3rd Quarter FY 2024
Business Forecast and Partner Update Webinar
June 27, 2024
11:00 AM-12:00 PM ET
As Prepared

<u>**USAID Participants**</u>
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- Shereen Faraj, Deputy Assistant Administrator, Bureau for Planning, Learning, and Resource Management
- Angela Cardenas, Senior Policy Advisor, Office of the Chief DEIA Officer
- Sarah Rose, Senior Advisor for Localization, Office of the Administrator
- Stephanie Snyder, Cost and Audit Support Division Chief, Bureau for Management, Office of Acquisition and Assistance
- Lauren Hansen, Safeguarding Team Lead, Responsibility, Safeguarding, & Compliance Division, Bureau for Management, Office of Management Policy, Budget and Performance
- Lindsay Shurtz, Outreach and Communications Specialist, Bureau for Management, Office of Acquisition and Assistance

Conference Call Transcript

<u>Welcome and Introductions from Lindsay Shurtz</u>
Hello everyone and thank you for joining us today's Business Forecast and Partner Update webinar. My name is Lindsay Shurtz. I am an Outreach and Communications Specialist for USAID's Office of Acquisition and Assistance in the Management Bureau.

We are excited to have you join today's webinar – where we will be sharing updates on a number of things happening around USAID.

We will be recording today's session. If you would like, you can turn on closed captioning by clicking the "cc" button in the bottom left corner of the webex screen. Throughout the event, we will be sharing links in the chat box. We will also share the information shared today on the USAID.gov website. However, please note that we will not be taking questions during this event.

A few weeks ago we solicited questions from you, our partners, around USAID's planned activities on our Business Forecast. Our team around the world has been busy answering the more than 2,100 questions we received this quarter.

If you're new to one of our Business Forecast calls, we use this webinar to cover Agency priority topics. Later today, we will plan to post responses to the majority of the questions we have received on USAID.gov, along with a recording and transcript from this call. Once we have posted these resources, we will notify you through our Industry Liaison Updates email distribution list, and our social media channels. My colleagues can drop the links in the chat box for you to sign-up if you are not already following us.

If you are not aware, last fiscal year we released a feature that allows you to receive email alerts twice a week (on Mondays and Wednesdays) with a recap of activities that have been updated or added to the Business Forecast. We will drop the <u>link in the chat box for you to sign-up</u> - you can also do this on our Business Forecast webpage.

If you have any questions or issues with these new features, please feel free to contact us at <u>BusinessForecast@usaid.gov</u>

Lastly, I want to let you all know that we will not be hosting a Fiscal Year 2024 Quarter 4 Business Forecast and Partner Update webinar. Since it is the end of the Fiscal Year, our staff is incredibly busy working to wrap up obligations, so with that being said we will not be soliciting questions on the Business Forecast activities until Quarter 1 of Fiscal Year 2025, which is in November.

With that, I would like to hand it over to Jami Rodgers, the Director for the Bureau for Management's Office of Acquisition and Assistance and USAID's Senior Procurement Executive.

Remarks from Jami Rodgers, Director, Bureau for Management Office of Acquisition and Assistance (M/OAA)

Thanks, Lindsay, and thank you to all of our partners for taking the time to join us today.

As we get started, I'd like to wish you all a happy Micro-, Small and Medium-sized Enterprises Day. I want to take a moment to recognize all of our small business partners on the call with us and say thank you for helping us transform lives and communities, extending to the world. We could not do the work we do with your expertise, agility, and passion.

Yesterday, I had the privilege of attending the Sub Contractor Summit hosted by USAID's Office of Small and Disadvantaged Business Utilization (OSDBU), which brought together USAID's large prime implementing partners and U.S. small businesses interested in partnering with USAID large primes. The event consisted of training, briefing sessions, and matchmaking opportunities to highlight the importance of Subcontracting to USAID's small business program goals. Also in the event, "Small Business Liaisons Officers" from large primes had the opportunity to directly engage and network with potential small business partners, thereby supporting compliance with their subcontracting plans. I am excited for the summit to continue today and provide additional time for matchmaking and networking among our partners. We look forward to continuing our small business efforts in the future.

Now, to kick off the webinar, I will provide updates on a couple of different areas for USAID's Office of Acquisition and Assistance.

2 CFR 200

We want to continue to make it easier for potential partners to receive and implement grants, cooperative agreements, and other types of assistance awards from USAID. We were thrilled when the Office of Management and Budget, or OMB, announced the final revisions to several chapters of the Code of Federal Regulations, or CFR, in April. Specifically, we are eager to implement revisions to 2 CFR 200, referred to as the Uniform Guidance for Federal Financial Assistance.

These new changes to the Federal assistance regulations will impact the way USAID works with every single assistance recipient, no matter the technical sector or the location. And the regulation revisions will also impact the way our prime recipients work with their own subrecipients.

OMB's revisions to 2 CFR represent the most sweeping updates to the Federal assistance regulations guidance since it went into effect ten years ago, and are the culmination of a nearly two year process that began with collecting input from U.S. government agencies and the public, including USAID and our partner community.

The revisions will make the guidance more accessible and comprehensible, as well as improve oversight, transparency, and management of federal financial assistance—all of which are also priorities for USAID. For example, OMB's revisions include plain language revisions and updated

terminology that will reduce burdens for USAID and its award recipients, clarifying portions of the regulations that have previously led to different interpretations.

And these revisions consider overseas programming and partners, more than they have in the past - which is *especially* helpful for USAID.

I want to highlight four key revisions that may impact your organization.

First, the revised guidance increases the de minimis indirect cost rate from 10 percent to 15 percent to allow for greater cost recovery for partners that do not have a negotiated indirect cost rate agreement or NICRA. This change will allow USAID recipients to achieve a more reasonable, sustainable, and realistic recovery of indirect costs, particularly for new partners that may not have the capacity to undergo a formal rate negotiation required to obtain a NICRA, but still deserve to be fully compensated for their overhead costs.

Second involves changes to the SAM.gov registration requirements. Currently, entities are required to be registered in SAM prior to submitting an application, unless one of the few exceptions apply. The current regulations allow an exception for awards to foreign entities valued at less than $25,000. The revisions going into effect create a new exception, providing USAID with the authority to exempt a foreign entity from completing full registration in SAM for an award less than $500,000 that will be performed outside the United States. SAM.gov registration has been a barrier for many non-U.S. organizations in the past, and the new flexibility is expected to facilitate the Agency's work with new local partners.

While such organizations will still need to obtain a Unique Entity Identifier, this exemption from full SAM registration should reduce the burden on many of our smaller local recipients.

The third revision relates to translation. What many of you might also know is that OMB's regulations to-date have required that final applications for federal funding be submitted in English. Looking ahead, when the revised regulations go into effect, USAID will have the ability to receive final applications and other award-related reporting or documentation in languages other than English. OMB also made it explicit that agencies can translate and disseminate notices of funding opportunities in local languages, and noted the intent of these changes was "to allow for more flexibility when working in international environments or in communities where English is not the primary language."

We are excited about this revision which will expand the accessibility of our funding opportunities to communities and organizations that may not have English language capabilities or the resources to access them.

Another important change, OMB has increased the ceiling for fixed amount subawards from $250,000 to $500,000. This change greatly improves our prime recipients' ability to partner with, again, the smaller, newer, and less traditional local partners who are the most common recipients of fixed amount subawards.

I want to thank our Policy division, USAID staff, and implementing partners for all the hard work providing feedback and engaging with OMB to make these revisions possible. I encourage you to stay connected with our Industry Liaison team as we get closer to October 1 when these changes will officially come into effect and we provide additional updates.

A&A Strategy

Since March of last year, the Agency has made tremendous strides in seeking to fully realize the three core objectives of the 2023 A&A Strategy and Implementation Plan:

- Objective 1: An A&A workforce enabled, equipped, and empowered to advance USAID's development and humanitarian mission;
- Objective 2: A&A that is streamlined and effectively integrated throughout the Agency's development approach; and
- Objective 3: A more diverse set of partners engaged to implement locally led development solutions.

The most recent update to the Implementation Plan shows that from January 2022 to April 2024, USAID had a total of 97 actions in meeting the A&A Strategy's three core objectives. For the rest of this year through the middle of 2025, we have 63 actions to continue implementing that will strengthen the A&A workforce, streamline the A&A functions, and diversify our partner base. We have new actions being started almost every week and are constantly reviewing what other operating units at USAID are doing to be able to mutually benefit, reduce any overlap, and complement our existing implementation plans with those of other initiatives.

To highlight a few of the accomplishments, we remain equally focused on identifying and using technology and process improvements to eliminate redundant, manual, and time-consuming tasks for A&A professionals and our partners, which allows everyone to work together more effectively.

Our efforts to support partners remain evident in the evolution of WorkwithUSAID.gov, which now has more than half a million users, a host of valuable resources, a partner directory that boasts more than 6,700 organizations from 163 countries. The website is also now available in Arabic, French, and Spanish.

Our Translation Program has shown great potential after its six-month mark passed on May 14th. We released a blog about the program on WorkwithUSAID.gov. This was a major burden reduction and cost savings to our partners, "[o]ur calculations show that the translations of ADS documents alone are potentially saving each individual implementing partner over $40,000 and up to 120 days of work." This is an excellent opportunity and timing since the Translation Program has provided countless lessons learned and increased the library of resources, ADS documents, and best practices all of which will enhance our ability to quickly adapt the way we do business in light of the change to 2 CFR 200 about translations as mentioned earlier.

Throughout our efforts, feedback from our partners has been instrumental in pushing us to continually improve the way we do business. We rely on your insights and experience in implementing programs, and respect you all for joining us to reduce burdens and open the doors of Agency funding to new and underrepresented partners.

Stay tuned for the updated Implementation Plan to go live on our website soon.

Staffing
Finally, I want to touch on another crucial part of our A&A Strategy, which is to enable, equip, and empower our Acquisition and Assistance workforce. On our last Business Forecast and Partner Update Webinar in March, the Administrator launched our "A&A Accelerate" initiative, which presents the Agency's determination to do just that.

Through A&A Accelerate we are working to uplift and reinvigorate the A&A function and workforce with a specific emphasis on:
- Rebuilding our A&A workforce;
- Enhancing our surge capacity to be adaptive in responding to global crises;
- Increasing mission contracting office capacity through targeted investment in our valued Foreign Service National (FSN)/Cooperating Country National (CCN) colleagues; and
- Ensuring our A&A staff can build their skills and expand into leadership with robust professional development opportunities.

Our progress has remained steady. M/OAA is continuing to hire Washington Operations staff and Foreign Service Contracting and Agreement Officers. While we still have vacancies to fill, we will keep advancing forward to get folks hired and onboard.

Along with hiring new individuals, we are increasing opportunities for our FSN/CCN staff to obtain warrants, advance into higher level positions at the Missions, and join career enhancing exchange programs to diversify their skill sets and networks.

Finally, we are providing other members of the A&A workforce with professional development opportunities like working within other bureaus and offices to attain unique skills and create collaborative relationships. We are also providing staff with opportunities to attend specific leadership training within and outside of the Agency.

Our A&A workforce is the momentum of the Agency and what we are able to accomplish with our partners through our projects.

Thanks again everyone for joining our call today. Our door is always open, if you need assistance please reach out to our Industry Liaison team. Now, I'd like to turn things back over to Lindsay now.

Shereen Faraj, Deputy Assistant Administrator, Bureau for Planning, Learning, and Resource Management (PLR)

Thank you, Lindsay. Good morning, everyone. My name is Shereen Faraj, and I am the Deputy Assistant Administrator in USAID's Bureau for Planning, Learning and Resource Management, or PLR. Thank you to our Industry Liaisons for the invitation to be here today to share about some important recent updates to the ADS.

For those who are new, the ADS outlines the organization and functions of USAID, along with the policies and procedures that guide the Agency's programs and operations. This morning, I'll walk through some revisions to ADS chapters 200 and 201.

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We'll start with ADS 200. The PLR Bureau began updating ADS 200 – formerly entitled "Development Policy'' – in late 2020. Our objective was to clarify and streamline how USAID formulates and implements development and humanitarian policy, as well as integrate Agency priorities related to localization and diversity, equity, inclusion and accessibility, or DEIA.

The new, revised ADS 200, now with its new title, which you can see on this slide, reflects reorganization within the Agency and clarifies the roles of the Bureau for Planning, Learning and Resource Management (PLR), and the independent Office of Policy (POL) in the formulation, implementation, revision, retirement, and governance of our policies.

The chapter also describes how USAID shapes and engages across the U.S. Government in policy formulation and international development and humanitarian commitments.

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One of the biggest changes is a new structure to Enhance Policy Governance and Elevate Agency Priorities.

ADS 200 establishes a new policy authorization process, through the Policy Agenda and Policy Advisory Council, that allows for leadership-level deliberation on new policy formulation.

The revised ADS 200 also describes the process for developing a two-year Policy Agenda, updated annually. The Policy Agenda governs what policies are formulated, revised, transitioned or retired, and it supports implementation of the USAID Policy Framework and the Agency's evolving priorities.

The Policy Agenda is based on a biennial Policy Review conducted by PLR and presented to the Policy Advisory Council.

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ADS 200 establishes four principles, which apply to all development and humanitarian policies, to guide policy formulation, implementation, revision, learning, and assessment.

The first is inclusivity. All individuals should be able to participate equitably in development and humanitarian assistance programs, share the benefits, and contribute to decision-making processes.

Second is sustainability. Development policies must advance the achievement of long-term development results that are responsive to local contexts, systems, needs, and priorities. Humanitarian policies should consider sustainability and responsiveness to local contexts, systems, needs, and priorities, including coordination with development efforts when possible.

Third is local leadership. Development and humanitarian policies must maximize opportunities to put local actors in the lead, strengthen local systems and capacities, and allow for sufficient flexibility to respond to local contexts, priorities, and needs.

And the final principle is evidence-based. Development and humanitarian policies must be evidence-based, meaning positions put forward in the policy must be grounded in credible and appropriate evidence. ADS 200 incorporates cost-effectiveness in policy making, including through analysis of evidence, defining policy recommendations, and developing learning questions.

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Finally, I'd like to share a bit more on how DEIA and Localization are integrated into the policy making process as well as in policy content.

The revised ADS 200 requires policy owners to engage with and integrate the perspectives of diverse groups of internal, external, and local stakeholders, from the beginning of policy formulation.

This means that Policy Working Groups should have diverse staff participation, should seek out and incorporate local evidence, consult with local organizations, and should share draft policies with a diverse range of partners for review and input during external comment periods, including through the Work with USAID website.

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Next, I will speak briefly about ADS 201, which codifies the Program Cycle, USAID's operational model for planning, delivering, assessing, and adapting development programming in a given region or country to achieve more effective, inclusive, and sustainable results in order to advance U.S. foreign policy.

The updates have better aligned the chapter with USAID's key documents, and reflect strengthened language around:

- Development diplomacy as a tool for USAID to advance progress through and beyond programming;
- the importance of using evidence, including cost-effectiveness evidence, in making strategic decisions;
- integration of humanitarian and peacebuilding efforts into country strategic planning processes;
- inclusive development and locally led programming concepts integrated throughout the Program Cycle; and
- assessing, managing, and monitoring social impact risks associated with our programs.

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Although much of the Operational Policy remains unchanged, there are also some new requirements.

We streamlined the CDCS development process through a shorter timeline (6-8 months) and a final document that is between 12-20 pages. ADS 201 is also clearer on actions required to improve coherence of the final CDCS.

ADS 201 further emphasizes the importance of evidence-based decision making, especially by introducing cost-effectiveness evidence concepts.

Mission activity designers must conduct a new mandatory analysis using the Social Impact Risk Initial Screening Tool, which provides a way to identify where systematic social impact assessments may be necessary.

We also strengthened language around locally led and inclusive programming
in order to better highlight localization concepts such as the value of using locally-generated evidence sources and knowledge from local stakeholders and communities and, integrating local priorities and decision-making into strategy-setting, activity design, implementation, and evaluation.

As I close, we also want to let you know that in addition to institutionalizing these priorities through updates in the ADS, PLR and others are undertaking concrete steps to further integrate these priorities in the work of the Agency:

- PLR will be hosting various webinars for Agency staff, as well as creating new and updating current internal resources and training sessions. Our partners can find updated resources on usaidlearninglab.org.
- We are also supporting USAID's Office of the Chief Economist as it leads deeper socialization for the Agency on cost-effectiveness in the Program Cycle, including webinars, help references, and direct Mission support. And we are working on a Cost-Effectiveness Evidence Position Paper that will be publicly available in the fall.

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With that, I'll close my presentation. Thank you again to our Industry Liaisons for having me today, and I will turn it back over to Lindsay.

Angela Cardenas, Senior Policy Advisor, Office of the Chief DEIA Officer
Greetings everyone wherever you may be joining from around the world. Happy Pride Month! Thank you for including the Office of the Chief Diversity Officer and the topic of Diversity, Equity, Inclusion, and Accessibility in the agenda today.

We've already heard from two of my colleagues who spoke about their efforts to advance DEIA. At USAID, we incorporate the principles of diversity, equity, inclusion and accessibility across the organization, in our programs, partnerships and policies, which you just heard about as well as within our people in our workforce and the processes we use at USAID. These are the 5Ps to operationalize the principles of Diversity, Equity, Inclusion and Accessibility.

I am happy to share some of the additional activities happening in the DEIA Office and across the Agency to advance the Agency's equity efforts. We've been hard at work supporting efforts to meet our goals of creating an inclusive workplace where all employees can thrive.
- We continue to cultivate relationships with university partners and those working with underrepresented populations in the US. A cohort of these new and non traditional partners participated in a new partnership program where they learned more about how to work as a USAID implementing partner. We encourage you to find ways to connect w/ university partners and use the WorkwithUSAID.gov platform to collaborate and learn more about university partners who support underrepresented students and communities.
- Along this line of programming, USAID's DEIA Office, launched a new program called FORSEE. FORSEE is implemented by the United States Forest Service Office of International Programs and has two components. The first component is a faculty fellowship.
  - The FORSEE Faculty Fellowship is a one-year program for faculty new to academia. Fellows work at their institutions and also gain experience working with the US Forest Service and USAID. This robust program includes virtual learning sessions, professional development and networking, and includes in-person experiences where Fellows will help implement USAID projects implemented by US Forest Service around the world.
  - The second component of the program will award small grants to higher education institutions and organizations supporting individuals, communities,

and institutions that have been historically underrepresented in the U.S. Government. The small grants will allow for students and faculty to implement a small scale international development project overseas. The grants will provide hands-on opportunities for faculty and students to engage in international environmental projects while developing networks and partnership prospects for their host institutions and students.

- Internally, we also recently launched the 5Ps Framework including piloting a toolkit to assist OUs in completing strength and weaknesses analysis, prioritization exercises, and action planning to promote inclusion in our people, programming, partnerships, processes, and policies. To advance this effort further, we've been engaging with colleagues around the world to support learning, collaborating, and action planning around operationalizing the principles of diversity, equity, inclusion and accessibility and the dimensions of the 5Ps.
- Along these lines we also incorporated a new skill into our performance evaluations, for both civil service and foreign service on DEIA. You may have heard the Department of State added a DEIA skill 2 years ago. USAID incorporated DEIA in our performance cycles this year too.
- I also want to highlight a newer workstream the Agency is pursuing related to racial and ethnic equity in our USAID programs. My colleagues in the inclusive development hub are supporting this work.
  - The Team is currently rolling out several tools including A) the upcoming Practitioner's Guide to Advancing Equity in USAID Programming, B) research on ethnic equity and its connection to economic growth, and C) a new Dashboard that will highlight gaps in social and economic wellbeing by ethnic groups across countries.
  - These types of tools and resources help improve development results and allow for the sharing of information and elevating the voices of marginalized people around the world.

I'll conclude by reminding everyone that our most recent Equity Action Plan was officially launched in April of this year. The Equity Action Plan provides more details on the Agency's equity efforts and is our commitment to reducing barriers to our programs and partnerships. The EAP is available on our website so feel free to take a look. To conclude, I encourage you to continue to promote inclusion, equity and accessibility in the work you do. We know many of you are already implementing initiatives to promote diversity, inclusion, accessibility and equity within your own organizations.

Sarah Rose, Senior Advisor for Localization, Office of the Administrator
Slide 1
Hello everyone. It's a pleasure to have the opportunity to speak with you all today and provide an update on localization.

Last week, USAID released its second annual Localization Progress Report. The report details our progress, as an Agency, toward our localization goals and also reflects our commitment to transparency. The report is available online. You can find it easily if you go to USAID.gov/localization and find the link to Progress Reports. I'm pleased to go over some top lines today, but there are more details in the report, and I encourage you to check it out and share it with your networks.

Slide 2
As a starting point, I want to highlight our two Agency wide localization targets, which I expect many of you are familiar with. The first target is to channel a quarter of our funding to local partners by the end of FY25. The second, equally important target is that the majority of our programs will be locally led by 2030. With this second target, we can look across all of our work and the many ways we might engage local actors in our programs. The Progress Report examines data for FY 2023 for both of these targets.

Slide 3
Looking first at data on direct local funding, we see that little change compared to last year in both level and percent. It's actually a slight decline of around $50m—about half a percentage point. Still, FY 2023 marks the second highest level/percent of direct local funding in over a decade, and, looking over the longer term, it is encouraging that USAID continues to achieve a generally increasing trend. But we also know we can do more.

Slide 4
Throughout the Progress Report, we also take an expanded view of local partnerships that includes—alongside direct local funding—funding to regional organizations, or organizations working in a neighboring country, as well as government-to-government, or G2G, assistance. Both of these partnerships are important for localization, and, put together, offer a more comprehensive view of money going to local and regional actors. Still, the trends remain similar.

Slide 5
Even though total direct local funding did not increase this year, there are some trends underlying that data that point to progress. First, the number of new awards made to local and regional partners has increased annually—and by a total of 45 percent—since FY 2021.

Slide 6
USAID also continues to expand its local partner base. In FY2023, the number of unique local (and regional) partners reached new high water marks—up 24 percent since FY 2021.

There are a lot more details by region and sector in our Progress Report, and I encourage you to check it out.

Slide 7
But I also want to talk about our second and equally important target of ensuring that at least half of our programming is locally led—across all types of implementing partners.

When this target was first announced, we didn't have a metric that captured this concept of local leadership, so we set out to build one, consulting internally and externally– ultimately with over 300 organizations worldwide. What we landed on was a metric that is organized around a set of good practices for centering local leadership in our programming. We called it the Locally Led Programs indicator.

The fourteen good practices of the indicator were grouped into four categories that highlighted different ways we can place local actors in the lead, either by working with them directly, building effective and more equitable partnerships, investing in capacity strengthening, and directly consulting local communities. Since we have a target, we also needed to think about how to look at the good practices in aggregate to determine the criteria that might suggest a program was probably focusing on elevating local leadership. So we set a benchmark that an activity would need to implement at least one good practice in at least two categories in order to meet the criteria of being locally led.

Slide 8
Last year, we piloted this indicator on about half of USAID's portfolio. The pilot showed that, on average, about half of the reported activities met the benchmark criteria—moreso in projects managed by Missions than in those managed by Washington.

Now just because the pilot shows we've already hit our target level of 50 percent doesn't mean we declare victory! Instead, these strong results present an opportunity to raise USAID's ambition around how the Agency elevates and measures local leadership in its programs. The results, along with feedback from staff who participated in the pilot, have prompted us to look critically at what and how we are measuring local leadership. So we are making some

adjustments based on learning from the pilot. We expect that these will affect the overall level of results in FY 2024, when we roll out the indicator across the whole Agency.

Again, I encourage you to check out the report for more information on this indicator, including data on which practices were more or less frequently used, which is at least as interesting as the overall metric. The report also flags some of the types of revisions to the metric we plan on making.

Slide 9

Finally, I'll note that targets alone do not drive progress. Over the last year, USAID has undertaken a wide range of efforts to advance locally led development and humanitarian response. We have developed new trainings, tools, and resources to support staff to work in more locally led ways, including new staff training on participatory program design, guidance on applying locally led principles to specific sectors, guidance on locally led subawards and subcontracts, and more. We have reduced barriers to entry for local partners through increased outreach, expanded use of local languages, more flexible and tailorable pre-award assessments for local partners, and more. We are also focused on being a better partner by expanding the use of mechanisms with lower compliance burdens, taking steps to support partners' full cost recovery, and encouraging staff to reduce reporting burdens. And we expect that these efforts will underpin future progress.

Stephanie Snyder, Cost and Audit Support Division Chief, Bureau for Management, Office of Acquisition and Assistance

Good morning, my name is Stephanie Snyder, Chief of USAID's Cost and Audit Support Division (CAS) Division. CAS is responsible for negotiating indirect cost rate agreements or NICRAs with USAID's largest implementing partners and for ensuring IPs are audited in accordance with federal regulations. Our overall goal, however, is to ensure that all USAID partners achieve full and fair indirect cost recovery.

I am here today to briefly go over a change that the CAS Division has made regarding the process for negotiating Provisional NICRAs and to also share USAID's efforts to streamline the NICRA submission and negotiation process for IPs.

First, I will discuss our recent changes regarding Provisional NICRAs. As you know, the effective period of an IP's NICRA is based on an IP's fiscal year which is 12 months in duration. Until recently, CAS Negotiators and IPs would negotiate Provisional NICRAs that would not identify a specific effective period end-date for the NICRA and would use the term "Until Amended" essentially allowing IPs to use these provisional rates for an unlimited period.

The result is that IPs have been using very old provisional rates on new awards that are no longer current or accurate. In fact, in many cases these rates are sometimes over three to four years old.

Not using current provisional indirect cost rates on federal awards can have several negative impacts which include:

· **Inaccurate Cost Recovery** leading to under or over-recovery of costs. This can distort financial reporting and result in misallocation of resources.

· **Financial Risk:** Relying on old rates can increase financial risk for both the IP and the federal government and hinders an IP's ability to accurately budget effectively and can impact project sustainability.

· **Audit Issues:** Auditors may scrutinize the use of outdated rates during audits and question the reliability of financial statements and compliance with federal guidelines, leading to delays, and additional audit costs.

· **Administrative Burden:** Correcting errors and reconciling financial discrepancies caused by outdated rates can be time-consuming. This places an additional administrative burden on both IP and USAID staff and may divert resources from core project activities.

The most significant impact, however, is non-compliance with federal regulations. Both the 2 CFR 200 and Federal Acquisition Regulation (FAR) require IPs to use current and accurate indirect cost rates.

To ensure we are all in compliance with these regulatory requirements, earlier this year CAS negotiators began requesting new provisional indirect cost rate proposals from IPs and communicated to IPs that new indirect cost rate proposals are required to be submitted annually.

Additionally, all Provisional NICRAs are now required to identify the effective period end date. In other words, Provisional NICRAs issued by USAID will no longer include an end date of "Until Amended", which will prompt both IPs and USAID to ensure new provisional indirect cost rate proposals are submitted on time each year.

Please note that IPs have the choice to select the length of the effective period for their Provisional NICRAs, which means IPs are not limited to just a one-year effective period. The effective period of a provisional NICRA must be a minimum of 1 year or up to a maximum of five years. To negotiate a provisional NICRA that covers multiple years, IPs will need to provide CAS an indirect cost rate proposal that covers the entire proposed NICRA effective period.

I want to highlight that even if your NICRA effective period covers a period beyond one year, IPs are still required to provide a new provisional indirect cost proposal on an annual basis as required by the regulations.

CAS's review requirements for negotiating a provisional NICRA are not as stringent as those for establishing a brand-new NICRA or for NICRAS settling final rates. Accordingly, our goal is to issue Provisional NICRAs within 30-45 business days after we receive your proposal and before the start of your new fiscal year.

Since we started this process, we've heard concerns from IPs that having a NICRA with an effective period end date, rather than the open-ended "Until Amended" would compromise their ability to compete for new awards. Some have said that COs/AOs would not accept a NICRA with an effective period end date that did not cover the entire period of performance for a new award.

This is not true. If your NICRA has an effective period end-date that does not cover the period of performance for a new award, simply propose your estimated rates with supporting documentation in response to the NOFO/Solicitation. The AO/COs will conduct cost analysis on the entire proposal, as they always do to validate the indirect cost rates proposed.

If you encounter a situation in which an awarding agency will not accept your proposed rates, you can refer the awarding agency AO/CO to your assigned CAS Negotiator. I also recommend that you include the name and contact information of your assigned negotiator as part of your cost proposal so that your AO/CO can reach us directly if there are any concerns.

Next, I want to describe some exciting advancements in improving NICRA negotiations. First, I want to acknowledge that the NICRA submission and negotiation process can be long and tedious, and I am eager to share that CAS is working to develop some new tools to expedite this process. Over the past few months CAS has been working with developers to create a NICRA automation system which is officially named the NICRA Automated Indirect Cost Rates Tracking System or ARTS for short.

The system is being developed on the salesforce platform to automate negotiations, track NICRA workload, provide electronic signature capability through DocuSign and will help support expedient rate negotiations.

ARTS will allow IPs to track NICRA proposals, identify accounting changes, initiate Novation agreements and a whole host of other features.

ARTS will be initially offered for use to IPs with NICRAs issued by the CAS Division in Washington DC and is anticipated to be fully deployed in March 2025. We are also exploring the possibility of expanding ARTS to USAID Missions sometime in FY2026.

Please be on the lookout for additional information about ARTS in the coming months from our industry liaison team. Thank you all for your patience as we make our NICRA negotiations easier and more efficient.

That concludes my portion of today's webinar. Thank you very much for your time this morning and a big thanks to the industry liaison team for having me. Lindsay, I'll turn it back over to you.

Lauren Hansen, Safeguarding Team Lead, Responsibility, Safeguarding, & Compliance Division, Bureau for Management, Office of Management Policy, Budget and Performance

Good morning, all. My name is Lauren Hansen, and I'm the Safeguarding Team Lead for the Responsibility, Safeguarding, and Compliance Division (formerly known as the Compliance Division). RSC works to protect the integrity of USAID-funded programs and activities. Our goal is to mitigate harm to people and USAID programs by promoting responsible stewardship and accountability. You may be more familiar with the Division's work on suspension and debarment and assistance appeals, but USAID's safeguarding equities are also part of the RSC, and have been centralized in the Bureau for Management. This work is centered on ensuring the Agency has a more engaged and coordinated response to instances of sexual exploitation and abuse, child abuse, exploitation, and neglect, and trafficking in persons, while also emphasizing prevention and risk mitigation efforts.

Increasing protections for the communities and populations affected by our programs is critically important to USAID. In October of last year, USAID took a major step in enhancing its safeguarding award requirements by finalizing a new mandatory standard provision for NGOs related to Safeguarding Against Exploitation, Sexual Abuse, Child Abuse and Child Neglect. The provision contains three main sections - (1) policy (2) compliance plan, and (3) reporting.
The policy section requires that partners have policies, standards, or procedures related to preventing, detecting, and responding to potential safeguarding violations. These policies must also prohibit SEA and child abuse, exploitation and neglect, including inaction to allegations, while also requiring a survivor-centered approach, transparent hiring and referencing procedures, and remedies. The compliance plan is an additional layer, requiring a program and context specific plan to assess and address safeguarding risks. This compliance plan can also be developed in conjunction with existing C-TIP compliance plans, if that is what makes sense for your organization and potential risks in your activities. The mandatory notification requirement requires partners to report any credible information of a violation to the OIG, RSC Division at disclosures@usaid.gov and cognizant AO, as well as any follow-up action (survivor support, accountability measures, organizational changes) as necessary. One point to emphasize here–we know there can be hesitancy around reporting for a number of reasons, but for us, reporting is a good thing. It's your chance to demonstrate that you take the allegations seriously and are appropriately responding. We're not looking for perfection, but we do want to see the steps you're taking to prevent, detect, and respond to potential violations.

While these requirements are currently for assistance awards, we've also initiated the formal rule-making process for contracts. The proposed rule was published for public notice and comment earlier this year, and we're appreciative of the thoughtful comments that the partner community submitted for consideration as part of this process.

Also on the award requirements front, while Jami provided an update on some of the changes coming to 2 CFR 200, we also wanted to note that there will be some adjustments to the existing requirements related to counter-trafficking in persons for assistance awards. Part of the reason for the change is to bring the model language in 2 CFR 175 in better alignment with existing statutory requirements. We're in the process of reviewing what these potential changes will look like for the current mandatory standard provisions in ADS 303 maa, mab, and mat.

USAID recognizes the varying levels of existing safeguarding capacity among individual organizations and the need to strengthen this capacity overall. Because strengthening safeguarding capacity and complying with new safeguarding requirements may be associated with new or increased costs, the Agency encourages all current and prospective recipients to consider safeguarding compliance costs during the program design and application processes, building one-time or recurring costs appropriate to the anticipated program into the proposed budget. The cognizant AO will make final decisions on safeguarding cost allowability, taking into consideration the extent to which proposed costs are allocable and reasonable given the operating environment and relative safeguarding risk given the type of program and anticipated activities.

RSC is here to support you! We have partner toolkit that was updated following the release of the new safeguarding provision, and it has all sorts of resources (https://www.usaid.gov/safeguarding-and-compliance/partners) . You can also email us at safeguarding@usaid.gov with safeguarding related questions.

Thank You from Lindsay Shurtz
Thank you again to all of our speakers who provided updates today as well as our audience who took time to tune-in to listen. I wanted to highlight a few additional ways you can stay engaged with USAID.

We are excited to announce our 2024 Photo Contest that will take place for the month of July. If you are a USAID partner and have snapshots that display your organization's partnership with the Agency, we will be accepting submissions from July 1st until August 1st. We will be releasing more information about the criteria and how to submit your images on Monday, July 1st, through our social media channels, the WorkwithUSAID.gov blog, and our Industry Liaison email list. We cannot wait to see and highlight the incredible photos you all have from USAID project around the world.

First, if you haven't already, please visit WorkwithUSAID.gov and register your organization in our Partner Directory. On the platform, you will find a host of resources that will help prepare your organization to partner with USAID, connect you with other organizations, as well as connect you with funding opportunities.

You can also check out our funding feed, which pulls all USAID-specific opportunities from SAM.gov and Grants.gov into one place for you to make it easier to locate different open

opportunities with the Agency. The feed is updated daily as new postings are added to those respective websites.

Another important highlight – in case you missed it last quarter, and as Jami mentioned during his remarks – you can access WorkwithUSAID.gov in [Spanish](#), [French](#), and [Arabic](#). We are excited to continue to increase the number of resources available in local languages.

Additionally, if you're not following us on social media, you can connect with us on LinkedIn, Twitter, Facebook, and YouTube – my colleagues will drop the links to each of those platforms in the chat. You can also sign-up for our monthly newsletter and industry liaison updates email distribution list through the link in the chat. These are great ways to get the most up to date information about what is going on with the Agency and how you can connect with us.

Finally, as a reminder, we will be posting the recording of today's event, along with the questions and response to our business forecast later today. We will notify everyone through our social media channels and email list once the resources have been posted. Please remember that we will not be having a Fiscal Year 2024 Quarter 4 Business Forecast and Partner Update webinar and we will not be soliciting questions on the Business Forecast activities as this is the end of the Fiscal Year and all of our Acquisition and Assistance staff are working tirelessly to finalize funding obligations for the year.

As always, if you have any other questions. Please don't hesitate to reach out to us at: IndustryLiaison@usaid.gov. Thank you so much for joining us today.