

118TH CONGRESS  
2D SESSION

# S. 3994

To authorize and encourage the United States Agency for International Development to pursue a model of locally led development and humanitarian response and expanded engagement with local partners and to increase its local partner base.

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IN THE SENATE OF THE UNITED STATES

MARCH 20, 2024

Mr. COONS (for himself, Ms. ERNST, Mr. Kaine, and Mr. Ricketts) introduced the following bill; which was read twice and referred to the Committee on Foreign Relations

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## A BILL

To authorize and encourage the United States Agency for International Development to pursue a model of locally led development and humanitarian response and expanded engagement with local partners and to increase its local partner base.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Locally Led Develop-  
5       ment and Humanitarian Response Act”.

1 **SEC. 2. PURPOSE.**

2 The purpose of this Act is to encourage USAID to  
3 pursue a model of locally led development and humani-  
4 tarian response and expanded engagement and partner-  
5 ship with local entities.

6 **SEC. 3. SENSE OF CONGRESS.**

7 It is the sense of Congress that—

8 (1) locally led development and humanitarian  
9 response—

10 (A) is more equitable and inclusive;

11 (B) is linked to more efficient and sustain-  
12 able development and humanitarian outcomes;

13 and

14 (C) is vital to building long-term self-reli-  
15 ance;

16 (2) over multiple presidential administrations,  
17 USAID has sought to achieve greater development  
18 outcomes through stronger local partnerships, in-  
19 cluding through “Country Ownership”, “The Jour-  
20 ney to Self-Reliance”, and “Locally Led Develop-  
21 ment”;

22 (3) USAID should increase direct funding to  
23 local entities, including by increasing the amount of  
24 development and humanitarian assistance to such  
25 entities;

1           (4) USAID should ensure its programming en-  
2           ables local communities to exercise leadership over  
3           priorities, project design, implementation, and meas-  
4           uring and evaluating results of such programs;

5           (5) working with local partners often requires  
6           more time and resources than traditional partners,  
7           including extended availability of funds and addi-  
8           tional staff resources; and

9           (6) increased flexibility is critical to enable  
10          USAID to respond to local priorities and leverage  
11          local capacities, including with respect to staffing,  
12          availability of funds, program design, and acquisi-  
13          tion and assistance processes.

14 **SEC. 4. DEFINITIONS.**

15          In this Act:

16           (1) **APPROPRIATE CONGRESSIONAL COMMIT-**  
17           **TEES.**—The term “appropriate congressional com-  
18           mittees” means—

19                   (A) the Committee on Foreign Relations of  
20                   the Senate;

21                   (B) the Committee on Appropriations of  
22                   the Senate;

23                   (C) the Committee on Foreign Affairs of  
24                   the House of Representatives; and

1 (D) the Committee on Appropriations of  
2 the House of Representatives.

3 (2) NICRA.—The term “NICRA” means Nego-  
4 tiated Indirect Cost Rate.

5 (3) USAID.—The term “USAID” means the  
6 United States Agency for International Develop-  
7 ment.

8 **SEC. 5. WORKING WITH LOCAL PARTNERS.**

9 The Administrator of USAID should, to the extent  
10 feasible and appropriate, localize the USAID partner base  
11 by—

12 (1) simplifying and increasing access to USAID  
13 resources for local partners in humanitarian and de-  
14 velopment sectors, including local partners who have  
15 relations, agency, or power structures in place that  
16 produced, or can produce, strong trust, account-  
17 ability, and legitimacy in the communities or net-  
18 works in which such partners work;

19 (2) diversifying award types to streamline per-  
20 formance requirements and working with the Office  
21 of Management and Budget to address threshold  
22 constraints, such as fixed amount subaward thresh-  
23 olds, category management award targets, and other  
24 thresholds, policies, and contracting incentives that

1 pose a barrier to effectively supporting local part-  
2 ners;

3 (3) streamlining monitoring and evaluation,  
4 periodic reporting, and other USAID reporting re-  
5 quirements;

6 (4) ensuring USAID staff are able and encour-  
7 aged to conduct regular consultation with local part-  
8 ners in local languages of the host countries, making  
9 available solicitations for acquisitions and assistance  
10 and accepting submissions in local languages, video  
11 format, or verbal presentations, including by—

12 (A) investing in translation services;

13 (B) hosting workshop-based engagements;

14 and

15 (C) advertising solicitations in local trade  
16 publications, local media including newspapers  
17 and radio, local community centers, and local  
18 online forums;

19 (5) allowing and promoting multi-year, flexible,  
20 tiered, and milestone-based funding for new pro-  
21 grams and to bring successful programs to scale;

22 (6) strengthening the capacity of USAID staff  
23 and local partners to undertake risk management  
24 and mitigation;

1           (7) supporting consistent and unimpeded access  
2           to full cost recovery for local partners implementing  
3           activities funded by USAID;

4           (8) assessing current definitions of “local part-  
5           ner”, “local ownership”, and “localization” used by  
6           USAID for programming and reporting metrics, and  
7           updating such definitions, as necessary;

8           (9) undertaking outreach campaigns and engag-  
9           ing with local partners (formally and informally) to  
10          raise awareness about opportunities and the process  
11          for applying for and managing awards in compliance  
12          with applicable Federal regulations and USAID poli-  
13          cies, and ensuring such engagement is accessible to  
14          all entities, including unregistered and informal or-  
15          ganizations;

16          (10) strengthening oversight of capacity  
17          strengthening components of awards to ensure  
18          United States and international awardees are mak-  
19          ing good-faith efforts to strengthen local organiza-  
20          tions’ capacities, including independent and external  
21          evaluations to evaluate the mentorship process and  
22          regular feedback loops;

23          (11) expeditiously solving the shortage of con-  
24          tracting officers within USAID, including granting

1 warrants to qualified staff and providing appropriate  
2 training;

3 (12) addressing performance evaluation criteria  
4 to create greater workforce incentives for USAID  
5 personnel to champion locally led development;

6 (13) addressing internal delays and recipient  
7 organization issues that result in the required exten-  
8 sion of provisional NICRAs, in accordance with sec-  
9 tion 200.414(g) of title 2, Code of Federal Regula-  
10 tions;

11 (14) conducting NICRA seminars in local lan-  
12 guages and providing NICRA documentation in local  
13 languages; and

14 (15) ensuring that contracting officers and  
15 agreement officers communicate to awardees who do  
16 not submit for a NICRA that they are eligible for  
17 the de minimis indirect cost rate.

18 **SEC. 6. INSTITUTIONALIZATION OF LOCAL PARTNERSHIPS.**

19 Not later than 180 days after the date of the enact-  
20 ment of this Act, the Administrator of USAID shall ini-  
21 tiate policy actions, including rulemaking, if necessary, to  
22 institutionalize the actions taken pursuant to section 5,  
23 to the extent appropriate and feasible, within all relevant  
24 USAID internal rules and regulations, including—

25 (1) the Automated Directive System;

- 1 (2) the Acquisition and Assistance Strategy;
- 2 (3) the Local Capacity Strengthening Policy;
- 3 (4) the Localization of Humanitarian Assist-
- 4 ance Strategy;
- 5 (5) the USAID Acquisition Regulation;
- 6 (6) the Local Systems Framework; and
- 7 (7) the Private Sector Engagement Policy.

8 **SEC. 7. AUTHORITY TO ACCEPT APPLICATIONS, PRO-**  
9 **POSALS, AND CONTRACTING AGREEMENTS IN**  
10 **LOCAL LANGUAGES AND LOCAL LANGUAGE**  
11 **SUPPORT.**

12 (a) IN GENERAL.—Notwithstanding any other provi-  
13 sion of law, USAID is authorized to accept applications  
14 or proposals in languages other than English if—

- 15 (1) such acceptance eases the burden of a local  
16 entity working with USAID; and
- 17 (2) USAID staff are able to effectively evaluate  
18 such applications or proposals.

19 (b) LOCAL LANGUAGE SUPPORT.—

20 (1) IN GENERAL.—The Administrator of  
21 USAID shall conduct an assessment of options to  
22 enable USAID to utilize local languages to support  
23 local partners with award solicitations, proposals and  
24 applications, evaluations, management, and close  
25 out, including advising local partners on applicable



1 United States regulations and USAID policies and  
2 local country rules and regulations common in such  
3 activities.

4 (2) REPORT.—Not later than 1 year after the  
5 date of the enactment of this Act, the Administrator  
6 of USAID shall submit a report to Congress con-  
7 taining the results of the assessment conducted pur-  
8 suant to paragraph (1).

9 **SEC. 8. MODIFICATIONS RELATING TO THE CODE OF FED-**  
10 **ERAL REGULATIONS AND OTHER REQUIRE-**  
11 **MENTS.**

12 (a) INCREASE IN THE DE MINIMIS INDIRECT  
13 COST.—The Administrator of USAID is authorized—

14 (1) to increase the de minimis indirect cost rate  
15 provided for in section 200.414 of title 2, Code of  
16 Federal Regulations, or in any successor regulations,  
17 to 15 percent for local entities receiving USAID as-  
18 sistance awards;

19 (2) to establish a similar de minimis indirect  
20 cost rate of 15 percent for acquisitions awarded to  
21 local entities pursuant to title 48, Code of Federal  
22 Regulations; and

23 (3) to further increase such threshold if such  
24 action is recommended by regulations promulgated  
25 by the Office of Management and Budget.

1 (b) EXEMPTION FOR LOCAL ENTITIES.—The Admin-  
2 istrator of USAID is authorized to exempt local entities,  
3 as needed, from the reporting requirements under the  
4 Federal Funding Accountability and Transparency Act of  
5 2006 (31 U.S.C. 6106 note; Public Law 109–282) to allow  
6 for a 180-day delay in obtaining a unique entity identifier  
7 and registration in the System for Award Management if  
8 such exemption is not granted later than 30 days before  
9 the end of the award’s period of performance.

10 (c) LOCAL COMPETITION AUTHORITY.—

11 (1) IN GENERAL.—Notwithstanding any other  
12 provision of law, the Administrator of USAID, or a  
13 designee of the Administrator, may award contracts  
14 and other acquisition instruments in which competi-  
15 tion is limited to local entities if such process  
16 would—

17 (A) result in cost savings;

18 (B) strengthen local capacity; or

19 (C) enable USAID to deliver a program or  
20 activities more sustainably or quickly than if  
21 competition were not so limited.

22 (2) LIMITATION.—The authority granted under  
23 paragraph (1) may not be used—

24 (A) to make acquisition awards in excess  
25 of \$25,000,000; or

1 (B) with respect to more than 10 percent  
2 of the amounts appropriated to USAID in any  
3 fiscal year.

4 (d) USE OF NATIONAL OR INTERNATIONAL GEN-  
5 ERALLY ACCEPTED ACCOUNTING PRINCIPLES.—The Ad-  
6 ministrator of USAID, in consultation with the Adminis-  
7 trator of the General Services Administration, the Sec-  
8 retary of Defense, and the Administrator of the National  
9 Aeronautics and Space Administration, may permit for-  
10 eign entities to use national or international generally ac-  
11 cepted accounting principles instead of United States Gen-  
12 erally Accepted Accounting Principles (GAAP) for con-  
13 tracts or grants awarded under chapter 7 of title 2, Code  
14 of Federal Regulations, or chapter 7 of title 48, Code of  
15 Federal Regulations.

16 **SEC. 9. ANNUAL REPORT.**

17 Not later than 180 days after the last day of each  
18 fiscal year, and annually thereafter, the Administrator of  
19 USAID shall submit to the appropriate congressional com-  
20 mittees and publish on the USAID website a report on  
21 the progress made by USAID during the most recently  
22 completed fiscal year to advance locally led development  
23 and humanitarian response, which shall include, with re-  
24 spect to the reporting period—

1           (1) the amount of funding expended directly or  
2 indirectly by local entities, including through all de-  
3 velopment and humanitarian assistance programs;

4           (2) an assessment of how USAID is enabling  
5 more local leadership of programs funded by  
6 USAID, including—

7                   (A) recipients of direct funding;

8                   (B) subrecipients and subcontractors to an  
9 international implementing partner;

10                  (C) participants in a USAID-funded pro-  
11 gram; and

12                  (D) members of a community affected by  
13 a USAID program;

14           (3) an assessment of progress made by USAID  
15 towards implementing—

16                   (A) the Acquisitions and Assistance Strat-  
17 egy;

18                   (B) the Local Capacity Strengthening Pol-  
19 icy;

20                   (C) the Policy on Locally Led Humani-  
21 tarian Assistance; and

22                   (D) any other relevant strategies and poli-  
23 cies;

24           (4) an assessment of—

1 (A) how USAID is using the new authori-  
2 ties granted under sections 7 and 8; and

3 (B) the impact of such authorities on the  
4 ability of USAID to work with local partners;  
5 and

6 (5) an assessment of—

7 (A) the number of organizations with a  
8 NICRA known to USAID that are utilizing pro-  
9 visional NICRAs for longer than 4 years with-  
10 out a final NICRA; and

11 (B) the steps that USAID recommends be  
12 taken to reduce the extension of provisional  
13 NICRAs beyond 1 year.

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