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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.

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

(b) TABLE OF CONTENTS.—The table of contents for 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. Proven Solutions program.
Sec. 7. Increase in fixed amount subawards.
Sec. 10. Global innovation strategy.
Sec. 11. Limitations.
Sec. 12. Definitions.

SEC. 2. FINDINGS.

Congress finds the following:

(1) The effectiveness of United States foreign assistance can be greatly enhanced by fostering innovation, applying research and technology, and leveraging the expertise and resources of the private sector to find cost-effective solutions to today’s most pressing development challenges.

(2) Partnerships with entrepreneurs, experts, nongovernmental organizations, universities, and science and research institutions allow the United States to find solutions to specific development challenges in a faster, more cost-efficient, and more financially sustainable way.

(3) Enhancing the authorities that support results-based and pay-for-success innovation models will better enable USAID to diversify and expand both the number and sources of ideas that may be developed, tested, and brought to scale, thereby in-
creasing the USAID’s opportunity to apply high
value, cost-effective solutions to global development
challenges.

(4) As demonstrated by USAID’s Development
Innovation Ventures program, innovation within
United States foreign assistance can generate high
social returns when it is centered on the creation of
and reliance on rigorous evidence of impact on glob-
al development outcomes, a focus on cost-effective-
ness, and attention to financially sustainable scaling
pathways.

(5) Enabling uptake of evidence-based innova-
tion across USAID’s operating units will enable
USAID to scale breakthrough solutions that accel-
erate economic growth and produce better develop-
ment outcomes, which can help support the growth
of healthier, more stable societies and foster trade
relationships that translate into jobs and economic
growth in the United States.

SEC. 3. SENSE OF CONGRESS.

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

SEC. 4. CHIEF INNOVATION OFFICER.

(a) IN GENERAL.—There shall be established within
USAID a Chief Innovation Officer who shall—
(1) serve as the principal advisor on issues related to the prioritization and expanded use of innovation to improve the effectiveness and outcomes of the development and humanitarian goals of the United States, including related to policy, management, and procurement;

(2)(A) carry out—

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

(ii) the authorities described in section 5; and

(B) develop the strategy required by section 7(a); and

(3) report directly to—

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

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

(b) DUTIES.—The duties of the Chief Innovation Officer shall include—

(1) increasing the application of innovation to develop, test, and scale new solutions to improve effectiveness and outcomes of development and humanitarian goals of the United States;
(2) leveraging the innovations, expertise, resources, and investments of businesses, nongovernmental organizations, science and research organizations, United States Government organizations that pursue science, technology, and research, and universities for the purposes of improving effectiveness and outcomes of development and humanitarian assistance efforts of the United States, and serving as a liaison between USAID and such partners to ensure USAID is meaningfully engaging with such partners;

(3) utilizing innovation-driven competitions, advanced market commitments, and co-creation arrangements to expand the number and diversity of solutions to development and humanitarian challenges and the partners with whom USAID works and funds;

(4) maintaining a collection of innovative solutions and best practices to be shared across USAID and fostering a culture of innovation across USAID;

(5) supporting USAID operating units in applying findings from development economics and research, technology, innovation, co-creation, and partnership approaches to decision making, procurement, and program design;
(6) examining and providing input into current internal USAID policy related to management and procurement to ensure innovation is integrated in policy guidance and procurement mechanisms; and

(7) ensuring acquisition and assistance mechanisms utilize the authorities relating to competitive grants, contracts, challenges, and prize awards, including Innovation Incentive Awards under section 5(a) and Innovation Fellows under section 5(b).

(e) BUREAU SENIOR ADVISORS.—

(1) IN GENERAL.—The Administrator shall appoint in each bureau of USAID, from among officers and employees of such bureau, a senior advisor with respect to matters relating to innovation, to—

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

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

(2) CONTINUATION OF SERVICE.—An individual appointed to serve as a senior advisor pursuant to paragraph (1) may continue to serve concurrently in the individual’s original position in such bureau.
SEC. 5. AUTHORITIES TO SUPPORT EXPANDED USE OF INNOVATION.

(a) INNOVATION AUTHORITIES.—

(1) IN GENERAL.—The Administrator, acting through the Chief Innovation Officer, is authorized to provide flexible, results- and milestones-based funding to support expanded use of innovation, encourage improved development and humanitarian outcomes, expand USAID partner bases, and support cost-effective and sustainable-led development solutions in partnership with local and nontraditional development partners, including the private sector.

(2) TYPES OF FUNDING.—The Administrator may provide funding authorized under paragraph (1) in the form of competitive grants (including fixed amount awards), contracts (including firm-fixed price contracts), advanced market commitments, and prize awards, including—

(A) Innovation Incentive Awards; and

(B) evidence-driven, tiered awards under the Development Innovation Ventures program established under subsection (c).

(3) RECOVERY OF FUNDS.—

(A) AUTHORITY.—
(i) In general.—The Administrator, subject to the limitation described in clause (ii), is authorized to provide funds under a competitive grant, contract, advanced market commitment, or prize award under this subsection to a recipient under terms requiring a proportion of such funds be returned to USAID at a future date in accordance with such requirements as may be established by the Administrator.

(ii) Limitation.—The amount of funds that a recipient is required to return to USAID under clause (i) may not exceed the total amount of funds that the recipient receives under the competitive grant, contract, or prize award.

(B) Treatment of payments.—

(i) In general.—The amount of funds returned to USAID under subparagraph (A) may be credited to the account from which the obligation and expenditure of funds under the competitive grant, contract, or prize award under this subsection were made.
(ii) AVAILABILITY.—Amounts returned and credited to an account under clause (i)—

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

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

(b) INNOVATION FELLOWS.—

(1) IN GENERAL.—The Administrator, acting through the Chief Innovation Officer, is authorized to employ not more than 30 individuals to be known as “Innovation Fellows” at any given time who shall, following an initial period of service with the Chief Innovation Officer, be assigned on a detail basis to USAID operating units for purposes of expanding the use of innovation, technology, and research with respect to the development assistance authorities of USAID.

(2) ADMINISTRATIVE PROVISIONS.—The authority to employ individuals under paragraph (1) is in addition to the authority to employ individuals
under such other authorities as may be available to
the Administrator, including authorities under parts
I and II of the Foreign Assistance Act of 1961 (22
U.S.C. 2151 et seq.)

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

c) Development Innovation Ventures Pro-
gram.—

(1) IN GENERAL.—There is established in
USAID the Development Innovation Ventures pro-
gram (in this subsection referred to as the “pro-
gram”). The Administrator, acting through the
Chief Innovation Officer, is authorized to carry out
the program.

(2) DUTIES.—The program shall provide flexi-
ble funding to global innovators to test new ideas,
build evidence of what works to improve development
outcomes, and transition to scale those innovations
with rigorously demonstrated potential to cost-effec-
tively improve millions of lives.
3) APPLICATIONS.—The program shall assess applications for funding under this subsection according to the following three core principles:
(A) Rigorous evidence of impact.
(B) Cost-effectiveness.
(C) Potential for scale.

4) ADMINISTRATIVE PROVISIONS.—The program shall—
(A) provide funding under this subsection using tiered, evidence-driven funding to allow for risk-taking at early stages while mitigating risk at later stages, thereby maximizing impact per tax dollar spent; and
(B) work across all countries and sectors supported by USAID, with the goal of finding, testing, and bringing to scale those innovations that can become proven solutions to development problems.

(d) AUTHORIZATION OF APPROPRIATIONS.—
(1) IN GENERAL.—There is authorized to be appropriated to carry out this section not less than $45,000,000 for each of the fiscal years 2024 through 2028.
(2) AVAILABILITY.—Amounts authorized to be appropriated to carry out this section are authorized to remain available until expended.

SEC. 6. PROVEN SOLUTIONS PROGRAM.

(a) IN GENERAL.—There is established in USAID the Proven Solutions program (in this subsection referred to as the “program”). The Administrator, acting through the Chief Innovation Officer and in consultation with the Chief Economist of the United States Agency for International Development, shall carry out the program.

(b) DUTIES.—

(1) IN GENERAL.—In carrying out the program, the Administrator shall scale up proven solutions by directing USAID operating units to integrate proven solutions into USAID programming and operating budgets and utilizing other authorities described in this Act.

(2) PUBLIC REPORT.—Not later than 60 days after the end of each of the fiscal years 2024 through 2028, the Administrator shall develop and make available to the public a report that describes which USAID operating units funded which proven solutions.

(c) DEFINITION.—In this subsection, the term “proven solutions”—
(1) means innovations that are rigorously demonstrated, such as through randomized controlled trials, commercial viability, or other appropriate methods, to have the potential to substantially improve development outcomes; and

(2) includes—

(A) innovations developed by USAID, including the Development Innovation Ventures program established under subsection (c), and innovations developed by other government entities, including the United States International Development Finance Corporation; and

(B) innovations developed by USAID partners, including nongovernmental organizations, foreign governments, and multilateral institutions.

(d) AUTHORIZATION OF APPROPRIATIONS.—

(1) IN GENERAL.—Amounts authorized to be appropriated under chapters 1 and 10 of part I of the Foreign Assistance Act of 1961 (22 U.S.C. 2151 et seq. and 2293 et seq.), chapter 4 of part II of such Act (22 U.S.C. 2346 et seq.), and title II of the BUILD Act of 2018 (22 U.S.C. 9601 et seq.) are authorized to be made available to carry out this section.
(2) **AVAILABILITY.**—Amounts authorized to be appropriated to carry out this section are authorized to remain available until expended.

**SEC. 7. INCREASE IN FIXED AMOUNT SUBAWARDS.**

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

(b) **NOTIFICATION.**—The Administrator shall notify the appropriate congressional committees prior to any exercise of the authority of this section.

**SEC. 8. AUTHORIZATION FOR UNITED STATES PARTICIPATION IN THE GLOBAL INNOVATION FUND.**

(a) **IN GENERAL.**—The United States is hereby authorized to participate in the Global Innovation Fund.

(b) **BOARD OF DIRECTORS.**—The Administrator is authorized to designate an employee of USAID to serve on the Board of the Global Innovation Fund as a representative of the United States.

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

SEC. 9. COLLABORATION WITH UNITED STATES INTER-
ATIONAL DEVELOPMENT FINANCE COR-
PORATION.

The Administrator is authorized to enter into agree-
ments with the Chief Executive Officer of the United
States International Development Finance Corporation to
carry out joint innovation projects, including through com-
petitive grants, contracts, and prize awards, including In-
novation Incentive Awards authorized under section 5(a),
and private sector-led development, through the use of
blended finance and other mechanisms, as authorized by
law.

SEC. 10. GLOBAL INNOVATION STRATEGY.

(a) IN GENERAL.—Not later than 1 year after the
date of the enactment of this Act, the Administrator, act-
ing through the Chief Innovation Officer, shall submit to
the appropriate congressional committees and make avail-
able to the public a 5-year strategy for the purposes of
prioritizing and expanding the use of innovation in inter-
national development and humanitarian programs that—
(1) establishes an innovation coordination plan across USAID operating units that includes the resources, training, and staffing needs to exercise of authorities described in sections 5 and 6;

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

(3) outlines efforts to integrate innovation objectives, including by using resources of USAID operating units to scale up proven solutions, the use of competitive grants, contracts, advanced market commitments, and prize awards described in section 5 into USAID acquisition and assistance mechanisms and into country and regional strategies;

(4) outlines external efforts to improve partnership and collaboration with relevant businesses, non-governmental organizations, science and research organizations, United States Government organizations that pursue science, technology, and research, universities engaged with innovation applicable to
the core work and mandate of USAID, partner governments, and multilateral institutions;

(5) identifies USAID’s approach to managing the goals of expanded innovation with ensuring rigorous oversight of Federal funds and plans to conduct monitoring and evaluation of all activities conducted pursuant to this Act;

(6) outlines, in coordination with the Chief Executive Officer of the United States International Development Finance Corporation, a joint investment plan between USAID and the United States International Development Finance Corporation to exercise the authorities described in sections 5 and 6; and

(7) includes any other matters determined by the Administrator to be appropriate.

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

(1) each newly-issued USAID Country Development Cooperation Strategy, USAID Regional Development Cooperation Strategy, or other USAID planning document, as determined by the Administrator, to include a plan of action to promote innovative development practices, as described in the strategy required by subsection (a); and
(2) each USAID Country Development Cooperation Strategy, USAID Regional Development Cooperation Strategy, or other USAID planning document, in effect as of the date of the enactment of this Act, to be updated in order to meet the requirements of the strategy required by subsection (a).

SEC. 11. LIMITATIONS.

Concurrent with the submission of the Congressional Budget Justification for Foreign Operations for each fiscal year, the Administrator shall submit to the appropriate congressional committees a detailed accounting of USAID’s use of the authorities under this Act, including the sources, amounts, and uses of funding for each such authority.

SEC. 12. DEFINITIONS.

In this Act:

(1) Administrator.—The term “Administrator” means the Administrator of USAID.

(2) Appropriate Congressional Committees.—The term “appropriate congressional committees” means—

(A) the Committee on Foreign Affairs and the Committee on Appropriations of the House of Representatives; and
(B) the Committee on Foreign Relations and the Committee on Appropriations of the Senate.

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

(4) INNOVATION.—The term “innovation” means the development and implementation of new processes, technologies, policies, or services that provide a greater impact or are more cost effective than current practice.

(5) INNOVATION INCENTIVE AWARD.—The term “Innovation Incentive Award” means an award provided under section 5(a) under which funding is provided on a competitive basis that—

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

(B) helps identify and promote a broad range of ideas and practices, facilitating further development of an idea or practice by third parties, relating to the alleviation of poverty or other development priority.
(6) USAID.—The term “USAID” means the United States Agency for International Development.

(7) USAID OPERATING UNIT.—The term “USAID operating unit” means a bureau, independent office, mission, or representative office of USAID.