Unlock Aid endorses the Locally-Led Development and Humanitarian Response Act

Those closest to the problems are closest to the solutions. However, 90 percent of U.S. foreign aid dollars gets channeled via an aid industry that devolves just 14 cents for every one dollar they make to front-line groups. Visit www.unlockaid.org/follow-the-money for more.

Unlock Aid has endorsed this bill because it:

1. States Congress' preference that USAID work with local partners, and directs the agency to take steps to make it easier for the agency to work with local groups and include local leaders in decision making.

2. Reduces barriers to entry for local organizations by addressing long-standing issues that get in the way, like procurement red tape, complex proposal rules, and excessive and duplicative evaluations.

3. Changes rules to make contracting more fair for local groups, including by increasing the overhead rates that local organizations can charge and eases USAID’s ability to compete awards to local actors.

Specifically, the bill:

Specifies priority areas for USAID to change internal policies to:

- Lower complexity and increase accountability for results by increasing USAID’s use of multi-year, tiered, and simplified milestone-based awards;
- Reduce burdens by streamlining reporting, including submission of monitoring and evaluation reports;
- Support "consistent and unimpeded" access to full cost recovery to ensure local groups can receive the full contracted value of the awarded work;
- Ensure local leaders to have greater leadership roles in USAID-funded activities.

Directs USAID to work with the White House and Office of Management and Budget to:

- Reduce institutional incentives for USAID to work with legacy partners instead of local ones by addressing issues like "category management award" targets set by the White House and OMB;
- Ease subcontracting to local groups by addressing issues such as fixed-amount "sub-award thresholds."
- Change other "thresholds, policies, and contracting incentives that pose barriers to effectively working with local partners."

Directs USAID to amend performance and workforce incentives for agency personnel to champion locally-led development.

Changes federal regulations to enable USAID to work with local partners, including to:

- Authorize USAID to limit competitions just to local entities for awards valued up to $25 million;
- Increase the "de minimis" indirect rates that local organizations can receive from 10 to 15 percent;
- Authorize USAID to provide local entities with time extensions for certain burdensome reporting requirements;
- Authorize USAID to accept internationally-accepted accounting methods in lieu of requiring local entities to use U.S. Government-specific accounting ones.