



Locally Led Development and Humanitarian Response Act (H.R.7710/ S.3994)

The Issue: In recent years, there has been an increased focus on community-led development within foreign assistance as well as a growing commitment to working with local partners on the ground. Throughout the last four administrations, USAID has worked to fund local organizations, however, only 10% of all USAID funding goes directly to local entities.

The Solution: Locally-led development works to shift decision-making power to local actors. This helps to ensure aid effectiveness in a more concrete way because it takes into account local voices, cultural norms, as well as the expertise and expectations of those actually impacted. As such, U.S. foreign assistance can produce stronger, more sustainable results.

In 2021, USAID Administrator Samantha Power announced an initiative to direct 25% of all USAID funding to local partners by 2025 and ensure local voices lead 50% of USAID programs by 2030. The Locally Led Development and Humanitarian Response Act would provide further transparency in efforts towards localizing its partner base. Specifically, the bill would:

- Authorize USAID to **accept non-English applications or proposals** and direct USAID to **provide support and translation services** for local languages;
- Authorize USAID to **increase the de minimis indirect cost rate**¹ 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 (SAM), the official U.S. system for government contracts;
- Authorize USAID to **grant contracts or other acquisition methods** limited only to local entities provided that such actions result in cost savings, strengthen local capacity or produce more sustainable programs;
- Authorize USAID to **permit partners to use nationally or internationally accepted accounting** principles for contracts or grants awarded;
- Require USAID to submit **an annual progress report** including funding implemented directly and indirectly by local entities, progress implementing localization-focused strategies and policies, how USAID is using new authorities granted in the legislation, and how organizations utilize provisional Negotiated Indirect Cost Rate Agreement (NICRA)² rates.

Rep. Sara Jacobs said, “It’s long overdue to rethink traditional ways of delivering development and humanitarian assistance – and instead look for ways to empower local communities so they can determine their own future.”

Supporters: Congresswoman Sara Jacobs (D-CA-51) and U.S. Senators Chris Coons (D-DE), Joni Ernst (R-IA), Tim Kaine (D-VA) and Pete Ricketts (R-NE) introduced the Locally Led Development and Humanitarian Response Act on March 20, 2024.

¹An overhead rate for partners covering common costs such as office space rental, utilities and managerial staff salaries.

²A document that estimates the indirect cost rate negotiated between the Federal Government and a Grantee or Contractor’s organization.