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USAID Support for the Recommendation

The U.S. supports the Development Assistance Committee (DAC) Recommendation for the following reasons:

- It is in the foreign policy interest of the United States to endorse a multilateral initiative strengthening partnerships with Least Developed Countries (LDCs);
- From a "best value" perspective, the benefit of opening up procurements to a wider pool of suppliers is that developmental gains will generally be achieved at lower cost and with a higher quality of aid;
- U.S. exporters will have an improved opportunity to compete for capital projects open to international competitive bidding; and
- U.S. firms currently benefiting from tied USAID procurement are unlikely to be negatively affected by the Recommendation in any significant way because of the exclusions in the Recommendation, the small amount of USAID-funded procurement that would be affected, and the very small capital project focus of USAID's bilateral assistance activities together with the overall competitiveness of U.S. firms.

USAID's decision to join the DAC consensus was supported by an interagency working group consisting of Treasury, State, Commerce, the Export Import Bank, the Trade and Development Agency, and the Office of Management and Budget. In making the internal USAID decision, the Administrator exercised an authority in the Foreign Assistance Act of 1961, as amended (FAA) to untie procurements on a "case by case" basis, with untying to the LDCs defined as a "case," and the overriding need to "promote efficiency in the use of the United States foreign assistance resources."