

Principles for Strategic Transitions from Development Aid

MFAN believes that foreign assistance should create the conditions under which it is no longer necessary.¹ When countries have the capacity to meet their own development needs, they become stronger partners to the United States in the pursuit of greater global prosperity and security. Although U.S. engagement and assistance will continue to advance diplomatic, economic, or security objectives, the principles below should guide transitions from development aid and support moving countries to broader forms of collaboration and partnership with the United States.

The United States has a strong record of supporting development transitions with countries such as South Korea, Portugal, Turkey, Bulgaria, Argentina, Panama, and Costa Rica. As recent history shows, both development assistance and transitions are successful when they are planned and implemented in partnership with countries – including government, civil society, and the private sector – and driven by a country’s own development priorities.

The following principles should guide all development programs as well as plans for middle income countries and others preparing to transition:

1 Advance country ownership

Transition plans should orient all development programs to not just deliver results but strengthen local capacity to sustain those results. Successful transitions are planned, agreed to, and implemented jointly with partner countries and driven by their development priorities. Goals and benchmarks for the transition should be established through a collaborative process between the United States and the host country that includes government (executive and legislative), civil society, and the private sector, and is coordinated across U.S. Government agencies as well as with multilateral institutions and other donors. Transition plans should facilitate increased responsibility for financing and implementation by local actors, and enhance the ability of citizens to hold their governments accountable for results.

2 Determine transition readiness by development progress

Transition readiness metrics should build on the Millennium Challenge Corporation’s framework of good governance, service delivery, and access to financing. Criteria should include a country’s ability to: foster inclusive economic growth and job creation; independently and equitably provide public services in an accountable manner; govern effectively; and protect human rights. Moreover, transition benchmarks should go beyond national measures of human development and use disaggregated data to better target and address areas of inequality that undermine both economic growth and stability. Ultimately, transition plans should evaluate progress across these dimensions and prioritize areas that are lagging for post-transition support.

3 Mobilize public sector domestic resources for development

The ability to raise and spend significant public resources for development in an accountable and transparent manner is a major milestone for a country’s transition. Transition strategies should support countries’ domestic resource mobilization (DRM) programs that help increase local revenue and finance long-term development in a manner that builds trust with citizens.

4 Catalyze private sector investment for inclusive growth

Transition strategies should encourage foreign and domestic private sector investment. Transition plans should strengthen the private sector enabling environment and build linkages with the U.S. and local private sector to catalyze investment, tap capital markets, support the expansion of a middle class, and spur inclusive economic growth.

5 Prioritize transparency, evaluation, and accountability

Transition plans, benchmarks, data, and reports should be publicly available. They should incorporate strong monitoring, evaluation, and learning practices to form a transparent evidence base for assessing the impact of transitions. Agencies should embrace the transparency and evaluation standards established by Congress in the “Foreign Aid Transparency and Accountability Act” (P.L. 114-191).

6 Safeguard gains and continue progress

Because development is not linear, a country’s development progress remains vulnerable to shocks, conflict, and backsliding. Sudden transitions driven by short-term political considerations can jeopardize the positive outcomes of prior U.S. investments. Ensuring long-term partnerships for the United States will depend on: systematically transitioning country relationships to other entities and U.S. Government agencies²; monitoring sustained development progress; focusing post-transition activities where they are most needed; and rapidly responding to backsliding. Legacy tools in post-transition countries should be used to sustain progress and solidify partnerships with the United States.

7 Celebrate responsible transitions

Country transitions to new forms of collaboration and partnership with the United States should be pursued, documented, and celebrated. In some cases, sector or subnational transitions may precede full country transitions and should be similarly welcomed. Transitions are opportunities to work with country governments, civil society, and the private sector to advance issues of mutual interest – from trade and security, to global health and inclusive economic growth.

¹ MFAN Guiding Principles for Effective U.S. Assistance <http://modernizeaid.net/wp-content/uploads/2017/06/MFAN-goals-principles-2017.pdf>

² Other entities could include multilateral institutions, non-U.S. Government donors, and civil society networks and organizations. U.S. agencies could include the Centers for Disease Control and Prevention (CDC), the Overseas Private Investment Corporation (OPIC), and the United States Trade and Development Agency (USTDA), or a newly created Development Finance Corporation.