



Locally Led Development and Humanitarian Response Act

Background:

Over multiple Administrations, USAID has recognized that U.S. foreign assistance is more effective, produces more lasting results, and creates stronger local systems when it is driven by local priorities and implemented by local organizations. Each of the last four administrations have worked to direct funding to local organizations. Despite these efforts, only 10% of all USAID funding goes to local entities. In 2021, Administrator Power announced an initiative to prioritize localization at the agency with the goal of providing 25% of all USAID funding directly to local partners by 2025 and ensuring 50% of USAID programs place local voices in the lead by 2030.

Bill Summary:

The *Locally Led Development and Humanitarian Response Act* would bolster and improve transparency around USAID's efforts to localize its partner base implementing development and humanitarian assistance. Specifically, it would:

- Authorize USAID to accept applications or proposals in languages other than English and direct USAID to assess options to provide support and translation services for local languages;
- Authorize USAID to increase the de minimis indirect cost rate to 15% for local entities receiving USAID assistance awards;
- Authorize USAID to allow a 180-day delay for local entities to register in the System for Award Management;
- Authorize USAID to award contracts or other acquisition instruments in which competition is limited to local entities if doing so would result in cost savings, strengthen local capacity, or enable more sustainable programs;
- Authorize USAID to allow foreign entities to use national or international generally accepted accounting principles for contracts or grants awarded;
- Require USAID to submit an annual report on progress to advance locally-led development and humanitarian response, including funding implemented directly and indirectly by local entities, an assessment of how USAID is enabling more local leadership of USAID funded programs, an assessment of progress implementing localization-focused strategies and policies, an assessment of how USAID is using new authorities granted in the legislation, and an assessment of how organizations utilize provisional NICRA rates.