

Unclassified

English - Or. English

5 April 2024

**DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE**

Peer Review

Management Response to the 2022 Peer Review of the United States

The management response is submitted by the United States in response to the 2022 Peer Review of the United States.

JT03540972

Management Response - 2022 US Peer Review

Recommendation	Accepted (Yes/Partially/No)	Planned Action for Implementation (If no action planned, explain why)	Timeline
<p>1. To provide a strong framework for an effective whole-of-government approach, the United States Administration should set out an integrated global development co-operation policy co-ordinated by the National Security Council that:</p> <ul style="list-style-type: none"> • underlines the relevance of development for all stakeholders, domestic and foreign, within the United States’ foreign policy • maximises the impact of its development co-operation by ensuring that all federal government departments and agencies work in a coherent and co-ordinated manner to deliver the policy • aligns all development co-operation to the Sustainable Development Goals, which provide both a common framework to work with partners and a clear link to poverty reduction and inclusive economic growth. 	<p>Yes</p>	<p>The National Security Council (NSC) Directorate for Development, Global Health, and Humanitarian Response is finalizing a new whole-of-government policy on global development.</p> <p>During the first quarter of 2023, the NSC updated the draft policy based on the content of the 2022 National Security Strategy, as well as to reflect the changing global development landscape.</p> <p>The NSC will aim to release the policy document by summer 2023.</p>	<p>By Summer 2023</p>

Management Response - 2022 US Peer Review

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<p>2. In line with the interim National Security Strategy, the United States should establish institutional and operational mechanisms to identify, analyse and take action to mitigate the negative transboundary effects of domestic policies on partner countries and should regularly report on such action.</p>	<p>Partially</p>	<p>The 2022 National Security Strategy, which was released approximately one month before the peer review, indicates that the United States is breaking down the dividing line between foreign policy and domestic policy. It recognizes that the United States' future success in the world depends upon our strength and resilience at home. Likewise, our success at home requires robust and strategic engagement in the world in line with our interests and values to make life better, safer, and fairer for the American people.</p> <p>As the Biden-Harris Administration has done in the development of all new policies, we will continue to hold extensive consultations with both domestic and international partners to ensure we are taking into account the possible effects of the U.S. Government policies beyond our borders. Similarly, we will use our membership in international organizations to pursue greater efficiency and effectiveness in addressing global challenges.</p>	<p>Ongoing</p>

Management Response - 2022 US Peer Review

Recommendation	Accepted (Yes/Partially/No)	Planned Action for Implementation (If no action planned, explain why)	Timeline
<p>3. The United States should fully implement the Executive Order on Tackling the Climate Crisis at Home and Abroad, which recognises that climate considerations should be at the centre of domestic action, foreign policy and foreign assistance to achieve global climate ambitions including in the areas of agriculture, biodiversity and energy.</p>	<p style="text-align: center;">Yes</p>	<p>The United States has been actively implementing the Executive Order (EO) on Tackling the Climate Crisis at Home and Abroad since President Biden signed the EO in January 2021. For example, the U.S. hosted four leaders’ level Major Economies Forums; submitted its 2030 nationally determined contribution; integrated climate change as a cross-cutting issue across U.S. foreign policy and national security; and pursued significant investments in domestic renewable and clean energy, including those supported by the Inflation Reduction Act.</p>	<p style="text-align: center;">N/A</p>

Management Response - 2022 US Peer Review

Recommendation	Accepted (Yes/Partially/No)	Planned Action for Implementation (If no action planned, explain why)	Timeline
<p>4. Building on strong leadership and substantial additional ODA contributions the United States has made in response to the COVID-19 pandemic and multiple crises, the United States should:</p> <ul style="list-style-type: none"> • increase its ODA both in volume and as a proportion of its GNI • continue to untie more of its aid, noting the positive progress on food aid. 	No	<p>The United States has enjoyed strong bipartisan support for foreign assistance even with increasing domestic needs for public resources and continues to be the single largest provider of ODA, providing \$55 billion in net disbursements in 2022, according to preliminary data.</p> <p>The United States is also capturing a broader range of our development cooperation in reporting to the Total Official Support for Sustainable Development (TOSSD) standard.</p> <p>The U.S. has not committed to the United Nations target to provide 0.7 per cent of Gross National Income (GNI) in ODA. We have seen the unintended consequences of targets: when countries are faced with shrinking budgets, there is often a rise in proposals for stretching or bending the ODA rules. The U.S. is firm in its defence of the integrity of ODA and believes that these proposals, if successful, would be counter to the longstanding DAC Ministerial mandate that ODA should be focused on countries most in need and used to catalyse other flows.</p> <p>The U.S. is actively participating in the review of the Untying Recommendation to take better account of 21st Century changes in aid delivery.</p>	N/A

Management Response - 2022 US Peer Review

Recommendation	Accepted (Yes/Partially/No)	Planned Action for Implementation (If no action planned, explain why)	Timeline
<p>5. As it re-engages multilaterally, the United States should outline an approach that drives greater coherence, clarity and transparency on how and when the United States decides to use multilateral channels and on the advantages of doing so, especially given the increased resources and the number of government actors involved.</p>	Yes	<p>The United States believes that addressing global challenges requires us to leverage finance from all sources, using all of the tools at our disposal. This includes bilateral and multilateral solutions, fostering innovative multi-stakeholder coalitions and partnerships to mobilize resources, and using creative and pragmatic problem-solving that makes the best use of the strengths of both bilateral and multilateral systems.</p>	N/A
<p>6. To increase discretion and flexibility in future foreign assistance appropriations and better align to partner country needs and to reduce poverty, USAID and the State Department should hold more strategic-level dialogue with the Congress about the results and impacts of its strategies and programmes.</p>	Partially	<p>USAID and State actively engage with Congress, through Congressional hearings and briefings, particularly with their House and Senate oversight committees. We will continue to be strategic with our engagement.</p>	Ongoing

Management Response - 2022 US Peer Review

Recommendation	Accepted (Yes/Partially/No)	Planned Action for Implementation (If no action planned, explain why)	Timeline
<p>7. USAID should have a medium-term workforce plan or strategy guiding its significant hiring and on-boarding effort to rebalance the ratio of Foreign Service officers, civil servants and contractors in its workforce. It should also work to further increase the number of locally hired staff in line with diversity, inclusion, equity and accessibility objectives.</p>	<p style="text-align: center;">Yes</p>	<p>USAID has a three-year plan, the Global Development Partnership Initiative (GDPI), which outlines a significant increase to USAID staff for a total 2,500 Foreign Service employees, 2,250 Civil Service employees, and over 200 additional Foreign Service National (FSN) staff by FY 2025. GDPI is also a plan for rebalancing the ratio of federal employees and contracting staff at USAID.</p>	<p style="text-align: center;">FY2023-2025</p>

Management Response - 2022 US Peer Review

<p>8. The United States International Development Finance Corporation should have a clear roadmap for delivering new financial tools including equity instruments, reinforce its human resources in partner countries, and work more in partnership with the United States government and other partners.</p>	<p>Yes</p>	<p>The U.S. International Development Finance Corporation (DFC) uses its equity and technical assistance authorities as tools to advance the United States’ developmental and foreign policy goals. The Office of Equity and Investment Funds continues to increase its capacity and ability to support a higher volume of transactions across regions and sectors through staff growth. DFC is looking to grow the scope of technical assistance by increasing capacity through the addition of experts to the program allowing it to take on more projects and amplify its impact.</p> <p>To better align efforts with regional priorities and enhance partnerships abroad, DFC is seeking to expand its overseas presence beyond its current presence in the Indo Pacific and sub-Saharan Africa. This growth includes its first Latin American hire to be based in Brazil.</p> <p>DFC continues to enhance and expand its collaboration with other U.S. Government agencies, as well as other development finance institutions, multilateral development banks, and foundations. DFC continues to engage with G7 partners to advance the Partnership for Global Infrastructure and Investment by providing financing and other support for values-driven, high-standard, and transparent infrastructure projects in less-developed countries.</p> <p>DFC works closely with interagency partners across the U.S. Government. For example, it hosts bimonthly Development</p>	<p>N/A</p>
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Management Response - 2022 US Peer Review

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		<p>Finance Coordination Group meetings with 15 USG agencies to discuss current, potential, and expansion opportunities for interagency collaboration on key issues. DFC also implements a Development Finance Fellows program that brings Foreign Service Officers (FSOs) from USAID and the U.S. State Department to DFC. The FSOs work alongside DFC officials helping them gain a better understanding of DFC, its tools and processes. DFC also works with the U.S. African Development Foundation and the Millennium Challenge Corporation to advance transactions that receive support from each agency.</p>	

Management Response - 2022 US Peer Review

<p>9. As a leader on localisation, the United States should ensure that principles of development effectiveness are central to how it delivers on its objectives, in particular by:</p> <ul style="list-style-type: none"> • developing definitions and metrics that can be linked to strengthening its sustainability and development impacts in partner countries • supporting more effective partnerships to implement localisation at scale – with all its partners – and notably through increasing support to partner governments and more core support to local civil society • accelerating changes to internal systems and incentives to enable locally led development and building the evidence base on the longer-term impact of localisation. 	<p style="text-align: center;">Yes</p>	<p>USAID is tracking the percent of its funding going directly to local partners (including civil society) as well as funding going through government-to-government assistance. USAID is also designing a new indicator to track the use of good practices for enabling local leadership over priority setting, activity design, program implementation, and defining and measuring results.</p> <p>These indicators capture ways of working that USAID believes will be associated with greater local ownership and locally led development and, in the longer-term, more sustained outcomes. USAID needs to monitor and evaluate the performance of our programs to measure the results of this engagement with local actors. USAID has developed a Localization Playbook, a suite of resources that emphasizes choosing performance indicators that reflect capacity strengthening outcomes and results that matter to local actors; using monitoring approaches that integrate local voices and feedback; evaluating locally sustainable outcomes; and learning and adapting with local partners and stakeholders. USAID’s Agency Learning Agenda seeks to accelerate learning on how USAID can best engage with local partners and how these partnerships contribute to sustained development results.</p> <p>Additionally, USAID is supporting the OECD Development Cooperation Directorate workstream on locally led development. The expected key outcomes include (i) a taxonomy and criteria of locally-led approaches, (ii) a</p>	<p>Ongoing</p> <p style="text-align: center;">Ongoing</p>
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Management Response - 2022 US Peer Review

strengthened evidence base around what works, (iii) building blocks to guide the operationalisation of locally led approaches across DAC members; and (iv) options for strengthening measurement approaches to track progress towards locally led development.

To implement its commitment to locally led development, USAID is setting strong policy foundations, including a new Acquisitions and Assistance Strategy that outlines the shifts needed in USAID’s business practices to better enable sustainable, inclusive, and locally led development; a new Local Capacity Strengthening Policy that establishes Agency-wide principles that emphasize building on existing capacities and responding to local priorities for capacity strengthening in service of strengthening sustainable organizations; and a new Risk Appetite Statement that clarifies USAID’s high appetite for taking smart and disciplined risks in working with local partners, because of the opportunities for more equitable and sustainable development outcomes. USAID has created new tools, including a web portal called WorkWithUSAID.org, to make USAID more accessible to new and local partners. The Agency is also integrating localization into its guidance, trainings, and resources to ensure staff have the information and skills necessary to operationalize localization objectives.

USAID’s new Acquisitions and Assistance Strategy (A&A) provides more context on how the Agency will support more effective partnerships. The Strategy outlines efforts to support

Ongoing

Management Response - 2022 US Peer Review

		<p>more effective partnership with local partners through efforts such as using more proactive communications to reach local partners; using more flexible, adaptable, and simple award mechanisms; expanding the use of less-than-full proposals up front and phased competitions; expanding opportunities for local partners to engage in A&A processes in languages other than English; making it easier for USAID Missions to limit competition to local partners; and exploring more ways to help local partners recover their indirect costs.</p>	<p>Complete</p>
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Management Response - 2022 US Peer Review

<p>10. The United States should ensure that conflict prevention remains a default core area of its development co-operation across US government actors and beyond the pilot contexts and the ten-year time frame of the Global Fragility Act.</p>	<p style="text-align: center;">Yes</p>	<p>The purpose of the Global Fragility Act (GFA) is for the U.S. Government to work in and beyond the initial pilot countries/region and develop new approaches in prevention, stabilization, partnerships, and management. These innovations will inform how the U.S. Government as whole, including USAID, can better work in fragile contexts in the coming years and decades. The GFA calls for us to reform how U.S. government departments and agencies work abroad through a whole-of-government approach that integrates U.S. diplomatic, development, and security sector engagement. The Department of State, USAID, and the Department of Defense are united in this purpose, with support from the Department of the Treasury, and other agencies for a whole-of-government approach. We will integrate learning and planning, strive for greater flexibility and adaptability based on local context, and improve joint coordination to multiply each other’s efforts.</p> <p>USAID is developing guidance linked to the operational policy to elevate awareness on integrating conflict sensitivity and atrocity prevention into the program cycle and to build capacity for using tools for flexibility, like scenario planning for strategy development.</p> <p>Additionally, while the GFA serves as a marquee guiding piece of legislation, the U.S. Government will integrate women,</p>	<p style="text-align: center;">Ongoing</p>
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Management Response - 2022 US Peer Review

		peace and security, atrocity prevention, and countering violent extremism in fragile contexts around the world.	
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Management Response - 2022 US Peer Review