

Recommendations For USAID As It Establishes An Accountability Mechanism

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In the explanatory statement for the FY 2021 omnibus appropriations legislation, Congress required USAID to establish an accountability mechanism so that individuals could raise concerns about existent or potential adverse social, environmental, and economic impacts, resulting from USAID-funded programs and through which USAID can respond.

At Accountability Counsel, we advocate for independent accountability mechanisms (IAMs) to exist so that communities can seek redress for harms suffered as a result of international financial flows and have supported over 50 communities in navigating IAM processes. In that regard, we have advised on the implementation and operation of every existing IAM, including at the World Bank and the U.S. International Development Finance Corporation.

Based on our experience working alongside communities, we advise the following:

1. USAID should embrace an independent accountability mechanism as a benefit, not burden and commit publicly to implementing a mechanism that meets universally accepted [effectiveness criteria](#).

- An IAM will further USAID's mission and help ensure the success of its programs. Communities living near or working at USAID project sites and those who are deemed beneficiaries of USAID programming are often the first to identify unintended project impacts. An accountability process that lets communities raise issues to USAID leadership and have those issues addressed is an efficient and effective monitoring and evaluation tool.
- The baseline of what constitutes an effective IAM is well-established in that it must meet basic tenets of legitimacy, accessibility, predictability, equitability, transparency, and rights-compatibility. USAID will not be able to meet the congressional directive by strengthening an existing mechanism, as USAID does not have any accountability mechanism in place currently that meets these criteria or that provides impacted communities a trusted process for seeking accountability.
- In 2020, Accountability Counsel provided USAID with a [guide](#) for establishing an IAM. USAID should also be informed by the experience of the U.S. International Development Finance Corporation and its predecessor, the Overseas Private Investment Corporation, both of which established IAMs.

2. USAID should consult the public on how to design its new mechanism.

- Those who are affected by USAID's activities – and could possibly use the mechanism – should shape it to ensure that it will be an effective and responsive office. Congress has tasked USAID with developing a plan for the mechanism, which must be submitted to the relevant congressional committees in March 2021. USAID's

plan should include a public consultation process on the IAM. The consultation process should include a 60-day public comment period that is advertised on the Federal Register as well as in-person and/or virtual consultations. Drafts of the IAM's policy and procedure documents should be disclosed as a part of the consultation. USAID should publish a matrix that includes which recommendations were or were not implemented and why.

Background on Independent Accountability Mechanisms

An [independent accountability mechanism](#) (IAM) is an independent office that facilitates a process for addressing complaints and resolving disputes regarding negative social and environmental impacts of a project. IAMs sit at the institutional or agency level and are independent from management and the operational teams. Several development finance institutions and development agencies have IAMs. IAMs address complaints through two functions: (1) compliance review, which investigates compliance with institutional standards and policies; and (2) dispute resolution, which convenes the complainant, the client, and other stakeholders facilitate a mutually agreeable solution to grievances. IAMs also have an advisory function that provides useful lessons for the improvement of future projects and the avoidance of future harm. By creating a robust accountability mechanism, USAID stands to ensure that it has a tool to help identify and address negative impacts that could undermine the efficacy and sustainability of its development activities.

The full language of the explanatory statement [provision](#) is:

USAID Accountability Mechanism.—Not later than 90 days after enactment of the Act and following consultation with the Committees on Appropriations, the USAID Administrator shall submit to such Committees a plan to establish an accountability mechanism, or strengthen any existing mechanisms, to which individuals, communities, civil society organizations, and other stakeholders can communicate concerns about existent or potential adverse impacts, including social, environmental, and economic impacts, resulting from USAID-funded programs, projects, and activities, and through which USAID can respond. The plan shall include procedures, to be posted on the USAID website, for communicating and responding to such concerns.

Contact Information

Margaux Day
Policy Director
Accountability Counsel
margaux@accountabilitycounsel.org
+1 202 909 1101

Stephanie Amoako
Senior Policy Associate
Accountability Counsel
stephanie@accountabilitycounsel.org
+1 202 909 1121