

# Advocacy Advisor

## Spotlight: USAID's Policy Framework

In March, USAID launched their finalized Policy Framework after several rounds of comments and consultation with the community. The Framework is a roadmap for all of USAID's work, but also includes specific language on locally-led development. Emphasis on working with local partners is embedded throughout the framework—from USAID's work on food security, to women's empowerment, to climate resilience. However, there is a dedicated section titled "Significantly Expand our Support for Locally Led Development" under the Agency's "Embracing New Partnerships" aim. The Framework puts forth a "set of internal reforms, actions, and behavior changes," to strengthen local partnerships. In this section, the Agency commits to:

- 1. Channeling a larger portion of USAID's resources directly to local partners;**
  - a. Through the target of 25% funding to local partners by the end of FY25, WorkWithUSAID.gov, and the updated Acquisition and Assistance Strategy.
- 2. Adapting policies and programs to fit each country's unique political, social, cultural, economic, and environmental conditions;**
  - a. Utilizing longer-term project horizons and local capacity strengthening.
- 3. Shifting power to local actors and create space for them to influence and exercise leadership over development outcomes;**
  - a. Through the 2030 target that 50% of programming will place local communities in the lead to co-design a project, set its priorities, drive its implementation, or evaluate its impact.
- 4. Serving as a global advocate and thought leader to catalyze a broader shift towards locally-led development.**
  - a. Through convenings within the donor community and informed by USAID's experience with Local Works and the New Partnership Initiative.

The Agency also spotlights "A Rubric for Policy Implementation: Applying global priorities to local contexts." According to the Framework, this rubric "should inform decision-making, including how to prioritize, weigh tradeoffs with limited resources, and ground choices in context." It can be used to "inform both formal planning processes, including during country and regional strategy development, mid-course stocktakings, and day-to-day decisions."

## Government Operational Policy Guidance and Updates

### Office of Management and Budget

#### 2 CFR Revision Process

The Office of Management and Budget (OMB) will be proposing revisions to title 2 of the Code of Federal Regulation (CFR), subtitle A, chapters I and II, in 2023. OMB issued an RFI to solicit feedback from the general public on 2 CFR, which will be considered during the process of drafting updates.

OMB anticipates publishing a Notice and Comment period later this year with the proposed regulatory changes. During the quarter, Humentum submitted [comments](#) on behalf of our members in response to OMB's request for information and will again once OMB announces the Notice and Comment period.

## US Agency for International Development

### Updated Acquisition and Assistance Strategy

In early March 2023, USAID launched its updated [Acquisition and Assistance \(A&A\) Strategy](#). Read Humentum's [policy brief](#) for more information about what the new strategy means for USAID's operations, its implementing partners, and the movement for locally-led development.

### Acquisition and Assistance Strategy Listening Session

Following the publication of the refreshed A&A Strategy, Humentum held a listening session with USAID staff, including Mark Walther, Management Bureau Acting Deputy Assistant Administrator and Director, Office of Acquisition and Assistance. Review the notes from the conversation [here](#).

### Key Performance Indicators: Direct Acquisition & Assistance Funding for Localization

USAID published its [key performance indicators](#) for direct acquisition & assistance funding for localization. The three indicators "measure direct funding to local partners obligated through acquisition and assistance (A&A) instruments":

- 1. Direct Local Funding: measures the percentage of applicable acquisition and assistance obligations that are directly obligated to local partners in a given fiscal year.**
- 2. Direct South-South Funding: seeks to measure the percentage of applicable acquisition and assistance obligations that are directly obligated to partners from developing countries that are performing work in a country that is not the same as the organization's place of incorporation and location in the Global South.**
- 3. Direct Regional Funding: indicator measures the percentage of applicable acquisition and assistance obligations that are directly obligated to regional partners in a given fiscal year.**

Each of these indicators are calculated as percentages of the total development and humanitarian acquisition and assistance funds obligated in a given fiscal year (except for the Direct South-South Funding indicator, which is calculated as a percentage of total funds obligated in a Global Acquisition and Assistance System [GLAAS] fiscal year).

Notably, USAID classifies partner obligations as "local" if:

- a. The identified "country of incorporation" in SAM\* matches the "physical country" in SAM and the "place of performance\_country" in GLAAS; and**
- b. The physical country is classified as a developing country.**

This definition would seemingly allow funds obligated to any entity that is incorporated and performs in a developing country to be classified as direct local funding. This may have unintended consequences as entities that were originally established in high-income countries begin to register spin-off or affiliate organizations in low-and-middle income countries.

*\*Note: For obligations to partners not registered in SAM or who have a generic UEI, they are classified as "local" if the identified "vendor country" in GLAAS is classified as a developing country and matches their "place of performance\_country" in GLASS.*



## Request for Feedback: Partner Compliance Costs

USAID is seeking feedback on the cost(s) of complying with some of their award requirements; specifically, costs of managing compliance and/or safeguarding considerations under their awards. You may submit feedback directly to USAID by emailing Emily R. Revis, Procurement Analyst, at [erudge@usaid.gov](mailto:erudge@usaid.gov) using the subject line "Partner Compliance Costs." USAID is requesting this feedback by June 1st, 2023.

If you would prefer your feedback to remain anonymous or would like us to amplify your feedback, please also fill out [this form](#) to submit feedback through Humentum. We ask that you respond by May 26, 2023.

## US Department of State

### 2 CFR Revision Process

On May 9, Humentum hosted staff from the Department of State to discuss the 2 CFR revision process. In addition to 70 representatives from Humentum member-organizations, the following representatives participated:

- Jeff Bell, Director, Federal Assistance Division, Office of Acquisition Policy in the Office of the Procurement Executive
- Andrew Bockover, Grants Specialist
- Jo DeBusk, Analyst
- Karen Fjeld, Grants Policy Analyst

To see the notes from this robust conversation, click [here](#).

## US Congress

### Senator Ernst (R-IA) and Representative McCaul (R-TX) send a "formal oversight request" to USAID regarding NICRA

At the end of April, [Sen. Ernst and Rep. McCaul](#) wrote to USAID to "request transparency concerning [the] agency's stewardship of U.S. taxpayer dollars, specifically the U.S. Agency for International Development's (USAID) Negotiated Indirect Cost Rate Agreements (NICRA) with partners delivering humanitarian assistance." NICRA rates are kept confidential, keeping in line with Agency and longstanding executive branch practice to "protect confidential business information from disclosure outside the scope of a formal oversight request by a committee of jurisdiction."

Concerned by what Ernst and McCaul refer to as the "ballooning" of NICRA rates, they issued [this letter](#) to USAID. USAID has previously met with members of Congress to [brief](#) them on NICRAs, [how they are calculated](#), and why there is no way to meaningfully compare rates between organizations. However, Ernst and McCaul are still requesting access to USAID's NICRA database and all policies and practices for NICRA rate organizations.

USAID recently informed implementing organizations that they intend to comply with the oversight request, leaving many concerned about the implications of the disclosure of their confidential business information. Furthermore, this inquiry into NICRA rates could have future implications for national and local partners seeking to do business with USAID. For these organizations, full and fair overhead cost recovery is key to their financial sustainability, and ability to bid on USAID opportunities.

While Congressional oversight of USAID is important, this letter speaks to a persistent belief in the overhead myth- overheads are somehow not part of 'actually delivering' missional work. Research and experience shows that this is unequivocally false; without full overhead coverage, organizations are often unable to recruit, train, pay, and maintain staff members, all of which jeopardizes not just the organization's health, but the success of its programs and mission.



For counter-narratives, see these powerful, fact-based resources:

- [Humentum's Administrative Cost research](#)
- [GlobalGiving: The Overhead Myth is Still Hurting Nonprofits](#)
- [Funding-for-real-change resources](#)
- [TED Talk: The way we think about charity is dead wrong](#)

## **The Fostering Innovation in Global Development Act of 2023**

[Congressman Joaquin Castro \(TX-20\)](#) and [Congresswoman Young Kim \(CA-40\)](#) introduced the [Fostering Innovation in Global Development Act \(FIGDA\)](#) of 2023.

If passed, FIGDA will:

- Kickstart a Global Innovation Strategy
- Establish a Chief Innovation Officer and an Innovation Fellowship
- Codify the Development Innovation Ventures program
- Establish a Proven Solutions Program
- Authorize Participation in Global Innovation Fund
- Authorize Collaboration with US International Development Finance Corporation
- Establish Explicit Innovation Authorities
- Expand Fixed Amount Subawards
- Establish a Recovery of Fund Authority

The bill only makes one explicit reference to local partners when authorizing the Administrator, through the Chief Innovation Officer, to “expand USAID partner bases, and support cost-effective and sustainable-led development solutions in partnership with local and non-traditional development partners, including the private sector.”

However, if passed, FIGDA would have wide-ranging implications for local partners seeking USG funding. Local partners could take advantage of an expanded fixed-amount subaward limit (from \$250,000 to \$1,000,000), as well as increased innovative financing mechanisms such as development impact bonds, performance-based contracts, and conditional cash transfers.

## **Fiscal Year 2024 Budget Requests for the [House](#) and the [Senate](#)**

USAID Administrator Samantha Power testified before the [Senate Foreign Relations Committee](#) on the FY24 USAID Budget. During this hearing, Administrator Power provided [updates on the Agency's progress](#) towards meeting its stated goal of providing 25% of funding directly to local entities by the end of FY25. She acknowledged that the goal will be challenging to meet, and that foreign assistance spending through local partners has been boosted from around 7% to around 10.5%. While this indicates that progress is being made, it may not be fast enough to reach the Agency's target by the end of FY25.

## **USAID Localization: Challenges, Opportunities, and Next Steps to Further Development Initiatives on the Local Level**

The Senate Foreign Relations Subcommittee on State Department and USAID Management, International Operations, and Bilateral International Development brought experts, including USAID/PPL Assistant to the Administrator Michele Sumilas, together to discuss USAID's ongoing localization efforts. [Watch here.](#)



### Peer exchange of localization with Convenors and Funders

On April 17, 2023, Humentum co-convened representatives from civil society networks and bilateral funders to discuss the “Islands of Success” that bilaterals have achieved in their commitment to locally-led development. The meeting also began with a short presentation on the 2021 OECD Recommendations on supporting local civil society. The funders represented were: Canada, Denmark, Germany, Netherlands, Sweden, US, UK. The convenors of the event were: ACFID, Bond, Civicus, Concorde, Cooperation Canada, Dochas, Fingo, Forus, Humentum, ICVA, ICS Centre, InterAction, Movement for Community-led Development, Partos, Venro.

### DAC Civil Society Organization Reference Group

Humentum has been invited to become a member of the OECD DAC CSO Reference Group. The Group facilitates and coordinates engagement with the Organisation for Economic Co-operation and Development - Development Assistance Committee (OECD - DAC) by CSOs from both the Global North and the Global South, and to carry CSO positions in these spaces with the goal of promoting more effective aid and development finance. It serves as an avenue for members to plan and coordinate activities, positions, and ways forward related to OECD - DAC engagement. We are eager to represent the interests of our member organizations and constituents and encourage you to reach out to us with any issues or challenges we can raise on your behalf.

### OECD DAC CSO Dialogue and Civil Society Days

Humentum has been invited to participate in the OECD DAC Civil Society Days on June 19-20 in Paris. Alongside 30 other CSOs from across the globe, we will participate in the Annual CSO-DAC dialogue around enabling civil society for locally-led transformation and balanced partnerships.

## Humentum Thought Leadership

### Read:

- [From Operations to Outcomes: A Policy Blueprint for Locally-Led Development](#)
- [Humentum’s Annual ERA Index: The Journey to Equitable Development](#)
- [Partnerships and Power: Understanding the Dynamics Between International and National Sexual and Reproductive Health and Rights Organizations](#)
- [Key Ingredients for Financial Sustainability: More Than Money Management](#)
- [How localization efforts are ‘missing the mark’ — and what to do next | Devex](#)
- [4 things development organizations must do to look after staff | Devex](#)

### Watch:

- [Operationalizing Locally-Led Development 2023: Exploring Equitable INGO Partnership Models](#)
- [NNGO Leaders on Locally-Led Development - Challenges and Opportunities](#)
- [From Uncertain to Sustainable: How to Build an NGO Financial Strategy Webinar](#)



## What We're Reading

- [Understanding the role of narratives in humanitarian policy change | ODI: Think change](#)
- [Three Steps NGO Leaders Can Take toward a Future of Inclusive, Locally Led Development | IntraHealth](#)
- [Metrics Matter: How USAID counts "local" will have a big impact on funding for local partners | Publish What You Fund](#)

## Get Involved

- Visit the members only [Humentum Connect Government Affairs & Advocacy Community](#) for real-time updates on these and other related outreach, engagement, and advocacy opportunities.
- Visit the [Advocacy webpage](#) for a clearinghouse of Humentum advocacy action items and updates.
- Take advantage of Humentum's topical [webinars, roundtables, and working groups](#) on donor policies and critical issues, as they arise.



**Cynthia Smith**

Director, Government Affairs and  
Advocacy

[cynthia.smith@humentum.org](mailto:cynthia.smith@humentum.org)



**Jenna Thoretz**

Advocacy Manager

[jenna.thoretz@humentum.org](mailto:jenna.thoretz@humentum.org)

## Disclaimer

This Advocacy Advisor is intended for informational purposes only and should not be construed as legal or professional advice on any subject matter.

