



**U.S. Agency for International Development
Report On Funding to Capable Local and National Nongovernmental Entities – Fiscal Year
(FY) 2022**

The U.S. Agency for International Development (USAID) submits this report pursuant to Section 7019(e) of Division K of Public Law (P.L.) 117-103, the Department of State, Foreign Operations, and Related Programs Appropriations Act (SFOAA), 2022, which incorporates by reference House Report 117-84. The Report states:

The Committee directs the USAID Administrator, not later than 120 days after enactment of this Act, to submit to the Committees on Appropriations a report on funding under this heading for programs implemented directly by local and national nongovernmental entities. The report should include a description on how USAID is working to increase funding to capable local and national nongovernmental entities

As USAID looks to deepen development impacts, it is vital to identify capable organizations and engage them as partners in addressing local development challenges. Local organizations offer unique perspectives and skills. They will remain in their countries long after USAID assistance ends.

In FY 2021, 7.2 percent of USAID funds were obligated to local nongovernmental organizations, defined as direct recipients of USAID funds that are legally headquartered and incorporated in the place of activity performance. In total, 545 new awards were made to local partners in FY 2021.

As a part of the Localization Agenda, USAID has set a goal to improve this metric by increasing funding to local entities to 25 percent by 2025. Additionally, the Agency is taking steps to ensure that by 2030, fifty percent of our programming will place local communities in the lead to co-design a project, set priorities, drive implementation, and/or evaluate the impact of our programs.

The Agency's [Learning Agenda](#) helps advance Administration policy priorities and the Agency's vision for inclusive, localized development. Nine learning questions cover priorities central to the localization agenda including partnering with local actors, promoting equity and inclusion, building local capacity and systems, and promoting locally-led development. Most directly linked is the question asking: How can USAID more equitably engage local knowledge, assets,

and practices and align programming with local priorities and metrics for success? The Agency Learning Agenda will bring together learning from localization agenda efforts underway across USAID Missions and Bureaus and by our partners. USAID will take an iterative approach as we generate and share evidence on cross-cutting learning questions, adapting policies, programs, and operations to better overcome barriers and build on success.

There are many barriers local entities may encounter when seeking to partner with USAID – from the basics of understanding how USAID operates, to applying for funding or competing for an award, to implementation of an activity, and managing payment and other award terms.

To lower these barriers, the Agency launched [WorkwithUSAID.org](https://www.workwithusaid.org) in November 2021. WorkwithUSAID.org is a free resource hub that provides the knowledge and networks for organizations to navigate partnering with USAID. Through this website, local partners can gain access to tools and resources that will help improve their organization's capacity to better compete for USAID funding. Since the launch, the website has received more than 1.4 million pageviews and almost 145,000 new users. Approximately 3,000 organizations have signed up for the Partner Directory, 77 percent of which are prospective partners interested in working with USAID.

To ensure that the website reaches local communities, USAID's Industry Liaison has worked with three Cooperating Country Nationals (CCNs) through the FSN Fellowship Program to conduct outreach within their respective Missions and local partner communities. Several CCNs around the world also helped translate key documents on WorkwithUSAID.org into a variety of local languages. To date, materials have been translated into Arabic, Burmese, Spanish, French, Vietnamese, Ukrainian, and Portuguese. This effort continues.

The Agency's Industry Liaison also promotes WorkwithUSAID.org and other opportunities to engage with USAID through a variety of social media channels, including LinkedIn, Twitter, Facebook, and Instagram. Additionally, the Agency hosts virtual events for partners to learn about USAID and ask questions.

Another key tool for prospective local partners is the [Business Forecast](https://www.usaid.gov/business-forecast). The Forecast provides an advanced look at all USAID funding opportunities around the world. The Forecast is updated daily at [usaid.gov/business-forecast](https://www.usaid.gov/business-forecast), pulling from our internal planning systems. The Forecast helps to create a level playing field by actively communicating all of USAID's upcoming funding opportunities before any proposals or applications are due. This allows local entities to start planning and preparing the necessary materials to compete for funding.

While these tools have proven helpful to local organizations, the Agency recognizes that challenges remain for local partners competing for funding, especially when they are up against better-resourced international partners and may not be fluent in English. USAID is addressing these challenges through the following approaches:

- In December 2021, to complement USAID 110 Assistance (required for the FAC-COR Level 1 Certification), USAID launched USAID 201 Assistance course as a requirement for the FAC-COR Level 2 Certification, training AORs to be better equipped to manage assistance awards, which are typically the type of awards the local partners have with USAID.
- USAID is opening doors for local partners who cannot readily access a high-level of English-language competency by publishing courtesy copies of solicitations and accepting concept notes in local languages. While formal solicitations and proposals/applications must still be issued and received in English, offering courtesy translations will help local partners better understand the programmatic scope of USAID activities and prepare competitive proposals/applications.
- We are increasing the use of co-creation and other collaborative approaches to activity and award design, such as incorporating these approaches in Requests for Information (RFIs), Annual Program Statements (APS), and working from draft Statements of Work. In FY21, 30 percent of USAID activities were co-created with partners.
- We are also encouraging phased approaches to acquisition and assistance, in which partners submit initial concept notes to satisfy competition requirements, rather than USAID requiring resource-intensive full proposals or applications from all offerors or applicants.
- We will reform the Non-U.S. Organization Pre-award Survey (NUPAS) for local partners to maintain accountability but lowering barriers for partnerships and reducing unnecessary burdens.
- Finally, for assistance awards, USAID is increasingly using existing authorities to restrict eligibility to local partners.

USAID's Bureau for Management, Office of Acquisition and Assistance (M/OAA) is leading the effort to streamline the partnership process. M/OAA's approach to finding efficiencies is multi-pronged: reducing policies and processes that do not add value; clarifying guidance to be intuitive and straightforward; providing standards to guide staff and partners in how they manage awards; and improving technological systems to save time. Examples of administrative burdens that M/OAA has reduced include:

- Piloted the use of Robotics Process Automation (RPA) in one phase of the procurement process (drafting of the negotiation memorandum). Full automation of the negotiation memorandum step in the procurement process can yield \$1.5 million annually in time savings based on calculations from ten users piloting this automation.
- Created standardized electronic A&A templates for preparing and clearing key A&A documentation. This ensures A&A staff have access to oft-used documents and can save time by not having to ‘reinvent the wheel’ for each action.
- Approved the use of electronic signatures for USAID and its partners for official A&A documents, including award documents. This has streamlined the signing and document management process while increasing security.
- Developed guidance on ways to lower barriers to entry in acquisition solicitations through the use of less than full proposals, phased competition, and down-select approaches. This is expected to encourage new partners to participate in USAID procurements, while also reducing the burden placed on offerors and evaluation teams when initial submissions are minimally competitive.

In addition, to accomplish the Agency's goal of increasing funding to local entities to 25 percent by 2025, the Agency must take aggressive actions to reduce, to the extent practicable, the regulatory and policy barriers foreign entities face when working with USAID. Although some local organizations have highly developed capabilities related to managing USG funding, many more are smaller, newer, and have less sophisticated management capabilities that currently make it challenging for them to meet USG funding requirements. While USG funding requirements represent effective risk management measures, we are challenging ourselves to design alternative approaches to working with local development partners. The Agency has already identified and prioritized a shortlist of statutory and regulatory barriers to address in order to increase our flexibility and support localization goals. These include:

- *SAM Registration.* The requirement for offerors and applicants to be registered in the System for Award Management (SAM) prior to submission of their offer/application creates a significant burden as local entities must enter a large amount of data into SAM and complete several complex representations and certifications to complete registration. Further complicating this is a significant backlog in SAM itself, due to a system change earlier in 2022, which has resulted in serious delays and interruptions in many entities’ registration efforts. To address this barrier, USAID is exploring various regulatory and statutory options, including expanding existing registration exceptions, seeking new exceptions and allowing for post-award registration, and extending post-award registration deadlines (e.g., from 30 days to 60+ days). USAID is participating in an inter-agency working group that is dialoguing with the Office of Management and Budget (OMB) to seek flexibilities related to unique entity identifiers (UEIs) and SAM registration for assistance awards. USAID also obtained concurrence from the Civilian

Agency Acquisition Council (CAAC) for a temporary class deviation that provides some SAM-related flexibility to award contracts under certain conditions; guidance was issued to contracting officers via a policy directive.

- *Indirect Cost Recovery.* The recovery of indirect costs, along with direct programmatic costs, is vitally important to the financial health of local organizations but the vast majority (95 percent +) are unable to meet the minimum requirements for a Negotiated Indirect Cost Rate Agreement (NICRA), the standard indirect cost recovery mechanism used by most large, U.S.-based organizations receiving federal funding. To increase the flexibility of our funding partnerships, the Agency is exploring various regulatory and statutory options that could address indirect cost recovery challenges in those situations where fixed price/fixed amount instruments are not appropriate, including introducing a “de minimis” rate under acquisition (similar to what is available under assistance), expanding the use of advance agreements to cover indirect costs (acquisition), and increasing the use of more streamlined commercial contracting procedures for programmatic purposes (acquisition).
- *Limiting Competition.* Few local organizations are able to successfully compete with U.S. or international organizations, even if they are technically and administratively qualified, due to the extensive application and proposal requirements associated with USG funding opportunities. To expand the local partner base and increase direct funding to local organizations, USAID is exploring statutory and regulatory options for expanding the Agency’s ability to restrict eligibility for funding opportunities to local entities. This could include removing the \$5M award ceilings associated with current A&A flexibilities to allow for restricted eligibility for larger activities, as well as seeking to make the acquisition authority permanent.