July 2, 2024

Subject: Procurement and Operation of Unmanned Aircraft Systems

Dear Partners:

The purpose of this letter is to raise awareness among USAID's contractor and recipient community regarding recent legislation governing the procurement and operation of unmanned aircraft systems. As a result of the legislation discussed in this letter, the U.S. Government will be developing regulatory requirements that will impact USAID's partners. We hope that this information prepares you for award terms that may be developed and added in the future to USAID-funded contracts, grants, cooperative agreements, and other types of awards.

The **American Security Drone Act of 2023**, part of the **National Defense Authorization Act (NDAA) for Fiscal Year 2024** (Pub. L. 118-31), became law in December 2023. This legislation contains requirements and prohibitions related to unmanned aircraft systems, including unmanned aircraft (e.g., drones) and associated elements (including communication links and the components that control the unmanned aircraft). These requirements and prohibitions were developed due to the Federal Government's increased use of and reliance on unmanned aircraft systems for a variety of tasks. The ability of the Federal Government to protect the security of data collected, stored, and transmitted by drones is complicated in part because the majority of unmanned aircraft systems are manufactured and assembled by foreign-owned entities with affiliations that have divergent interests from the United States. Use of a drone without adequate cybersecurity and physical security controls increases adversaries' capabilities to disrupt U.S. Government operations.

Part of this NDAA legislation notes that – beginning in **December 2025** – "*no Federal funds awarded through a contract, grant, or cooperative agreement, or otherwise made available may be used— (1) to procure a covered unmanned aircraft system that is manufactured or assembled by a covered foreign entity; or (2) in connection with the operation of such a drone or unmanned aircraft system*." The legislation defines "covered unmanned aircraft system" to mean "*an entity included on a list developed and maintained by the Federal Acquisition Security Council and published in the System for Award Management (SAM)*." The criteria for inclusion on the list can be found in §1822 of the NDAA legislation. The Federal Acquisition Regulatory Council has opened FAR Case No. 2024-002 ("Prohibition on Covered Unmanned Aircraft Systems by Covered

Foreign Entities"), as required by the NDAA, to begin the rulemaking process to implement these legislative requirements for federal contracts. Additional federal policy may be forthcoming for assistance awards.

At this time, USAID has no details to share regarding what specific award terms may be developed to implement these NDAA requirements. However, given that USAID programs can sometimes involve the procurement or operation of unmanned aircraft systems, it is important that prime contractors and recipients understand that requirements and prohibitions may be added to award terms in the future.

We encourage partners to participate in the federal rulemaking process by reviewing relevant rules, once they are published in the **Federal Register**, and submitting comments in accordance with the instructions found in those rules. The Federal Register allows for **customized notifications** to support users in staying up-to-date on regulatory developments.

We also urge contractors and recipients to take precautions in the procurement of any unmanned aircraft systems under USAID-funded programs. For example, partners may want to consider vendors included in the "Blue UAS Cleared List" available from the Defense Innovation Unit at **https://www.diu.mil/blue-uas-cleared-list**.

Please direct any questions about this letter to **IndustryLiaison@usaid.gov**.

Sincerely,

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Director, Bureau for Management, Office of Acquisition & Assistance