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(Original Signature of Member)

118TH CONGRESS
1ST SESSION

H. R.

To support prioritization and expanded use of innovation at the United States Agency for International Development, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. CASTRO of Texas (for himself and Mrs. KIM of California) introduced the following bill; which was referred to the Committee on

A BILL

To support prioritization and expanded use of innovation at the United States Agency for International Development, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Fostering Innovation in Global Development Assistance
6 Act of 2023” or the “FIGDA Act of 2023”.

7 (b) TABLE OF CONTENTS.—The table of contents for
8 this Act is as follows:

- Sec. 1. Short title and table of contents.
- Sec. 2. Findings.
- Sec. 3. Sense of Congress.
- Sec. 4. Chief Innovation Officer.
- Sec. 5. Authorities to support expanded use of innovation.
- Sec. 6. Development Innovation Ventures program.
- Sec. 7. Proven Solutions program.
- Sec. 8. Increase in fixed amount subawards.
- Sec. 9. Authorization for United States participation in the Global Innovation Fund.
- Sec. 10. Collaboration with United States International Development Finance Corporation.
- Sec. 11. Global innovation strategy.
- Sec. 12. Limitations.
- Sec. 13. Definitions.

1 **SEC. 2. FINDINGS.**

2 Congress finds the following:

3 (1) The effectiveness of United States foreign
4 assistance can be greatly enhanced by fostering in-
5 novation, applying research and technology, and
6 leveraging the expertise and resources of the private
7 sector to find cost-effective solutions to today's most
8 pressing development challenges.

9 (2) Partnerships with entrepreneurs, experts,
10 nongovernmental organizations, universities, and
11 science and research institutions allow the United
12 States to find solutions to specific development chal-
13 lenges in a faster, more cost-effective, and more fi-
14 nancially sustainable way.

15 (3) Enhancing the authorities that support re-
16 sults-based and pay-for-success innovation models
17 will better enable USAID to diversify and expand
18 both the number and sources of proven solutions

1 that may be developed, tested, and scaled up, there-
2 by increasing USAID's opportunity to apply high
3 value, cost-effective solutions to global development
4 challenges.

5 (4) As demonstrated by USAID's Development
6 Innovation Ventures program, innovation within
7 United States foreign assistance can generate high
8 social returns when it is centered on the creation of
9 and reliance on rigorous evidence of impact on glob-
10 al development outcomes, a focus on cost-effective-
11 ness, and attention to financially-sustainable proven
12 solutions that may be scaled up.

13 (5) USAID's Center for Innovation and Impact
14 serves as an important effort to incubate new proven
15 solutions, put them into practice, and scale up effec-
16 tive approaches by drawing on non-traditional skill
17 sets in innovation, market-based solutions and dig-
18 ital health.

19 (6) USAID's efforts to incorporate lessons
20 learned into future programs should be open to both
21 building on successful approaches and learning from
22 failures.

23 (7) Enabling uptake of evidence-based innova-
24 tion across USAID's operating units will enable
25 USAID to scale up proven solutions that accelerate

1 economic growth and produce better development
2 outcomes, which can help support the growth of
3 healthier, more stable societies and foster trade rela-
4 tionships that translate into jobs and economic
5 growth in the United States.

6 **SEC. 3. SENSE OF CONGRESS.**

7 It is the sense of Congress that innovation is central
8 to identifying solutions to global development challenges.

9 **SEC. 4. CHIEF INNOVATION OFFICER.**

10 (a) IN GENERAL.—There shall be established within
11 USAID a Chief Innovation Officer who shall—

12 (1) serve as the principal advisor on issues re-
13 lated to the prioritization and expanded use of inno-
14 vation to improve the effectiveness and outcomes of
15 the development and humanitarian goals of the
16 United States, including related to policy, manage-
17 ment, and procurement;

18 (2)(A) carry out—

19 (i) the duties described in subsection (b);

20 (ii) the authorities described in section 5;

21 and

22 (iii) the Proven Solutions program under
23 section 7; and

24 (B) develop the strategy required by section
25 11(a); and

1 (3) report directly to—

2 (A) the Deputy Administrator for Policy
3 and Programming of USAID; or

4 (B) such other senior official of USAID, as
5 determined by the Administrator.

6 (b) DUTIES.—The duties of the Chief Innovation Of-
7 ficer shall include—

8 (1) increasing the application of innovation to
9 develop, test, and scale up proven solutions to im-
10 prove effectiveness and outcomes of development and
11 humanitarian goals of the United States;

12 (2) leveraging the innovations, expertise, re-
13 sources, and investments of businesses, nongovern-
14 mental organizations, science and research organiza-
15 tions, United States Government organizations that
16 pursue science, technology, and research, and uni-
17 versities for the purposes of improving effectiveness
18 and outcomes of development and humanitarian as-
19 sistance efforts of the United States, and serving as
20 a liaison between USAID and such partners to en-
21 sure USAID is meaningfully engaging with such
22 partners;

23 (3) utilizing innovation-driven competitions, ad-
24 vanced market commitments, and co-creation ar-
25 rangements to expand the number and diversity of

1 solutions to development and humanitarian chal-
2 lenges and the partners with whom USAID works
3 and funds;

4 (4) maintaining a repository of innovative solu-
5 tions and best practices to be shared across USAID
6 and fostering a culture of innovation across USAID;

7 (5) convening and coordinating innovation
8 units, divisions, and programs to ensure knowledge
9 around innovative solutions and best practices are
10 shared and implemented across USAID;

11 (6) supporting USAID operating units in apply-
12 ing findings from development economics and re-
13 search, technology, innovation, co-creation, and part-
14 nership approaches to decision making, procurement,
15 and program design;

16 (7) examining and providing input into current
17 internal USAID policy related to management and
18 procurement to ensure innovation is integrated in
19 policy guidance and procurement mechanisms;

20 (8) ensuring proper utilization of the authori-
21 ties relating to grants, contracts, challenges, and
22 prize awards, including Innovation Incentive Awards
23 under section 5(a) and the authority relating to In-
24 novation Fellows under section 5(b); and

1 (9) conduct rigorous evaluation of new mecha-
2 nisms, approaches, and technologies to ensure that
3 innovation drives learning and impact.

4 (c) BUREAU SENIOR ADVISORS.—

5 (1) IN GENERAL.—The Administrator shall ap-
6 point in each bureau of USAID, from among officers
7 and employees of such bureau, a senior advisor with
8 respect to matters relating to innovation, to—

9 (A) serve as the principal advisor for such
10 bureau on such matters; and

11 (B) coordinate with the Chief Innovation
12 Officer the activities of such bureau on such
13 matters.

14 (2) CONTINUATION OF SERVICE.—An individual
15 appointed to serve as a senior advisor pursuant to
16 paragraph (1) may continue to serve concurrently in
17 the individual's original position in such bureau.

18 **SEC. 5. AUTHORITIES TO SUPPORT EXPANDED USE OF IN-**
19 **NOVATION.**

20 (a) INNOVATION AUTHORITIES.—

21 (1) IN GENERAL.—The Administrator, acting
22 through the Chief Innovation Officer, is authorized,
23 pursuant to the authorities described in section 635
24 of the Foreign Assistance Act of 1961 (22 U.S.C.
25 2395), to provide flexible, results- and milestones-

1 based funding to support expanded use of innova-
2 tion, encourage improved development and humani-
3 tarian outcomes, expand USAID partner bases, and
4 support cost-effective and sustainable-led develop-
5 ment solutions in partnership with local and non-
6 traditional development partners, including the pri-
7 vate sector.

8 (2) TYPES OF FUNDING.—The Administrator
9 may provide funding authorized under paragraph (1)
10 in the form of grants (including fixed amount
11 awards), contracts (including firm-fixed price con-
12 tracts), advanced market commitments, development
13 impact bonds, performance-based contracts, condi-
14 tional cash transfers, and prize awards, including—

15 (A) Innovation Incentive Awards; and

16 (B) evidence-driven, tiered awards under
17 the Development Innovation Ventures program
18 established under section 6.

19 (3) RECOVERY OF FUNDS.—

20 (A) AUTHORITY.—

21 (i) IN GENERAL.—The Administrator,
22 subject to the limitation described in clause
23 (ii), is authorized to provide funds under a
24 grant, contract, advanced market commit-
25 ment, development impact bond, perform-

1 ance-based contract, conditional cash
2 transfer, or prize award under this sub-
3 section to a recipient under terms requir-
4 ing a proportion of such funds be returned
5 to USAID at a future date in accordance
6 with such requirements as may be estab-
7 lished by the Administrator.

8 (ii) LIMITATION.—The amount of
9 funds that a recipient is required to return
10 to USAID under clause (i) may not exceed
11 the total amount of funds that the recipi-
12 ent receives under the grant, contract, ad-
13 vanced market commitment, development
14 impact bond, performance-based contract,
15 conditional cash transfer, or prize award.

16 (B) TREATMENT OF PAYMENTS.—

17 (i) IN GENERAL.—The amount of
18 funds returned to USAID under subpara-
19 graph (A) may be credited to the account
20 from which the obligation and expenditure
21 of funds under the grant, contract, ad-
22 vanced market commitment, development
23 impact bond, performance-based contract,
24 conditional cash transfer, or prize award
25 under this subsection were made.

1 (ii) AVAILABILITY.—Amounts re-
2 turned and credited to an account under
3 clause (i)—

4 (I) shall be merged with other
5 funds in the account; and

6 (II) shall be available, subject to
7 appropriation, for the same purposes
8 and period of time for which other
9 funds in the account are available for
10 programs and activities of the Chief
11 Innovation Officer under section 4(b).

12 (b) INNOVATION FELLOWS.—

13 (1) IN GENERAL.—The Administrator, acting
14 through the Chief Innovation Officer, is authorized
15 to employ individuals, to be known as “Innovation
16 Fellows”, at any given time who shall, following an
17 initial period of service with the Chief Innovation
18 Officer, be assigned on a detail basis to USAID op-
19 erating units for purposes of expanding the use of
20 innovation, technology, and research with respect to
21 the development assistance authorities of USAID.

22 (2) ADMINISTRATIVE PROVISIONS.—The au-
23 thority to employ individuals under paragraph (1) is
24 in addition to the authority to employ individuals
25 under such other authorities as may be available to

1 the Administrator, including authorities under parts
2 I and II of the Foreign Assistance Act of 1961 (22
3 U.S.C. 2151 et seq.)

4 (3) LIMITATION.—The employment of individ-
5 uals under paragraph (1) shall be a limited-term
6 basis pursuant to schedule A of subpart C of part
7 213 of title 5, Code of Federal Regulations, or simi-
8 lar laws or regulations.

9 (c) AUTHORIZATION OF APPROPRIATIONS.—

10 (1) IN GENERAL.—There is authorized to be
11 appropriated to carry out this section not less than
12 \$45,000,000 for each of the fiscal years 2024
13 through 2028.

14 (2) AVAILABILITY.—Amounts authorized to be
15 appropriated to carry out this section are authorized
16 to remain available until expended.

17 (3) ADDITIONAL FUNDING.—Amounts author-
18 ized to be appropriated under part III of the For-
19 eign Assistance Act of 1961 (22 U.S.C. 2351 et
20 seq.) for each of the fiscal years 2024 through 2028
21 are authorized to be made available to carry out sub-
22 section (b). Such amounts are in addition to
23 amounts authorized to be appropriated under para-
24 graph (1) to carry out this section.

1 **SEC. 6. DEVELOPMENT INNOVATION VENTURES PROGRAM.**

2 (a) IN GENERAL.—There is established in USAID a
3 program to be known as the Development Innovation Ven-
4 tures program (in this subsection referred to as the “pro-
5 gram”).

6 (b) DUTIES.—In carrying out the program, the Ad-
7 ministrator shall provide flexible funding to global
8 innovators to test new ideas, build evidence of what works
9 to improve development outcomes, and transition to scale
10 up those proven solutions with rigorously demonstrated
11 potential to improve millions of lives on a cost-effective
12 basis.

13 (c) APPLICATIONS.—In carrying out the program, the
14 Administrator shall assess applications for funding under
15 this subsection according to the following three core prin-
16 ciples:

- 17 (1) Rigorous evidence of impact.
18 (2) Cost-effectiveness.
19 (3) Potential for scaling up proven solutions.

20 (d) ADMINISTRATIVE PROVISIONS.—In carrying out
21 the program, the Administrator shall—

- 22 (1) provide funding under this subsection using
23 tiered, evidence-driven funding to allow for risk-tak-
24 ing at early stages while mitigating risk at later
25 stages, thereby maximizing impact per tax dollar
26 spent; and

1 (2) work across all countries and sectors sup-
2 ported by USAID, with the goal of finding, testing,
3 and scaling up proven solutions.

4 (e) REPORTING REQUIREMENT.—Not later than 60
5 days after the date of the enactment of this Act, the Ad-
6 ministrators shall submit to the appropriate congressional
7 committees and make available to the public a report on
8 the implementation of the program that includes—

9 (1) an assessment from USAID of the extent to
10 which proven solutions have been scaled up, inside
11 and outside of USAID.

12 (2) a description of USAID’s decision-making
13 process, including with respect to use of funding re-
14 ceived from external sources.

15 (f) AUTHORIZATION OF APPROPRIATIONS.—

16 (1) IN GENERAL.—Amounts authorized to be
17 appropriated under section 5 are authorized to be
18 made available to carry out this section.

19 (2) AVAILABILITY.—Amounts made available to
20 carry out this section are authorized to remain avail-
21 able until expended.

22 **SEC. 7. PROVEN SOLUTIONS PROGRAM.**

23 (a) IN GENERAL.—There is established in USAID a
24 program to be known as the Proven Solutions program
25 (in this subsection referred to as the “program”). The Ad-

1 administrator, acting through the Chief Innovation Officer
2 and in consultation with the Chief Economist of USAID,
3 shall carry out the program.

4 (b) DUTIES.—

5 (1) IN GENERAL.—In carrying out the program,
6 the Administrator shall scale up proven solutions by
7 directing USAID operating units to integrate proven
8 solutions into USAID programming and operating
9 budgets, including by utilizing other authorities de-
10 scribed in this Act.

11 (2) PUBLIC REPORT.—Not later than 60 days
12 after the end of each of the fiscal years 2024
13 through 2028, the Administrator shall submit to the
14 appropriate congressional committees and the public
15 a report on all proven solutions and USAID oper-
16 ating units involved in the activities described in
17 paragraph (1) for the prior fiscal year.

18 (c) COORDINATION.—Each USAID operating unit
19 that manages more than \$50,000,000 of assistance each
20 fiscal year shall—

21 (1) review the proven solutions identified by the
22 program; and

23 (2) submit to the Chief Innovation Officer and
24 the Chief Economist of USAID—

1 (A) a list of proven solutions that can be
2 supported by the unit;

3 (B) an assessment of potential impact of
4 such proven solutions;

5 (C) an assessment of available funding to
6 scale up proven solutions; and

7 (D) any other information requested by the
8 Chief Innovation Officer and the Chief Econo-
9 mist to inform opportunities to scale up proven
10 solutions.

11 (d) DEFINITION.—In this subsection, the term “prov-
12 en solutions”—

13 (1) means innovations that are rigorously dem-
14 onstrated, such as through randomized controlled
15 trials, commercial viability, or other appropriate
16 methods, to have the potential to substantially im-
17 prove development outcomes; and

18 (2) includes—

19 (A) innovations developed or supported by
20 USAID, including the Development Innovation
21 Ventures program established under section 6,
22 Innovation Challenges and Prizes, and innova-
23 tions developed or supported by other govern-
24 ment entities, including the United States

1 International Development Finance Corpora-
2 tion; and

3 (B) innovations developed by USAID part-
4 ners, including nongovernmental organizations,
5 social enterprises, foreign governments, and
6 multilateral institutions.

7 (e) AUTHORIZATION OF APPROPRIATIONS.—

8 (1) IN GENERAL.—Amounts authorized to be
9 appropriated under chapters 1 and 10 of part I of
10 the Foreign Assistance Act of 1961 (22 U.S.C. 2151
11 et seq. and 2293 et seq.), chapter 4 of part II of
12 such Act (22 U.S.C. 2346 et seq.), and title II of
13 the BUILD Act of 2018 (22 U.S.C. 9601 et seq.)
14 are authorized to be made available to carry out this
15 section.

16 (2) AVAILABILITY.—Amounts authorized to be
17 appropriated to carry out this section are authorized
18 to remain available until expended.

19 **SEC. 8. INCREASE IN FIXED AMOUNT SUBAWARDS.**

20 (a) IN GENERAL.—The Administrator is authorized
21 to permit contractors to issue fixed amount subawards in
22 excess of the monetary cap provided for in section 200.333
23 of title 2, Code of Federal Regulations (or any successor
24 regulations), but not to exceed \$1,000,000, in a manner
25 consistent with appropriate safeguards.

1 (b) NOTIFICATION.—The Administrator shall notify
2 the appropriate congressional committees prior to any ex-
3 ercise of the authority of this section.

4 **SEC. 9. AUTHORIZATION FOR UNITED STATES PARTICIPA-**
5 **TION IN THE GLOBAL INNOVATION FUND.**

6 (a) IN GENERAL.—The United States is hereby au-
7 thorized to participate in the Global Innovation Fund.

8 (b) BOARD OF DIRECTORS.—The Administrator is
9 authorized to designate an employee of USAID to serve
10 on the Board of the Global Innovation Fund as a rep-
11 resentative of the United States.

12 (c) UNITED STATES CONTRIBUTIONS.—Amounts au-
13 thorized to be appropriated under chapters 1 and 10 of
14 part I of the Foreign Assistance Act of 1961 (22 U.S.C.
15 2151 et seq. and 2293 et seq.), chapter 4 of part II of
16 such Act (22 U.S.C. 2346 et seq.), and title II of the
17 BUILD Act of 2018 (22 U.S.C. 9601 et seq.) are author-
18 ized to be made available for United States contributions
19 to the Global Innovation Fund.

20 **SEC. 10. COLLABORATION WITH UNITED STATES INTER-**
21 **NATIONAL DEVELOPMENT FINANCE COR-**
22 **PORATION.**

23 The Administrator is authorized to enter into agree-
24 ments with the Chief Executive Officer of the United
25 States International Development Finance Corporation to

1 carry out joint innovation projects, including through
2 grants, contracts, and prize awards, including Innovation
3 Incentive Awards authorized under section 5(a), and pri-
4 vate sector-led development, through the use of blended
5 finance, fixed payment rates for desired outcomes, and
6 other mechanisms, as authorized by law.

7 **SEC. 11. GLOBAL INNOVATION STRATEGY.**

8 (a) IN GENERAL.—Not later than 1 year after the
9 date of the enactment of this Act, the Administrator, act-
10 ing through the Chief Innovation Officer, shall submit to
11 the appropriate congressional committees and make avail-
12 able to the public a 5-year strategy for the purposes of
13 prioritizing and expanding the use of innovation in inter-
14 national development and humanitarian programs that—

15 (1) establishes an innovation coordination plan
16 across USAID operating units that includes the re-
17 sources, training, and staffing needs to exercise the
18 authorities described in sections 5, 6, and 7;

19 (2) discusses ongoing and planned reforms to
20 formal and informal incentives of USAID operating
21 units and staff to mainstream and document their
22 use of evidence and cost-effectiveness in strategic
23 and programming decisions, and how these reforms
24 will encourage the adoption and scaling up of proven
25 solutions across USAID.

1 (3) outlines efforts to integrate innovation ob-
2 jectives, including by using resources of USAID op-
3 erating units to scale up proven solutions, the use of
4 grants, contracts, advanced market commitments,
5 and prize awards described in section 5 into USAID
6 acquisition and assistance mechanisms and into
7 country and regional strategies;

8 (4) provides budgetary recommendations for
9 scaling up proven solutions in future fiscal years;

10 (5) outlines external efforts to improve partner-
11 ship and collaboration with relevant businesses, non-
12 governmental organizations, science and research or-
13 ganizations, United States Government organiza-
14 tions that pursue science, technology, and research,
15 universities engaged with innovation applicable to
16 the core work and mandate of USAID, partner gov-
17 ernments, and multilateral institutions;

18 (6) identifies USAID's approach to managing
19 the goals of expanded innovation with ensuring rig-
20 orous oversight of Federal funds and plans to con-
21 duct monitoring and evaluation of all activities con-
22 ducted pursuant to this Act;

23 (7) outlines, in coordination with the Chief Ex-
24 ecutive Officer of the United States International
25 Development Finance Corporation, a joint invest-

1 ment plan between USAID and the United States
2 International Development Finance Corporation to
3 exercise the authorities described in sections 5, 6,
4 and 7;

5 (8) outlines steps the Administrator will take to
6 evaluate investments made by the United States
7 International Development Finance Corporation and
8 prioritize future funding for scaling up proven solu-
9 tions from the United States International Develop-
10 ment Finance Corporation; and

11 (9) includes any other matters determined by
12 the Administrator to be appropriate.

13 (b) COUNTRY AND REGIONAL STRATEGIES.—The
14 Administrator shall require—

15 (1) each newly-issued USAID Country Develop-
16 ment Cooperation Strategy, USAID Regional Develop-
17 ment Cooperation Strategy, or other USAID plan-
18 ning document, as determined by the Administrator,
19 to include a plan of action to promote innovative de-
20 velopment practices, as described in the strategy re-
21 quired by subsection (a); and

22 (2) each USAID Country Development Co-
23 operation Strategy, USAID Regional Development
24 Cooperation Strategy, or other USAID planning
25 document, in effect as of the date of the enactment

1 of this Act, to be updated in order to meet the re-
2 quirements of the strategy required by subsection
3 (a).

4 **SEC. 12. LIMITATIONS.**

5 Concurrent with the submission of the Congressional
6 Budget Justification for Foreign Operations for each fis-
7 cal year, the Administrator shall submit to the appropriate
8 congressional committees a detailed accounting of
9 USAID's use of the authorities under this Act, including
10 the sources, amounts, and uses of funding for each such
11 authority.

12 **SEC. 13. DEFINITIONS.**

13 In this Act:

14 (1) ADMINISTRATOR.—The term “Adminis-
15 trator” means the Administrator of USAID.

16 (2) APPROPRIATE CONGRESSIONAL COMMIT-
17 TEES.—The term “appropriate congressional com-
18 mittees” means—

19 (A) the Committee on Foreign Affairs and
20 the Committee on Appropriations of the House
21 of Representatives; and

22 (B) the Committee on Foreign Relations
23 and the Committee on Appropriations of the
24 Senate.

1 (3) CHIEF INNOVATION OFFICER.—The term
2 “Chief Innovation Officer” means the Chief Innova-
3 tion Officer established by section 4(a).

4 (4) COST-EFFECTIVE; COST-EFFECTIVENESS.—
5 The terms “cost-effective” and “cost-effectiveness”,
6 with respect to a process, technology, policy, or serv-
7 ice, means the process, technology, policy, or service
8 produces more impact, such as in terms of benefit
9 or value, for the same cost or produces the same im-
10 pact for a lower cost as compared to another proc-
11 ess, technology, policy, or service.

12 (5) INNOVATION.—The term “innovation”
13 means the development and implementation of new
14 processes, technologies, policies, or services that pro-
15 vide a greater impact or are more cost-effective than
16 current practice.

17 (6) INNOVATION INCENTIVE AWARD.—The term
18 “Innovation Incentive Award” means an award pro-
19 vided under section 5(a) under which funding is pro-
20 vided on a competitive basis that—

21 (A) encourages and rewards the develop-
22 ment of solutions for a particular, well-defined
23 problem relating to the alleviation of poverty or
24 other development priority;

1 (B) helps identify and promote a broad
2 range of ideas and practices, facilitating further
3 development of an idea or practice by third par-
4 ties, relating to the alleviation of poverty or
5 other development priority; or

6 (C) leverages new incentives for achieving
7 a desired result, including establishing fixed
8 payment rates for services, or outcomes, paid
9 retroactively to a provider upon verification of
10 the provision of service or the achievement of
11 the desired outcome.

12 (7) SCALE UP.—The term “scale up”, with re-
13 spect to an innovation that is proven solution (as
14 such term is defined in section 7(d)) to a develop-
15 ment problem in one context, means the application
16 of the innovation to a development problem in an-
17 other context, such as a development problem in a
18 different geographic region or sector.

19 (8) USAID.—The term “USAID” means the
20 United States Agency for International Develop-
21 ment.

22 (9) USAID OPERATING UNIT.—The term
23 “USAID operating unit” means a bureau, inde-
24 pendent office, mission, or representative office of
25 USAID.