Recommendations and Feedback on USAID's Journey to Self-Reliance Vision

Presented by the Advisory Committee on Voluntary Foreign Aid (ACVFA) Working Group

March 14, 2018

The following recommendations have been prepared at the request of USAID Administrator Mark Green by the Advisory Committee on Voluntary Foreign Aid (ACVFA). ACVFA was established by Presidential directive after World War II to serve as a link between the U.S. Government and private organizations active in humanitarian assistance and development work. USAID is developing a new policy framework that places a strong emphasis on "Furthering Self-Reliance" in the context of his vision to end the need for foreign assistance. ACVFA formed a working group to provide reactions to this emerging framework through a consultative dialogue with USAID. The working group was comprised of a select group of private citizens with deep knowledge and experience in international development.

Administrator Green has emphasized that the purpose of foreign assistance should be ending its need to exist. The working group applauds USAID's efforts to help countries advance along the path of development and transition, when ready, from aid-based relationships to new forms of international cooperation. That said, it is important to point out that these efforts take place in a context of global instability. Climate-related disasters are on the rise and impact an increasing number of people and countries each year. Countries make progress and then regress due to war, disease outbreak and natural disasters. Development is not a linear process, and USAID will need to find ways to support countries that progress toward transition and then fall back.

The working group appreciates the opportunity to advise the Agency in its efforts to establish principles to guide the terms and conditions as to when, how, and for how long USAID offers assistance, identify objective metrics that indicate transition readiness, and develop a menu of potential legacy programs that sustain development progress and signify a new form of partnership with the U.S., once a country no longer requires USAID assistance.

At Administrator Green's behest, the working group has developed responses and related recommendations in these three areas – principles, metrics, and legacy programs. Additionally the working group would like to highlight a number of cross-cutting recommendations that are central to the overall effort:

1) **More consultation is needed**

   The working group reacted to 1-3 rounds of draft documents on principles, metrics, and legacy programs, prepared by agency staff. These drafts, while hitting many promising notes, were still in their early stages, with many major questions and precepts unanswered or not yet fully formed. As such, it is impossible for the working group to accurately pass judgment on their ultimate content or direction. In many ways, the drafts did not allow the working group to clearly identify what exactly the agency would change about how it goes about its business or the impact of these changes.

   Recommendation: **Reflect on feedback to date and re-circulate these documents and the related policy and operational frameworks, continuing broad consultation as the initiative evolves.**

2) **Shortchanging development hurts our national interests**

   The U.S. foreign assistance program has been supported by every Republican and Democratic president since the Second World War in recognition of the fact that it is profoundly in the national interest to grow the community of free market democracies around the globe and help empower billions of people as they lift themselves out of extreme poverty. Most recently, there was resounding bipartisan rejection of the Administration's recommended cuts to the fiscal year (FY) 2018 foreign assistance budget. Nevertheless, the administration submitted proposed cuts that were equally draconian in their FY 2019 request. The Furthering Self-Reliance Initiative will not be effective if it is simply a Trojan horse for slashing budgets for aid and diplomacy. Moreover, the initiative's central concept of partnership will not be effective if the administration, at its highest levels, continues to denigrate the dignity, capacity, and accomplishments of large swathes of the developing world. Indeed, such an approach will impose untenable costs on the United States and the developing world alike over the long term.

Recommendation: **The Administration should uphold the foreign assistance budget as central to the foreign policy goals and best interests of the U.S. If countries are to achieve a level at which they no longer need development assistance, funding increases may be necessary in the short term. The Administration should put a more robust budget on the table, including additional staff and financial resources to support the Furthering Self-Reliance Initiative.**

3) Transition metrics should address inequality

Recent research by the International Monetary Fund (IMF) and the Organization for Economic Cooperation and Development has demonstrated that inequality undermines economic growth and broader development progress.[1] The world's poorest people and those disadvantaged because of gender, age, disability or ethnicity have largely been bypassed by development gains over the past 20 years.

Topline, national metrics indicating relative progress often mask deep inequality across regions or among particular segments of the population. India, for example, has demonstrated strong economic growth for the past 20 years, but its childhood malnutrition rates are among the highest in the world and it is home to a third of the world's poorest people, most of them concentrated in the country's impoverished eastern states, with rates highest among traditionally disenfranchised groups.

Recommendation: **USAID's Furthering Self-Reliance initiative should articulate how it will address geographic and demographic inequality with a particular focus on marginalized groups as part of its approach to transition.**

4) Coordinate with donors and partner countries

Successfully transitioning a country from development assistance requires a coordinated effort that includes all donors, local government, civil society, and the private sector. While the proposals that were shared with the working group frequently cited the importance of partnership, there was no reference whatsoever to the already existing commitments and partnerships in which the United States has engaged. USAID's approach should not only reference, but embrace the global development agenda agreed to by the United States and the rest of the international community, including the Sustainable Development Goals (SDGs), the 2015 conference on Financing for Development, and other similar commitments. Closer to home, USAID's efforts on strategic transitions should be coordinated with other U.S.

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[1] See: http://www.oecd.org/newsroom/inequality-hurts-economic-growth.htm and http://www.imf.org/external/pubs/ft/sdn/2014/sdn1402.pdf

Government agencies as appropriate, including the State Department, the Millennium Challenge Corporation, the Department of Interior, and the Center for Disease Control.

Recommendation: **Ensure alignment of USAID's contributions with efforts of other U.S. agencies, as well as those of other donors and partner countries through country-level cooperation and through global frameworks such as the SDGs.**

5) **Ensure local ownership**
Local ownership of development is essential to ensure that the progress achieved through U.S. investments is sustained. The process should make clear how partner country governments and civil society will be engaged in defining and achieving transition readiness for themselves. An externally-imposed, public set of metrics, especially one that evaluates a country's "commitment" to development may raise political sensitivities with partner countries, making buy-in, partnership, and progress more difficult.

At its best, the Country Development Cooperation Strategy (CDCS) process aspires to engage a range of local stakeholders in creating a common development vision and a plan to achieve it. It should be made clear how the Self-Reliance process relates to the CDCS process, and whether there are specific gaps in the CDCS process that it intends to address. Any modifications or updates of the CDCS process should be preceded by clear evidence of the shortcomings they seek to address and a clear rationale for addressing them in a particular way.

Recommendation: **Provide guidance to USAID missions on engaging local stakeholders at the decision-making level in defining transition goals, establishing and implementing plans to achieve them, and evaluating progress. Clarify how the Self-Reliance initiative relates to the existing Country Development Cooperation Strategy process.**

6) **Message transitions appropriately**
Framing strategic transitions as a "journey to self-reliance" implies that development is a linear path to a world in which partner countries stand alone as self-sufficient, isolated entities. This does not align with USAID's mission of ending poverty and increasing economic growth, nor does it align with the reality of existence for nations in a deeply interconnected world where partnership, alliances, and mutual cooperation make us stronger. It also does not acknowledge that due to fragility or other factors, some countries may backslide after transitions and require additional development assistance from the U.S.

Recommendation: **Frame USAID's goal as moving countries into prosperity and new forms of mutually-beneficial partnership with the U.S.**

7) **Broader consultation and buy-in are essential to success**
A far-reaching reform initiative at the world's largest bilateral development agency requires time. A thoughtful process should include ample time for feedback and discussion with the development community, on Capitol Hill, across the interagency and with key stakeholders in partner countries. The working group is concerned that this kind of consultative process has not yet taken place, running the risk of a final product that does not reflect the objectives and thinking of key stakeholders. In particular, the role of other U.S. Government agencies in a transition process is unclear.

Beyond the consultation required at the start of a new initiative, successful change management requires sustained attention from leadership, as well as additional resources over time. Without greater buy-in from the State Department, Congress, the development community, and others, efforts to be more data-driven and selective in how assistance programs are targeted will reach the same frustrated conclusion as have numerous similar efforts in the past. Proceeding without the cooperation and buy-in of all the relevant agencies could have detrimental effects on USAID as an institution as well as on the transition process.

Recommendation: **Allow sufficient time for the development community, Congress, the Interagency, and partner countries to shape and contribute to the strategic transitions initiative. Invest in sustaining additional capacity to support the Furthering Self-Reliance initiative and ensure its success.**

Recommendations on USAID's Journey to Self-Reliance Vision

Principles

Continue to focus on full life cycle of programming
The working group welcomes the emphasis on how best to measure, quantify, and improve the terms of engagement for the agency's development programs across their life cycle rather than simply emphasizing potential trigger points for when a country would appear to be ready to transition from USAID assistance.

Clarify how the Self-Reliance initiative will be operationalized
That said, and as emphasized in the introduction to this document, it is unclear how USAID's approach to fostering self-reliance and planning for strategic transitions differs from or builds upon the existing Country Development Cooperation Strategies. Will the proposed country partnerships resemble development compacts between the United States and its partners? What happens if a country fails to meet the terms of such an explicit country partnership? Would assistance be withdrawn? *What if the country is deemed as a high strategic priority to the United States despite failing to fulfil its commitments to economic and/or social reforms?*

Beyond metrics, determine what is necessary for success
USAID already does a very good job tracking a wide range of indicators and measurements across the entire range of developing countries. What has traditionally kept the agency from more selectively deploying its assistance has not been a paucity of data or objective measures, but pressure from the State Department, Congress, and other actors to deploy resources in particular environments even if they appear to be poor candidates for development success.

Pursue strategic transitions in context
The central theme of the Self-Reliance initiative is partnership. Yet, existing public private partnerships and the many multilateral commitments to which the agency has aligned itself previously are treated abstractly. This Administration's commitment to partnership will not be credible until and unless it actually recognizes the importance and vitality of its many existing partnerships and their central place in the development agenda. Failure to acknowledge the importance of existing partnerships and commitments will make it more difficult to establish the kinds of partnerships upon which the Furthering Self-Reliance Initiative places such importance.

Don't exacerbate fragility
The initiative places considerable emphasis on public-private partnerships and the role of the private sector. However, the center of gravity for extreme poverty is located in both lower- and middle-income fragile states. Moving toward self-reliance in fragile states involves highly sensitive considerations of political-economy and fundamental power relationships. Public-private partnerships and private investment bring unique challenges in such settings. In this sense, the initiative does not appear to be nestled in the broader global development context, including the impact of the global refugee crisis and increasing man-made and climate-related disasters. The initiative would be stronger if it made explicit connections to major global development frameworks such as the Sustainable Development Goals.

Don't instrumentalize assistance

There have been repeated signals from the White House that it is eager to instrumentalize U.S. assistance programs and use them as a means to secure favorable votes at the United Nations or achieve other short-term diplomatic or political goals. Such an approach only serves to repeat the failed assistance policies of the 1950s and 1960s. The purpose of U.S. assistance is neither to buy friends nor influence on the global scene. Assistance is provided because it is in our national interest to promote sustainable and inclusive economic growth in free societies. Our most durable alliances and partnerships are and will continue to be with free market democracies. Using aid programs to curry short-term diplomatic favor is bad development practice and almost always backfires diplomatically.

Recommendations on USAID's Furthering Self-Reliance Vision

Metrics

Comments on the use of a quantitative framework to inform strategies, programs and strategic transitions

The overall intent is good
ACVFA applauds USAID's effort to develop a clear, transparent, and nuanced approach to deciding if, when, and how to transition our relationship with a country from one based primarily on official development assistance (ODA) to one focused on trade support and other forms of development finance. Past discussions have too often devolved into a focus on "graduation" from aid, focused more on responding to budget-induced pressures to close programs than on protecting the value of aid investments, sustaining development results, and preserving a development-oriented relationship with the partner country. The process of transition, however, must be thoughtful and deliberate, based on a country's development progress, and conducted on a reasonable timeframe. It cannot, by its nature, be driven primarily by short-term desires to cut the foreign assistance budget.

A quantitative framework adds transparency to transition decisions
Using an objective and public set of criteria—including the major areas of qualitative information used to supplement the quantitative framework—makes the process far more transparent and credible. U.S. taxpayers and partner country stakeholders can review country performance based on the established criteria to understand why decisions are made. Transparency also increases USAID's accountability for the decisions it makes, prompting the need for explanation when the agency makes decisions misaligned with its benchmarks.

It will require whole of government buy in
For the quantitative framework to have weight in decisions about transition readiness, it needs to be bought into as a useful tool by other agencies that have a stake in the bilateral relationship with a partner country. The State Department, as well as other agencies with economic and social development programs in a particular country, will need to be brought into conversations around this initiative and consulted on how USAID envisions the quantitative framework will inform bilateral programming and messaging. Included in these discussions must be explicit commitments between inter-agency actors about who will deliver what type of assistance and when. Such coordination is critical to planning for next steps of engagement. To facilitate this kind of coordination and clarity of decision-making, ACVFA proposes that the White House give USAID the key responsibility for making transition recommendations and that a formal process be put in place at the Principals Committee or Deputies Committee level.

USAID will also want to involve Congress in any discussions about transition, including the quantitative and other tools USAID proposes to determine countries' readiness for transition.

The quantitative framework should inform but not dictate USAID's approach
ACVFA supports USAID's assertion that the quantitative framework would be used to inform rather than dictate the nature of the partnership with a host country. Because quantitative indicators will never provide a comprehensive picture of a country's capacity, commitment, level of inclusive development, or transition readiness—and because indicators are reported with a degree of imprecision and some time lag—quantitative criteria should not be interpreted rigidly or prescriptively.

Furthermore, snapshot in time indicators are poor predictors of future performance, and countries may backslide due to factors such as a coup, deterioration in policy performance, the onset or escalation of conflict, or a natural disaster. USAID must remain flexible enough to address changing contexts, and not be limited to the use of a single tool to assess transition readiness.

A quantitative tool is a useful decision-making tool in that it lends analytical rigor, transparency, credibility, and accountability. However, as discussed in more detail below, qualitative information, local knowledge, and country-specific data will also remain instrumental in decision making around transitions, country strategies, and programmatic approaches.

The multiple and unclear purposes of the quantitative framework pose risks
USAID seeks to use the quantitative framework for multiple purposes, making it hard for stakeholders to understand clearly what the tools are for and how they will be used. USAID has suggested that the framework may be used not only to inform discussion about transition, but also to inform strategy development and programming approach and to help communicate those decisions to stakeholders. The agency has also suggested additional objectives—perhaps to be served by a secondary quantitative tool about which there is currently little detail—including informing (and explaining to Congressional and other stakeholders) sector selection. ACVFA recommends that USAID be clear about the primary purpose of the metrics and its relation to other planning and resource allocation processes.

There are also questions about whether the quantitative tools are well suited for achieving the various stated objectives. In particular, the agency needs to provide a more compelling rationale for why broad performance on a handful of high-level indicators is an appropriate basis, even if in part, for determining the best programmatic approach, rather than looking at specific needs, in-country demand, and opportunities for building self-reliance at the country level. USAID has proposed that countries that perform better on the indicators may be targeted for approaches that foster greater self-reliance (e.g., direct awards, system strengthening, domestic resource mobilization, private sector engagement) or non-ODA forms of engagement (e.g., bilateral investment treaties, development finance through OPIC). However, there is often demand and opportunity for these kinds of approaches and activities in lower performing countries, as well.

Finally, using the metrics as a communications tool to explain strategic and programmatic decisions can be risky. While it may be useful to USAID to justify its decisions to invest in certain areas by pointing to areas of weakness in the indicators, doing so could set the agency up for perceived failure. The indicators chosen are national-level, highly aggregated, and broad in scope, and there is little prospect that targeted programmatic interventions such as those funded by USAID would, by themselves, move the needle on them. Stakeholders, recalling that USAID targeted its investments due to low performance on a particular indicator, may see continued low performance and conclude that USAID's programs failed, even though the indicator in question is not well-suited for measuring program performance.

MCC faced this challenge with its threshold program, which was initially designed to support policy reforms to help a country improve its indicator scores. In an internal review of the threshold program, MCC found this objective was technically unrealistic for several reasons, not least of which was that many eligibility indicators were very broad in scope (e.g., "control of corruption") and cannot reliably capture the progress of narrow programmatic interventions. In response to these findings, MCC no longer determines programming focus or approach based on indicator performance.

USAID is smart to make clear that the transition indicators are not linked to what it expects to impact with its programs (at least not in isolation and in the short-term). We encourage the agency to continue to draw a clear distinction between the metrics used to evaluate if and when a country is ready to transition from a traditional ODA relationship and the metrics used to evaluate the success of USAID programs at the country level. However, there remains a risk that important stakeholders will maintain a different expectation, despite USAID's framing.

The relationship between the transition framework and other strategy-setting processes is unclear
It is unclear how USAID envisions the role of the proposed quantitative framework vis-à-vis the other processes the agency uses to develop country strategies and determine programming approach. Given the wide range of criteria, priorities, and assessments missions must consider when crafting Country Development and Cooperation Strategies (CDCSs), it is unclear how the transition indicators will fit among these and what level of priority they will have.

In addition, individual initiatives often have their own set of metrics that inform transition readiness or strategy development. ACVFA encourages USAID to clarify if and how the metrics relate to the transition metrics being developed and applied by programs such as Feed the Future. If the approaches are not coordinated, it will likely create more work and confusion for USAID missions as well as implementing partners and host country governments.

Furthermore, given the influence of congressionally imposed earmarks and spending directives on USAID's country strategies (non-discretionary funding can make up 75 percent or more of mission budgets); it is unclear how much power the metrics will have to influence how USAID spends its funds.[2] That said, the metrics could be useful for highlighting where spending mandates do not align well with areas of demonstrated weakness.

Country ownership is not yet well addressed
Local ownership of development goals and priorities will be critical to the success of strategic transitions; it is essential to ensure that the progress achieved through U.S. investments is sustained. USAID's recently revised guidance on the program cycle recognizes this, elaborating on how missions should pursue locally owned sustainable development throughout the program cycle, including in setting strategies, identifying sectors for investment, and determining programmatic approach. At this point, however, it is unclear how the voices of developing country leaders and local stakeholders will be brought into the conversation about transition planning, readiness, or tracking.

Currently, the CDCS process is the main way USAID missions seek to include local priorities and goals in country-level strategies, though—as mentioned above—it is unclear how the indicators will feed into that process. Furthermore, there is already a sense that demands from Washington sometimes compete with (and sometimes override) country priorities in CDCSs.[3] How can USAID ensure the quantitative framework does not become yet another Washington-based tool that further limits how country-led priorities influence USAID strategies? ACVFA proposes that USAID develop clear plans for engaging local actors—not only government but also civil society, private philanthropists and the private sector—in transition planning and identifying transition-oriented programming.

Proposed framing could create political sensitivities
ACVFA notes that there could be some political sensitivity around the U.S. Government's public ranking of countries. Labeling the level of a partner country government's "commitment" could be especially sensitive and even problematic at times. While we are sympathetic to the proposition that aid may be

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[2] "Audit of USAID Country and Regional Development Cooperation Strategies," Audit Report No. 9- 000-15-001-P (USAID Office of the Inspector General, 2015), http://pdf.usaid.gov/pdf_docs/PA00KB67.pdf
[3] https://www.cgdev.org/sites/default/files/implementing-ownership-USAID-MCC.pdf

less effective in achieving development outcomes in the absence of commitment from the partner country government, we have some concern that, given the indicators' imperfections (e.g., time lag, incomplete capture of a policy area), the metrics could sometimes characterize countries unfairly. For example, the indicators may not accurately reflect the commitment of a newer, reform-oriented administration due to lags in measurement and reporting and/or the lengthy policy reform processes itself. To the extent that USAID presents countries' relative performance on the indicators in a very public way, inaccurate or outdated characterizations could potentially cause tension with the U.S. Government or create perception problems for a reformist partner country government seeking to build its reputation.

In a similar vein, there will likely be a set of strategically important countries with which USAID will continue to engage for foreign policy reasons, almost irrespective of commitment to development. How might USAID's public labeling of their governments as "low commitment" (in some cases) play into how the U.S. Government manages and messages the broader bilateral relationship?

USAID, in cooperation with the State Department, must consider the range of conversations the quantitative framework could generate with Ambassadors and USAID mission directors and consider how to construct—and label (i.e., perhaps reconsider "commitment")—it in a way that would encourage constructive engagement on development questions rather than provoking defensiveness, accusations of inconsistency (e.g., if the country performs poorly in an area in which it has an otherwise good relationship with the U.S.), or other ill will.

Comments on the quantitative framework's proposed dimensions and indicators

The proposed dimensions of capacity and commitment are appropriate but their application is somewhat arbitrary

ACVFA recognizes and welcomes that USAID's proposed dimensions for evaluation—a country's level of capacity and commitment to development—focus on sustainability. Experts who have studied past transitions have identified capacity and commitment as critical factors for sustaining results post-transition.[4]

However, the group maintains some reservations about the agency's proposed categorizations and their ability to capture timely, representative data. First, there is a concern that subsuming measures of a country's "need" or level of development under country capacity underplays its importance in decisions about whether and how to transition a country from traditional grant-based assistance. Simply put, countries that struggle with significant poverty, income insecurity, and inequality are more likely to continue to need aid. Furthermore, while measures of poverty and income are often correlated with capacity measures, they also correlate with many commitment measures, making their placement in capacity feel somewhat arbitrary.

The question of blurring between capacity and commitment applies more broadly, as well. Several indicators seem placed in the less appropriate of the two categories, based on what they measure. For

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[4] Chaudhry, Rochika G., Siobhan Perkins, LaToya Armstrong, Bhavna Patel. 2012a. Graduation and Phase-Out in the Health Sector: What Have We Learned? United States Agency for International Development. http://pdf.usaid.gov/pdf_docs/pbaaa917.pdf. Rogers, Beatrice Lorge, and Jennifer Coates. 2015. Sustaining Development: A Synthesis of Results from a Four-Country Study of Sustainability and Exit Strategies among Development Food Assistance Projects. Washington, DC: FHI 360/Food and Nutrition Technical Assistance III Project. https://www.fantaproject.org/sites/default/files/resources/FFP-Sustainability-ExitStrategies-Synthesis-Dec2015.pdf.

instance, the Diagonal Accountability Index, currently placed in the capacity category, is much more about the extent to which there is a permissive environment for civil society, which is more suggestive of commitment, rather than the capacity of civil society. Another capacity indicator, the Economic Gender Gap is also arguably more about the policy environment for women's participation than the capacity of a country to have women participate.

Proposed sub-dimensions and indicators capture a range of important policy areas but there is room to explore alternatives

The proposed sub-dimensions and indicators capture a range of policies considered determinants of poverty reduction and growth. The ACVFA working group had particular comments on four of the proposed indicators:

- **Safety and Security:** Any high level framework that will inform transition readiness should include an indicator of fragility. Poverty is increasingly concentrated in fragile states, where aid will remain important for addressing service gaps and providing humanitarian relief during crises. The proposed "safety and security" indicator appears to be a reasonable measure of fragility, given what it measures and its correlation with other well-known measures of fragility. Assessing performance on the safety and security indicator—complemented by additional observation and analysis—will remain important for countries at all stages—even those on the path towards transition or who have transitioned. Assessment of where a country is on its "journey to self-reliance" may need to be revisited based on the emergence of conditions, such as mass migration, that may exacerbate fault lines.
- **Domestic Resource Mobilization (DRM):** ACVFA commends USAID's recognition that a critical ingredient of "self-reliance" is the ability of a partner country government to raise revenues and use them to self-finance its own development objectives. USAID should continue to seek an appropriate measure that captures not only the level of taxation but also the quality of the tax system. In the absence of a satisfactory indicator, USAID should explicitly include a DRM assessment as part of routine supplemental information.
- **Health of Human Capital:** The best way to measure the quality of health systems and policies is to look at the outcomes they produce. As such, the proposed under-five mortality rate is a decent indicator of a country's health systems. USAID might also want to consider broader health outcome measures. For example, the Legatum Prosperity Index includes a Health of Human Capital index based on basic physical and mental health, health infrastructure, and preventative care.
- **Education and Skills of Human Capital:** The Legatum Prosperity Index also includes a broader measure of education and skills, assessing countries according to access to education, quality of education, and the human capital of the workforce.

Supplemental data will be critical

While the proposed indicators capture many important policy areas, there are undoubtedly other things that USAID (and external stakeholders) care about that are not easily measured. In these cases, USAID will have to weigh whether including a weak indicator is better or worse than not including a measure for those particular areas. In some cases, including a weak indicator may be worse if it is interpreted incorrectly or ranks countries inappropriately.

Because not everything USAID (and its stakeholders) wants to measure will be neatly captured in high-level, cross-country indicators, USAID will need to evaluate other quantitative and qualitative criteria. ACVFA encourages the agency to extend the transparency of the quantitative framework to its use of supplemental data by being explicit and transparent about the kinds of things it evaluates, as well as the types of data and analyses it uses for those assessments.

USAID should use supplemental data not only to assess policy areas not well captured by the indicators, but also to dive more deeply into the areas the indicators measure. For instance, USAID should examine whether national-level performance masks important subnational, gender-based, or other disparities. Here, use of sub-national and gender disaggregated data is important; however, it is often insufficient. Qualitative data are also important to identify nuance, gaps, opportunities, and stigmas that cannot be reflected in quantitative data alone. In countries with major geographic inequality or disparities along other lines, ACVFA recommends that the agency explore if and how it might be able to focus on states or regions (e.g., Bihar in India).

In addition, USAID should systematically include local input as part of its supplemental data, including the expectations, views, and practices of government and non-governmental organizations. The concerns and availability of access of communities, marginalized groups, and vulnerable populations must be considered within any framework.

The functionality of the framework will depend on how countries are clustered or ranked according to indicator performance

After selecting indicators, USAID will need to determine how it will differentiate performance. Some indicators may have thresholds that emerge from research or from the indicators' creators. For indicators with no clearly established performance benchmarks, a relative threshold (e.g., by quartile) can be useful, but USAID must bear in mind that for these, an individual country's performance rating is sensitive to changes in other countries' scores and to the composition of the comparator group. While it will likely be useful for USAID to assign countries to various higher or lower "clusters" based on their performance, the agency should also explicitly recognize the continuous rather than discrete nature of the distribution of performance, and understand—and use this understanding to inform decisions—that the lower performers in the higher clusters are not necessarily very different than the higher performers in the lower clusters. While correct to focus on programs that ensure self-reliance and sustainability in the years immediately preceding the end of bilateral USAID activities in a country, they must be part of almost all USAID activities. Unless great care is given in the guidance to missions, this exercise could influence programming in a negative way

Recommendations on USAID's Furthering Self-Reliance Vision

Legacy Programs

***Why Legacy Programs**?*

As the United States considers enhancing bilateral relations with some countries, transitioning them from aid recipients to a fuller spectrum of partnerships, legacy programs represent a valuable way to express the U.S. commitment to stay engaged.

The United States has ended aid programs in a number of countries over the last few decades and legacies have been part of what many observers would declare are some of its more successful transitions. There are many examples where the United States has moved a relationship from a "150 account" relationship to a trade and cooperation model. The goal of such a transition is to maintain U.S. engagement and influence while also recognizing progress and addressing a new set of interests between the United States and the partner country.

Even when countries achieve middle income status, pockets of development challenges remain. A well designed legacy program can help address those challenges in perhaps new or more innovative ways. This can be the start of a transition process, serving as a bridge that ideally would end as other ties are strengthened. Legacies can provide new opportunities to partner on issues of mutual interest and to test new ways to do so. They can also be a platform to re-engage on development issues should conditions deteriorate and require renewed U.S. investments of a temporary or longer-term nature. Transitions offer the opportunity to engage other U.S. Government agencies, multi-lateral partners and private sector actors along with the host government and local stakeholders to create a unique institution.

Top-Line Recommendations

The working group identified a number of areas for additional consideration and planning. These are top-line concerns that, if unaddressed, could undermine U.S. objectives.

1) **A legacy institution or mechanism should not be an afterthought in the transition process.** The focus on principles and metrics, while important, form a two-legged stool without a plan for how the United States will continue to manage a new type of partnership. Designing the right legacy program needs to begin as the transition process begins.

2) **Designing a legacy institution represents a creative moment to innovate with new actors, goals and sources of financing.** It is not sufficient to simply "match" a previously used instrument with the next transitioning country.

3) **The role other U.S. Government agencies will play in the post-transition period should be made clear.** Will other agencies "substitute" for a USAID presence or will they be part of a legacy institution? These questions must be addressed as part of each transition planning process.

4) **Legacies cannot be created on the cheap.** They will likely require a sizeable upfront investment in many cases, or a lower but longer term funding level in others. Legacies should not be seen

as a cheaper alternative to a full USAID mission. Rather, they should be seen as a key component to a new and evolving bilateral relationship.

Critical Considerations

In designing legacy institutions, there are a number of considerations that will likely apply to all transitioning countries. These considerations are offered as items that we believe can contribute to successful transitions, maintain U.S. influence, and manage expectations with regard to short-term budgetary cost-savings.

1) **The United States should seek to maintain an adequate level of development expertise in country.** Whether it is a development attaché, a development advisor, or a Foreign Service National (FSN), USAID needs to maintain the capacity to stay engaged on development issues. The loss of expertise, particularly of FSNs who have not only subject expertise but also high-level access and knowledge of government and civil society, represents an area that would be difficult to replace should USAID need to re-establish a presence. A legacy should maintain a focus on development serving as a vehicle for the United States to help manage a changing relationship with the transitioning country.

2) **Legacy planners should pay attention to democracy, human rights, civil society, and maintaining space for civic dialogue.** The space for civic dialogue in many countries is narrowing, a situation that concerns proponents of democracy. All legacies, regardless of focus, should engage and strengthen civil society as a critical component of democracy. Where needed, this should be a primary goal of the legacy program. Building an "architecture of civil society" by strengthening the legal infrastructure underpinning their activities might be an option.

3) **Each legacy should be unique, reflecting the input of multiple actors and local stakeholders**. The design of legacies should include input from the host country reflecting a search for common interests for a new or enhanced form of partnership. A range of local stakeholders should be engaged in the design process, including civil society and public officials at the national, subnational, and local levels. Including multiple actors will also allow for a wider range of funding sources and partners who will have a vested interest in the legacy's viability.

4) **Triangular cooperation arrangements help to develop new donors.** Triangular cooperation arrangements are aid partnerships between the United States and a new aid donor for work in a third country. This is a useful model to help new donors, such as Brazil, India, and South Africa, to develop their own foreign assistance programs and to do so in ways that reflect principles of aid effectiveness. A starting point would be to invite the agency heads of these emerging donors to the annual Tidewater Conference.

5) **Legacy planners should use evidence to identify remaining challenges in transitioning countries.** Sectors that would improve resilience and sustainable economic growth, such as higher education, science/technology/innovation, entrepreneurship, and infrastructure, should be considered. Planners should also include considerations of the geographic nature of remaining challenges. Remaining pockets of poverty should be areas for consideration for legacy programs.

6) **Consider regional platforms as a cost-effective way to leverage resources and maintain a U.S. presence.** The use of USAID's regional offices provides platforms to stay engaged in a transitioning country while reducing costs of a full mission. Taking advantage of international organizations and multilateral institutions is a way to leverage additional resources.

Categories of legacy programs
Legacies and leave-behinds can take many forms, some more structured than others and having various objectives. The following are broad categories that represent most types of previously used legacy programs. As stated above, there is room for innovation. Transition planners should approach legacy design as opportunities to be creative in every facet of the project, including in regards to objectives, financing, partners, and operations.

1) **Nature of U.S. presence.** This can include a reduced presence, such as a USAID office with U.S. and FSN personnel rather than a full mission. A reduced presence can also take the form of a senior USAID development officer as part of the embassy country team or one managed from a regional platform.

2) **Nature and levels of U.S. investments.** As a transition progresses, it is expected that the U.S. aid portfolio will decline as some sectors are prioritized over others. For example, it may be advisable to maintain USAID programs in the health or democracy sectors in some countries.

3) **Nature of financing framework.** In some cases, a legacy can take the form of a multi-donor framework, with participation from the transitioning country, private sector, and philanthropies. Such buy-in from a wide range of local actors can improve chances for success.

4) **Trade and market-related programs.** It is expected that a process of transitioning off assistance will drive in a more trade-related direction. Public-private partnerships and enterprise funds are possible avenues for market development that would facilitate a higher level of trade.

5) **Institutional and human capacity building.** Programs that strengthen the capacity of countries to maintain economic growth and improve resilience can take the form of domestic resource mobilization, trilateral cooperation, scholarships, and strengthening higher education.

6) **Technical assistance.** Short-term or long-term technical assistance can range from exchanges of subject experts to support for attendance at international conferences.