance documents for investment). DFAT has also established detailed strategies for inclusive development, particularly with regards to promoting disability rights and gender equity. Australia's support has enabled sign language interpretation and other accessible information about COVID-19 in Indonesia, Samoa and the Solomon Islands, reflective of their broader assistance to COVID-19 response and recovery plans.

## Annex 4: Preliminary Internal Workforce Findings and Recommendations

As described in "Focus Area 2: Institutionalizing Racial and Ethnic Equity In USAID Programming," although internal workplace considerations largely fall outside the purview of this assessment, a considerable proportion of focus group conversations were spent discussing how USAID's diversity profile and inclusion efforts do not sufficiently support racial and ethnic equity in programming. Relevant findings are recommendations are provided here to lay the groundwork for the internal workplace assessment called for by *E. O. 14035 on Diversity, Equity, Inclusion, and Accessibility in the Federal Workforce*.

**USAID's workforce does not represent the diversity of the U. S. or host countries**

**Finding:** Stakeholders report that a lack of internal staff diversity across all hiring categories and ranks minimizes divergent thinking and results in programming decisions reflective of the majority's biases. The disconnect — systemic bias, racism, and ethnocentrism — represents a lack of alignment between racial and ethnic equity in the workforce and equity in programs and across the Program Cycle.

**Recommendation:** Both M/B/IO staff and leadership could be representative of the racial and ethnic diversity the Agency seeks to promote. Strive to ensure that Agency leadership and staff reflects the racial and ethnic diversity of host countries, inclusive of creating a DEIA Considerations in Hiring guide such as in this draft.

**CCNs do not reflect the diversity within a country; this can undermine the Agency's localization agenda**

**Finding:** A closely related yet distinct finding reported by focus groups is that Missions often defer to CCNs in their attempts to localize their programming, without considering that USAID often hires from the host country's pool of elite citizens from the capital. FSNs may not necessarily represent the diversity within a country, including all ethnicities and languages.

**Recommendation:** Make intentional efforts to diversify CCN hiring, including by expanding recruitment efforts outside of the national capital and being intentionally inclusive of underserved populations. Consider pairing intentionally inclusive recruitment efforts with training programs in English language proficiency to ensure historically underrepresented applicants are able to compete.

**Historically, Agency leadership has not consistently incentivized or bought-in to inclusion principles**

**Finding**: There is a perception that, in practice, Agency leadership has not historically followed through on the Agency's commitment to inclusion principles. Stakeholders remarked that while USAID's DEIA trainers are predominantly women and Black, Brown, and Indigenous People of Color (BIPOC), people in positions of Agency leadership are predominantly white men who seem hesitant to engage in the Agency's training curriculum. This perception is backed by an independent analysis by HCTM which reports that approximately 12% of leadership from the GS-15, SES, SFS, and FS-01 have participated in OCRD's DEI Task Force trainings.

USAID staff in focus groups also reported their belief that attempts to question Western-centric communication practices are rarely rewarded for doing so and are actually perceived to often be sidelined, whereas those that are complicit in furthering unconscious biases are perceived to be rewarded and promoted.

**Recommendation:** The Agency could set aside funding and resources for each M/B/IOs to hire a Senior DEIA Advisor or Coordinator, and ensure this position is able to influence Agency policy in a meaningful way in order to avoid being sidelined. In addition, the Agency could make a subset of its DEIA training courses mandatory for its leadership and senior staff. These trainings include OCRD's DEI Task Force; the Respectful, Inclusive, and Safe Environments virtual course; and its suite of instructor-led and asynchronous sessions on Inclusive Development.

**Social and behavior change communication is necessary to achieve equity in programming**

**Finding:** Although the focus groups praised USAID for developing several well-received DEIA trainings, stakeholders reported that DEIA training on its own, while necessary, is not sufficient to address racial and ethnic equity in USAID programming.

**Recommendation:** Social and behavior change communication (SBCC) to align DEIA in the workforce and programming is needed and must be addressed in the internal equity assessment in response to *E. O. 14035 on Diversity, Equity, Inclusion, and Accessibility in the Federal Workforc*e. The Agency could invest in a review of SBCC scientific literature and learning around what works to shift workforce mindsets and biases, as well as tangible practices, in both operations and programs.

**USAID's Foreign Service Officers often do not speak the language of host countries**

**Finding:** While USAID may occasionally conduct meetings or participate in events in a local language, USAID FSOs, unlike State FSOs, are often not in language-designated positions.

**Recommendation:** The Agency could work to establish a sufficient number of language designated positions in the Foreign Service in alignment with best practices at the Department of State.

**Agency internal policy does not always align with host country cultural norms and values**

**Finding:** The lack of internal cultural respect to USAID's non-American workforce affects staff adversely in their ability to do their work, undermining supposed principles on inclusion. One specific example is how the Agency's institutional leave policies, for example on bereavement, is offered only for the loss of someone in staff's immediate family — however, across many cultures, the loss of a cousin, uncle, or aunt can be just as devastating. Because the Agency defines "family" in Eurocentric ways, its policies do not allow USAID staff to process grief.

**Recommendation:** Review global benefits policies set by the Department of State for non-American staff to be more culturally sensitive based on the country context.

## Annex 5: Preliminary Findings and Recommendations for Procurement Methodologies

**Approaches to currently used proposal and application evaluation methods can potentially prohibit new diverse partners from competing.**

**Finding**: The Agency's technical and cost proposal/application requirements make it challenging for local organizations to develop field-driven proposals/applications. In addition, restrictive past performance requirements can limit new partner entry. For example, some HBCUs lack resources to gain global experience in the Agency's targeted developmental areas.

<u>Recommendation</u>: Contracting and Agreement Officer training or resources could be provided to conceptualize alternative approaches to proposal evaluation, allowing for greater inclusion. For example, as the Agency has been requesting more concept papers – as opposed to full proposals up front – a broader range of potential partners have been incentivized to respond to procurement opportunities. However, alternatives to written concepts or applications can also be explored, such as oral presentations or videos. Extending co-creation through the development of the award package, and not limiting it to the development of a technical project description, also expands OU options for working with diverse potential partners. Pre-award co-creation is also crucial for more local organizations' participation though: soliciting first concept papers. Proceeding with co-creation among successful applicants before full applications are asked for, can help new and smaller organizations get noticed and allow them to meet other organizations to form consortia for the full application stage.

Further, phased acquisition encourages new prospective partners to compete for contracts and to streamline the procurement process. Lastly, considering alternative past performance qualifiers that align with a program's objective, such as domestic civil rights or social justice projects, may lower this barrier to entry.

**Limited Access to Agency Resources by Persons With Disabilities**

**Finding:** Stakeholders described accessibility barriers to USAID programming. Agency materials are often inaccessible to marginalized groups, particularly persons with disabilities.

**Recommendation:** Agency staff could be made aware and act in full compliance of the standards pursuant to Section 508 of the Rehabilitation Act when developing Agency resources. Further, M/CIO's 508 compliance team could examine materials for Section 508 compliance and propose specific recommendations on how to update existing Agency resources to ensure compliance, in addition to availability in local languages and non-word formats.

**USAID Provides Minimal Feedback to Unsuccessful Assistance Award Applicants.**

**Finding:** USAID does not proactively advise applicants on why they were unsuccessful or how they can improve their applications under assistance requirements. This is particularly problematic under Annual Program Statement (APS) mechanisms. The lack of feedback prevents applicants from gaining lessons learned so that they can improve their future applications. This same challenge does not exist on the acquisition side because of FAR debriefing requirements.

**Recommendation:** The Agency could consider providing additional guidance about debriefing applicants who make a request for feedback. The Agency could strive to provide constructive feedback on applications as this is a critical element of capacity building and helping new organizations partner with the Agency.

**Lack of resources for the Minority Serving Institutions (MSI) Program Coordinator limits USAID's ability to coordinate information to these institutions.**

**Finding:** USAID does not dedicate sufficient resources to adequately support MSIs. According to a report on Engagement between USAID and HBCUs in February 2021, there was only one staff person dedicated to this effort. MSIs and HBCUs want a more robust unit to help facilitate a dialogue with USAID offices, understand future USAID funding opportunities, and otherwise utilize the MSI Program Coordinator's office to engage with USAID more effectively.

**Recommendation:** Expanding office capacity will assist in coordinating flow of information from different sources in USAID to MSIs. The coordination of information flows within the multiple technical, geographical, and operational units within USAID is overwhelming for a single coordinator. A more robust unit would allow them to serve as a knowledge resource for all MSIs, managing outreach, communication, training, USAID initiatives, funding opportunities, and potential partners. This would lead to more engagement between USAID and MSIs.

**Conflicting Management Priorities can Curb New Partner Development and Capacity Building.**

**Finding**: Developing new partners can conflict with other priorities, such the need to manage pipeline budgets, ad hoc data reporting, complex federal compliance requirements, staffing, and shifting agency initiatives. Mission leadership teams in particular must balance these competing demands based on the availability of local staff and, understanding the data points that Washington-based leadership monitors in order to achieve their Mission's operational goals. These factors can make utilization of new partners, smaller awards, and non-traditional approaches problematic and even untenable.

**Recommendation:** The Agency could develop targets and performance indicators that link implementer organizational development to the achievement of development objectives. Further, the Agency could consider hiring additional USAID staff to manage all aspects of the program lifecycle to offset these priorities. Lastly, the Agency could promote more Mission level awards so that award management - including financial/budget management - is more localized.

**USAID's Program Design Process Creates Obstacles for Underrepresented Groups with Limited Resources**.

**Finding:** Obstacles include a lengthy design process prohibiting effective corporate planning, being disenfranchised with program requirements due to not having input during program design, and late identification of award vehicles, sizes, and eligibility requirements to determine potential qualification.

**Recommendation:** USAID needs to target communications with these underrepresented groups in a proactive and transparent manner. Although there are efforts to communicate potential

funding and partnership opportunities through the Agency's Business Forecast, the Agency could also consider soliciting stakeholder feedback during the design stages. There are various opportunities for operating units to publicly share planning information and solicit feedback, such as posting draft program descriptions, issuing requests for information, organizing industry days, and the use of co-creation workshops.

**The prescriptive nature of USAID programs disincentivize underrepresented organizations from proposing innovative or locally driven solutions.**

**Finding:** USAID technical teams overvalue proven types of approaches when evaluating programs for awards. This discourages underrepresented partners from offering novel approaches that are reflective of their situational awareness. Therefore USAID does not benefit from their expertise because it differs from long standing preference. As a result, these organizations do not receive awards to prove their methodology as the cycle repeats itself.

**Recommendation:** The discussion on how to embrace innovation at the design and pre-award stages is critical to improving developmental outcomes. USAID needs to train staff about how to incorporate this need into our evaluation processes. This is particularly important for smaller firms who are less familiar with the 'tried and true' but are willing to do the headwork to develop innovative program solutions.

**Brief award performance periods make it difficult for new partners to become sustainable organizations**

**Finding:** Given the relatively short life span of assistance awards, it is difficult for smaller or under-resourced partners to plan strategically, invest in staff, and set their own organizational goals due to the need to continually invest time and resources in pursuing the next award or subaward.

**Recommendation:** The Agency could consider developing a program for long term development grants, potentially up to 10 years, to allow organizations the time to become truly sustainable organizations able to contribute effectively to their communities long after a USAID program has ended. USAID could identify eligibility requirements and processes to identify organizations suitable for long term development grant partnerships with the Agency for interventions that may require a longer performance period. Notably, Section 635(h) does have restrictions regarding making awards with more than 5 years remaining at any point in the award life cycle. The Agency will need to identify ways to address that issue as part of this process for example by including recipients of these awards under ADS 303 Restricted Eligibility Based on Pre-Approved Conditions.

**USAID's ability to track demographic data by implementer type is limited.**

**Finding:** USAID can only track the demographic type of the implementer based on how the entity registers itself when it initially registers in the System for Award Management (SAM). All implementers must register in SAM; however, it is not clear if all organizations utilize the demographic data points. It is also unclear if USAID uses this data to analyze the effectiveness of its outreach programs to disadvantaged implementers. Additionally, it is unclear how non-US implementers interpret the demographic data points which use terminology such as 'Asian-

Pacific <u>American</u> owned. ' This brings into question the reliability of the data and raises the concern regarding the availability of alternate data sources for non-US partners.

**Recommendation:** The data in SAM could be reviewed for its usefulness in determining the effectiveness of USAID's engagement with people of color-owned entities. A data quality analysis could be conducted to determine if firms could be provided with guidance on the process for entering these codes. If SAM is found to be unable to track non-US implementers demographic data, then a determination could be made regarding the need, appropriateness, and viability of other data sources.

**Funding from Congress Needs to Enable Consistent, More Flexible Operations**.

**Finding:** USAID's funding is earmarked by Congress or appropriated for very specific purposes which limits flexibility in developing on-the-ground/locally-driven/socially responsive solutions. While not always earmarks, Congressional directives have a significant impact on the USAID's ability to program, implement, and evaluate foreign assistance. By designating specific sectors in specific regions or countries, there is an increased inability to flexibly adapt assistance to changing contexts.

**Recommendation:**  Many parts of the Agency's budget execution process are out of USAID's control because of competing outside priorities and organizations that have competing foreign policy objectives. USAID Office of Budget and Resource Management (BRM) and individual budget offices must identify vulnerabilities and change the internal process to provide a flexible budget process that allows operating units access to their funding as quickly as possible with the maximum ability to manage it according to their priorities. Additionally, BRM could work with LPA to highlight those issues that would require a legislative change to increase USAID ability to manage funding in a flexible and adaptive manner as well as be better prepared to respond to unforeseen critical events. Examples would include: Establish a process to allow Missions to shift funds between accounts; Reduce, remove, or change color of money requirements and the distinction between operating expenses from program funds. Extend the time period for availability of DA funds, as well as creating a new category of no-year DA funds. These changes will enable Missions to engage more effectively with underrepresented groups as they would have more opportunities to develop smaller, innovative, flexible and/or locally driven programs.

**USAID's outreach programs for Institutions of Higher Education (IHEs) needs greater focus on MSIs and HBCUs**

**Finding:** USAID has robust IHE programs such as the Research Technical Assistance Center (RTAC) and the Long-term Assistance and Services for Research (LASER) program. However, the Agency does not appear to have a specific strategy for inclusion of MSIs and HBCUs that would include helping them to address some of their challenges such as the organizations' lack of international experience limits their ability to participate in USAID programs and the need to learn about each HBCU capacity, research expertise, contacts, and operational approaches requires a commitment of Agency resources. Also, the Agency retired ADS 216 Higher Education Community Partnership in 2016, as it was very out of date. Therefore, there is not a clear policy on IHE Partnerships in the ADS, which would be the natural home for a policy regarding incorporating MSIs and HBCUs into USAID's IHE planning and strategy.

**Recommendation:** USAID must develop an overall strategy for the inclusion of MSIs and HBCUs in its IHE programming. This strategy could either be incorporated into a larger strategy or as a standalone strategy focusing on promoting the type of equities specifically called for in this Executive Order. A working group responsible for IHE engagement could determine the viability and usefulness of creating a new ADS 216 chapter to embed solutions and strategic approaches into the Agency's Programming Policy.

# Annex 6: Additional Findings and Recommendations for Focus Area 1, Addressing Racial and Ethnic Equity through USAID Program Cycle

<u>Monitoring, Evaluation, Collaborating, Learning and Adapting</u>

**Findings:** USAID Performance Management Plans (PMPs) do not always explicitly include racial or ethnic minorities as a population of interest for monitoring and measurement, even in cases where the CDCS includes a goal of improving outcomes for these populations. For example, the USAID/Indonesia's CDCS includes a Development Objective with a focus on improved governance and inclusion of religious and ethnic minorities. However, the associated learning questions from that CDCS's PMP only reference "intolerance" several times, without specifically identifying ethnic minorities or measuring whether programming addresses inclusion issues specific to the ethnic minorities indicated in the strategy.

USAID Performance Plan and Reports (PPRs) do not necessarily include indicator disaggregation by race and/or ethnicity, even in cases where the inclusion of racial/ethnic minority groups has been a longstanding strategic concern. For example, USAID/Colombia has made the inclusion of ethnic minority populations a centerpiece of its programming for two decades, but its FY 2020 PPR does not display indicators disaggregated by ethnicity.

Initial findings from the machine learning exercise infer that the evaluations commissioned by USAID's Africa Bureau or directly by USAID programs in Ethiopia, Tanzania, Kenya, Liberia, Ghana, Uganda, Malawi, Indonesia, India, Cambodia, Kosovo, and Colombia are the most likely to use terminology such as race and ethnicity. The terms also came up most often in association with agriculture, education or health programs. USAID will use these markers to investigate further and better understand the kinds of investments to advance racial and ethnic equity and the outcomes achieved.

Focus group findings indicate the need to be more "culturally inclusive" in programming. And that evaluations could be done with active participation from local players, applying creative and interactive ways to elicit their inputs beyond producing a written report. The need to increase the Agency's risk appetite and flexibility on monitoring and reporting requirements for local organizations was also raised. Stakeholder consultations point to the need to promote "locally led monitoring, evaluation and learning," to go beyond "extracting information" from local players and actively report back on findings. Evaluation reports being only in English, and not in local language(s) limited the ability for wider use among local organizations and experts.

In coordination with STATE/F, USAID has developed guidance to country Missions on specifying budget attributions and performance reporting on advancing racial equity for FY 2021. The guidance clarifies how Operating Units could articulate their interest to invest in this area, describe program activities, and report on outcomes.

**Recommendations**

USAID can update guidance for PMPs and Activity MEL Plans to enable inclusive MEL programs, for example:
- Require specificity and consistency when tracking populations of interest (whether they be racial, ethnic, and/or other vulnerable or marginalized groups) as relevant.
- Provide guidance on requirements to disaggregate data by race and/or ethnicity, including consideration to use proxy indicators (e. g. geographic focus) and measures to protect Personally Identifiable Information (PII).
- Apply more interactive, participatory approaches to enable local stakeholders' contribution to program design, evaluation and adaptation.

Development Cooperation

**Finding:** USAID is gauging conditions in the international community that could foster collaboration and partnerships to promote racial and ethnic equity globally. At present, race relations, ethnic identity, and other aspects of equity and inclusiveness in the bilateral and multilateral development institutions are largely connected with internal policies and operations of Member States rather than externally across their development assistance programs.

**Recommendations:**

- USAID will seek opportunities to build coalitions across the international community, building off the efforts of SDAs to leverage existing engagement with bilateral and multilateral development partners.
- Together with multilateral organizations, including international finance institutions and UN agencies, the Agency will explore ways to advance the dialogue with individual host governments as well as through platforms that reach across the Global South.
- Key lines of engagement include building alliances for knowledge sharing and exchange, collaborating on specific thematic areas such as incorporating equity dimensions into investment areas such as COVID-19 and climate change, and promoting buy-in towards USAID's goals for localization of development efforts.