

# Locally driven development

## Overcoming the obstacles

George Ingram

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**George Ingram**

Senior Fellow, Global Economy and Development  
Brookings Institution

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[www.brookings.edu/global](http://www.brookings.edu/global)

Commentary contributors:

Tariq Sayed Ahmad  
Meghan Armistead  
Annette N. Brown  
Larry Cooley  
Patrick Fine  
Paul Foldi  
Justin Fugle  
Larry Garber and Gretchen King  
Dan Honig  
James Michel  
Anna Molero  
Susan Reichle  
Lori Groves Rowley  
Jenny Russell  
Conor M. Savoy

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# Structure of the paper

Locally led development is a complex process that the development community, in the U.S. and around the world, has spent several decades trying to get right. Yet, despite all the experience and lessons learned, it feels like we are barely beyond the starting line. This publication aims to contribute to the ongoing dialogue on locally led development, especially as to how the United States can address the obstacles posed by U.S. law, regulation, policy, and practice. It consists of two parts:

- **An essay** by George Ingram that notes the path that has taken us to this point, identifies key obstacles, and invites a discussion of how to overcome impediments and move forward.
- **A set of 15 commentaries** written by development experts that add a range of perspectives and nuances to the discussion.

# Introduction

The U.S. government, led by the U.S. Agency for International Development (USAID) and the U.S. development community, are working through what is meant by and required for locally led development. This essay notes the path that has taken us to this point, identifies key obstacles, and invites a discussion of how to overcome impediments and move forward.

U.S. development policy is on a multidecade journey shifting its North Star from priorities set and programs designed by Americans in Washington and at USAID country missions and embassies to priorities and programs defined by partner governments and other local stakeholders. The endeavor to put greater agency in the hands of developing country stakeholders is variously referred to as country ownership, localization, local ownership, locally led development, and decolonization. There are no clear definitions of any of these terms. They are used interchangeably to refer to simply funneling foreign assistance to local organizations, to the partner government being in charge, to local civil society setting the agenda, and to community-led development.

In this essay the terms are used in a holistic manner to refer to the broad range of local stakeholders—national and local government, civil society, academia, business and business associations, formal and informal communities, and citizen groups—individually and collectively, setting the agenda, designing programs, managing activities, and conducting evaluations. When the terms are used by other actors, it cannot be assumed that is their definition.

The major conundrum for development agencies is how to move from policy and symbolic actions such as giving small grants to local organizations to authentic country ownership where priorities, program directions, and financial decisions are determined by local actors. As USAID is responsible for 60 percent of U.S. economic assistance and the principal U.S. government agency seeking to address how to operationalize local ownership, it is the focus of this essay.

# The history of locally led development

The idea of local direction of programs aimed at social, economic, and political change is as old as foreign assistance as we know it—the Marshall Plan required European countries to unite to map out how to deploy U.S. assistance. Throughout its existence, USAID in specific areas and programs has utilized country-led approaches. Agencies such as the Peace Corps and the Inter-American Foundation were founded on responding to the needs and priorities of local stakeholders and communities. U.S. President’s Emergency Plan for AIDS Relief (PEPFAR) has reached a level of 62 percent of funding through local organizations.

In recent times, a significant foray into local ownership at an institutional level was the establishment of the Millennium Challenge Corporation (MCC) in 2004. Drawing on 60 years of development experience, the MCC transfers responsibility for identifying investment priorities from the donor, in this case the U.S. government, to the partner government, with input required from civil society. While the MCC sets the parameters for funding activities to overcome binding constraints to economic growth and influences program design, it shifts substantial power by requiring the partner country to initiate the assistance package and empowering implementation through a locally incorporated and managed entity (Millennium Challenge Account).

Beyond the Bush administration’s desire for a significant U.S. initiative at the upcoming Monterrey Financing for Development Conference and advocacy by Irish rock singer Bono, what enabled such a dramatic shift in the entrenched power dynamics of the donor-recipient relationship?

The reasons are multiple. With the Bush administration viewing USAID as underperforming, constrained by bureaucracy, and resistant to change, there was a willingness to try something new. The creation of a new entity had strong, active presidential backing. This created the conditions for legislating a new statutory agency that would be free of the constraints of the Foreign Assistance Act. When created, the MCC received “new” money, so sidestepped a turf fight over resources in not taking funds away from existing programs and implementers. Originally conceived as a \$5 billion per year program, the MCC manages a relatively small portion of U.S. foreign assistance—less than \$1 billion of the \$51 billion in total foreign aid (economic and military) in fiscal year 2020. Finally, the new approach fit with best practices (local ownership, transparency, accountability, rigorous use of data and evidence, independent evaluation) animating the development community, anchored in the concept of locally led development and soon to be adopted in the Paris Declaration on Aid Effectiveness.

Subsequently, the gravity for change shifted to USAID. In the Obama administration, USAID Administrator Rajiv Shah, responding to mission directors and other senior USAID staff, launched a major reform program emphasizing direct funding of local organizations. With USAID Forward and Local Solutions, Shah established an ambitious target of directing 30 percent of all USAID funding to local organizations, including partner governments. In practice, the target proved too ambitious, and USAID staff subsequently questioned the utility of this type of target to measure progress on locally led development. Nonetheless, the idea of “localizing” foreign assistance continued to gain strong support, as illustrated by Congress creating the Local Works program that incentivizes missions to follow locally led programming.

In the Trump administration, the USAID administrator—former Republican congressman and Ambassador Mark Green—established the drive for greater localization as the central organizing principle of his Journey to Self-Reliance and sought to revise the procurement system to be more amenable to local organizations.

More recently, President Biden’s USAID administrator, Ambassador Samantha Power, set forth her vision for USAID in 2021, stating simply “we must listen to what our partners in the countries where we work are asking of us.” Returning to the metrics-driven approach of the Obama administration, she set a target of [25 percent of assistance going directly to local partners by 2024 and pledged that by the end of the decade, 50 percent of](#) programming would place “local communities in the lead to either co-design a project, set priorities, drive implementation or evaluate the impact of our programs.” Initial actions include a five-year, \$300 million Centroamerica Local initiative to work with local entities in the Northern Triangle countries of El Salvador, Honduras, and Guatemala to address the root cause of irregular migration.

Many in USAID and the development community have come to realize that just channeling assistance to local organizations is not real localization. As much as local entities need improved capacity and as well-intended are USAID’s efforts to provide that support, USAID’s efforts have been heavily focused on building their capacity to win and manage USAID projects—to make them implementers of USAID-designed projects. The change to a new approach is reflected in the draft [USAID Local Capacity Development Policy](#) that was released for public comment in December 2021. It seeks to move the agency’s support beyond just building the capacity of local organizations to their executing the design, implementation, and evaluation in pursuit of their own priorities. The policy makes the starting point an understanding of the local system, how local organizations fit into the local system, and the priorities, strengths, and goals of local actors. It focuses on strengthening their existing capabilities and identifying drivers and barriers to change rather than just giving them the ability to comply with U.S. government requirements.

The validity and broad acceptance at the policy level of locally led development is not in question. Although in many different forms, it features prominently in development theory. It has been a major pillar of the development policies of four successive administrations. The FY 2022 and FY 2023 foreign operations appropriations bills include provisions supporting localization. It is endorsed by civil society development organizations such as the Modernizing Foreign Assistance Network, InterAction, and the Council of International Development Companies. It reflects a broad consensus in the international development community.

# Impediments

The question is how to operationalize this basic principle of good development. The answer requires a clear understanding of the impediments. A number of operational challenges are well known and have received a fair amount of attention; others have not.

## Capacity

While many local organizations in low-income countries may be fit to respond to local needs and dynamics, only a limited number have the working capital and specialized management and technical expertise required to successfully implement contracts at scale and comply with U.S. government requirements.

A significant portion of USAID funds are awarded in large contracts and grants, ranging from \$10 million to \$500 million or more. Working with smaller, less experienced organizations would require USAID to retool its systems to design, award, and track numerous, mostly small awards ranging from a few hundred thousand to several million dollars. This would require a significant increase in USAID staff to oversee the activities and manage relations with a much larger number of organizations, many just learning how to do business with USAID. After several years of effort, USAID has finally achieved the congressional mandate of 1,850 foreign service officers and 1,600 civil service officers. Yet, even at this level USAID struggles to administer the current portfolio, much less shift to a more staff-intensive business model. The Congress recognizes the staff shortage in a reference in the joint explanatory statement accompanying the FY 2022 Department of State, Foreign Operations, and Related Programs Appropriations Act (state/foreign operations bill) and by increasing funding for operating expenses (which cover personnel and other expenses) by \$258 million (19 percent)<sup>1</sup> above the FY 2021 level<sup>2</sup>.

Even if USAID were able to significantly increase its workforce complement, there would be numerous practical problems to confront. The most obvious is securing State Department approval to create new positions at posts overseas. The 1982 National Security Decision Directive 38 puts the chief of mission (ambassador) in charge of determining the size and composition of overseas staffing of U.S. agencies within the embassy complement. Ambassadors and the Department of State are typically reluctant to expand the number due to constraints of budget and embassy services, lack of office space, and security concerns. This highlights the importance of interagency buy-in and cooperation in the move to localization<sup>3</sup>.

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<sup>1</sup> And \$108 million (7 percent) above the president's request.

<sup>2</sup> The president's budget for FY 2023 calls for a further increase in operating expenses of \$107 million (7 percent) compared to the enacted level in FY 22. This increase will allow USAID to grow its workforce to a total of 3,720 foreign service and civil service personnel.

<sup>3</sup> It will be interesting to see if the recent experience with virtual work modifies the USAID model of work and reduces the hurdle factor of NSD 38.



## **Risk**

Development programs by their very nature face multiple risks—financial, fiduciary, programmatic, and reputational. Outsourcing risk management to experienced implementing partners (IPs) is one way USAID reduces its risk exposure.

Localization changes the risk calculation. Modest grants to local organizations with a laser focus on their mission and embedded in local culture and practices can reduce the magnitude and likelihood of some risks. At the same time, grants to inexperienced local organizations with poorly trained, inexperienced staff can lead to accountability and program difficulties. Most local organizations are equipped to deliver technical services, not to manage the risks inherent in large grants with complex management compliance and reporting requirements, including safety and environmental standards, terrorist and money laundering reporting requirements, reimbursement for rejected or questioned costs, and other U.S. and local rules and regulations.

In contrast, established international nongovernmental organizations (INGOs) and for-profit contractors have well-honed manuals and processes that guide compliance with USAID rules and regulations and provide safety checks against fraud and security breaches. USAID's ability to react to shifting policy priorities in Washington and to changing political and economic dynamics on the ground, or weathering a natural or manmade disaster, is easier with funding concentrated in a limited number of large grants to experienced international implementers with a range of competencies that give them the ability to shift to managing new challenges. At the same time, large grants/contracts to Western organizations run the risk of funding activities that have high overhead, are not attuned to local customs and priorities, and end without sustainable impact.

USAID's local national staff—known as foreign service nationals or FSNs—and local implementers often operate in a small community with overlapping relationships that can prove invaluable to achieving goals, but they can also present the risk that USAID may be engaged with a circle of urban elites or those most connected to the Western community. Reputation-wise, USAID and local organizations can benefit from mutual association, but along with that advantage comes potential risks: USAID's association with a bad actor and reputational risk for a local organization if it is seen as too closely aligned to U.S. interests, especially when there is policy disagreement between the two governments.

## **Rigidity**

The ability to adapt and adjust U.S. assistance programs and projects to local priorities and frequently changing local dynamics is hindered by:

- The rigidity of a budget driven by (i) prescribed sector funding categories, (ii) presidential initiatives, (iii) congressional earmarks, directives, and the 15-day congressional notification process, and (iv) abrupt cut-off of funds due to the unpredictability of the U.S. budget and appropriations cycle and priorities.
- USAID following good management practices such as programs guided by strategies and rigorous accountability measures.
- Insufficient decisionmaking authority at the country and program levels.

## Budget

The annual U.S. foreign assistance budget proceeds along a complicated two- to three-year process that starts with USAID missions and USAID and State Department headquarters operating units submitting budget proposals that are typically based on current funding levels. This is followed by back-and-forth negotiations between the agencies and the agencies with the Office of Management and Budget (OMB), which makes the final call on numbers in the president's budget submitted to the Congress. The Congress works its will on the president's budget request in the annual state/foreign operations bill that locks funding into funding categories, accompanied by innumerable more specific funding directives in the act and committee reports that direct how agencies use the funds. The final allocation of funds to USAID country missions and other operating units is then determined through monthslong section 653(a) (Foreign Assistance Act) negotiations between the appropriations committees, USAID, and the Department of State Office of Foreign Assistance (known as F). Thereafter, if altered circumstances in the country or experience with a project would indicate need for a change in the use of funding, all but minimal changes must go through the 15-day congressional notification process, which in and of itself discourages USAID staff from proposing changes and, when utilized, runs the risk of delaying proposed activities by weeks or months.

USAID implementation is impeded by major and even minor decisions and changes requiring the concurrence of F. Originally intended to ensure coherence among U.S. assistance agencies, F's main interagency function is as the venue for coordination between the Department of State and USAID on assistance issues. F's role too often is that of a bureaucratic gatekeeper far removed from the substance and activities it oversees. The result is a roadblock delaying or obstructing U.S. assistance program responsiveness to country stakeholder priorities and impeding the ability to adjust to changing country and program circumstances.

## Programmatic best practices

USAID follows good programmatic practices, in some instances setting the standard for what becomes best practice in global development cooperation. These practices include: setting strategies with clear rationales, objectives, and measurable results; open competition for awarding grants and contracts to implementing organizations; monitoring technical, administrative, and financial performance; and conducting rigorous independent program/project evaluation, both during and after the program/project life cycle. These processes are important for ensuring that funds are used well for the intended purpose. However, they are time-consuming and require experienced, trained staff; they can be onerous and even impossible for small, less experienced organizations that typically function in the local language and follow simpler practices; and they are expensive. Training organizations to U.S. standards can deplete their energy and divert their limited resources and attention from their core mission. What if these Western processes are alien to or stymie the dynamics of local organizations and community groups and their way of operating and so fail to produce sustainable results?

For example, strategies establish a well-thought-out rationale and process for reaching a specific objective, provide USAID a guide for required staff expertise and processes, and set standards against which to assess programs and progress. But what if the partner country or community has different priorities or wants to achieve a similar result in a different way?

Inflexibility born of strategies can close the agency off from creative ideas not invented in-house. Further, financial accountability requires sophisticated financial and accounting systems. Monitoring and reporting can be complex and time-consuming and beyond the capacity of inexperienced, resource-limited indigenous organizations. These practices are governed by statute and regulation, giving USAID little discretion in adjusting the requirements to local conditions, especially for awards greater than \$250,000.

Along with these programmatic best practices come layers of rules and regulations that overwhelm those of other U.S. government agencies involved in managing development programs. The [USAID Acquisition Regulation \(AIDAR\)](#) runs 272 pages. Responsibility for the largest pot of U.S. assistance funds brings to USAID greater stakeholder scrutiny and, consequently, a self-imposed dynamic of trying to ensure that no mistakes are made, which can stymie programmatic innovation and risk taking that development success requires.

### Delegation of authority

A comparative advantage of USAID is its country presence. Country missions staffed by committed and experienced American and local experts are best positioned to identify local priorities, build relations with local stakeholders, and understand the nuances and dynamics of the local context. However, USAID mission authority operates within all the constraints noted above, plus delegation of authority from headquarters to country missions has been eroded over time, shifting significant decisions to USAID headquarters and State F.

### **Organizational culture**

USAID is comprised of highly skilled and committed development professionals, many with a lifetime of experience in what works in development, knowledgeable of best development practices, and accustomed to taking charge. While many agency employees are attuned to supporting local actors, their ability to do so is constrained by priorities set by U.S. policymakers and the rigidity of agency procedures and operating environment.

Asking them to step back to a supporting role with local organizations—which may have less technical experience in development practice but deeper roots in the local culture and experience—is a big ask that will take years of reskilling and recruiting the right staff. What should USAID staff do when local partners seek to pursue a development path/solution that is inconsistent with what they consider best development practice—especially given that issuing a larger number of awards will further tax an already overburdened staff and exacerbate the always lingering fear that a project gone wrong can result in one being hauled before the inspector general or a congressional committee and sidetrack one’s career?

### **Values**

Unspoken in most conversations about localization is the need to come to terms with the reality that not all country ownership is good, at least in terms of American and international values. Countries can “own” bad things. Adhering to local national, cultural, and religious practices and priorities is a great concept until it runs up against basic principles—rule of law, individual and human rights, gender equality and empowerment of women, inclusion of minorities and underserved communities, and political and economic liberalism. These are fundamental values that undergird the moral imperative of our foreign assistance. Though the U.S. does at times compromise those values in the interest of foreign policy and national

security, they will always permeate the U.S. approach to the world. The U.S. will promote them despite contrary attitudes of governing elites and local stakeholders.

### **Power dynamics**

At its core, country ownership is about rebalancing the power differential between donor and recipient—with donors ceding power over decisionmaking to local actors. The question is what legitimate equities does the donor have and how should they be exercised? How far are the American public and Congress willing to go to shift decisionmaking over public funds to recipient country partners?

# Path forward

The path to overcoming and managing these obstacles involves known but often difficult actions.

## **Building capacity**

### Local capacity

Along the lines of the draft USAID [Local Capacity Development Policy](#), USAID efforts should focus on strengthening the existing capabilities of local entities to achieve their own stated missions rather than just becoming USAID grantees and contractors. USAID should spend less time trying to train local NGOs how to work with USAID and more time training its own staff to work with local entities.

### USAID capacity

USAID acquiring the ability to support locally led development requires:

- A significant increase in direct hire staff, likely at least doubling the current cadre.
- Rewriting USAID's operating handbooks to incorporate new concepts, practices, and processes to support local programming, along with associated training for current and incoming staff.
- Empowering local staff (FSNs and third country nationals) with greater authority.
- Building on the strategic workforce plan called for in the explanatory statement accompanying the FY 22 state/foreign operations bill, to make this a serious exercise pulling in broad and independent experience and thinking, Congress and USAID should collaborate on engaging the National Academy of Public Administration to produce a comprehensive workforce plan that fits the needs of USAID with the dynamics of the 21st century workplace

## **Managing risk**

Development is a risky business. It often involves working in unfamiliar and unstable environments, challenging existing systems and customs, and experimenting with new solutions and unproven counterparts in rapidly changing circumstances. USAID is experienced in managing the contextual, financial, programmatic, and reputational risks, as articulated in the 2014 policy paper [Local Systems: A Framework for Supporting Sustained Development](#). But U.S. stakeholders tend to focus principally on financial risks rather than programmatic opportunities and fail to accept that important lessons can be learned from programmatic failure—in contrast to the way Silicon Valley values failure as a step toward achieving a goal<sup>4</sup>. Moreover, there is the fundamental risk of ineffectiveness and unsustainability—and therefore waste of U.S. taxpayer

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<sup>4</sup> For more on this, see Ann Mei Chang *Lean Impact*.

resources and failure to achieve our objectives—of programs not grounded in local priorities and ownership.

USAID will be caught in an untenable position until the various oversight stakeholders (USAID inspector general, Congress, National Security Council, State Department, Government Accountability Office (GAO), the foreign policy and development communities, media) acknowledge the programmatic risk in not pursuing the priorities of local stakeholders. These risks include:

- Not investing in local ownership and capacity risks delaying the ability of partner countries and communities to take charge of their own development.
- Implementation by U.S. INGOs and contractors to achieve quick results risks missing the slower but more sustainable results that can be achieved by working with local partners.
- Seeking quick results tied to short-term political goals risks allowing local organizations the time needed to learn and develop at their own sustainable pace.

Being serious about localization requires accepting new and different risks with a degree of forbearance.

### **Decreasing rigidity**

Introducing greater flexibility/adaptability into the budget process requires U.S. stakeholder behavior change and constraint.

Congress and the president should keep budget accounts (earmarks), directives, and initiatives at a high level of aggregation and avoid micromanagement of the budget and programs. The Congress and the president have the responsibility to set basic policies and priorities for the expenditure of U.S. government funds and prescribe the basic direction of programs. But their comparative advantage is at the broad policy level, setting and balancing national priorities, not at the granular technical level of designing programs and directing their implementation.

To its credit, the Congress at times acknowledges the constraints of earmarks and directives. As far back as the FREEDOM Support Act of 1992, the Congress authorized an illustrative rather than definitive list of activities to help with the transition of the former Soviet Union. More recently, the Global Fragility Act of 2019 established the Prevention and Stabilization Fund with a broad mandate with no specific activities designated and the Complex Crisis Fund with a proviso “notwithstanding any other provision of law.” The recently enacted FY 2022 state/foreign operations bill has several provisions that acknowledge the need for greater flexibility in pursuit of U.S. development objectives. Specifically, the act allows 10 percent of funds to be shifted among accounts; restates “notwithstanding any other provision of law” for the Complex Crisis Fund; provides a 10 percent deviation below the minimal levels set for programs in basic education, environment, and gender and women’s empowerment; and exempts activities authorized under laws governing the Peace Corps, Inter-American Foundation, and the African Development Foundation from prohibitions otherwise set in the act or other laws. Further, the joint explanatory statement exempts from directives the \$100 million for locally led development under Centroamerica Local.

The congressional practice of earmarks and directives is not going away, but it could be better executed to support effective localization, for example: (1) limit earmarks and directives to three-year periods during which their value could be demonstrated or not; (2) make them discretionary, rather than mandatory, with the agency having to explain to Congress why a

directive was not followed; (3) expand the 10 percent transfer authority in the FY 22 appropriations act to 20 percent; and (4) do not apply earmarks to countries falling under the 2020 [U.S. Strategy to Prevent Conflict and Promote Peace](#).

USAID should ensure that its country strategies--Country Development Cooperation Strategy (CDCS)--are structured around the intersection of partner country development priorities and U.S. development interests, designed to be implemented through localization, and developed through robust local consultation. More broadly, the agency should fully incorporate the localization agenda into its foundational planning documents, regulations, and structures, specifically the Acquisition and Assistance Strategy, Partnership Principles, Local Capacity Development Policy, Policy Framework, and Risk Appetite Statement, all of which are in various stages of review.

Further, a CDCS is required to present two budgets: (1) one that is based principally on the current program and funding likely to be available, and (2) an aspirational budget based on the USAID mission's assessment of what would be needed to achieve agreed-upon partner development priorities. The Congress should charge USAID, the GAO, and/or invite civil society organizations, to roll up the aspirational budget allocations in the 60-plus country CDCSs into overall sector/program allocations that can serve as a guide to inform both the executive branch and the Congress on sector allocation of foreign aid funds.

State F should remove itself from the activity approval process and otherwise eliminate micromanagement of USAID programs, including eliminating the requirement for the unproductive operational plans and approving USAID congressional notifications.

USAID should create templates for delegation of authority, tailored to a variety of operating contexts, to allow for greater operating flexibility in country missions and headquarter operating units.

Congress and the administration should support the continuation of USAID's efforts to simplify procedures to make them relevant to local realities in partner countries, while not sacrificing basic accountability functions.

### **Shifting organizational culture**

Organizational change involves recruitment, training, incentives, and revised processes and practices that can take years to bring to fruition. Accordingly, retooling USAID for localization must be a bipartisan effort as it will extend across administrations.

### **Staying true to values**

The United States is not going to change the fundamental, universal values, derived from its history and self-identification, and the core principles of Paris, Busan, and the Sustainable Development Goals (SDGs), that inform its development policies. The U.S. can exercise some degree of forbearance in some areas, especially where we do not measure up to our own ideals, such as in the dysfunction of our own budget processes and the corruption that is built into financing our politics. This approach is probably encompassed in USAID Administrator Samantha Power's call for greater "humility" and involves greater understanding and appreciation of local culture and practices and less pushing the "American way." But the U.S. will not intentionally allow its assistance and policies to facilitate elite capture, be used for illegal or unethical activities, or support inequitable development. The U.S. will use its

development tools to advance the role of women and other minorities, the rule of law, fundamental human rights, and inclusive development, no matter the attitude of local stakeholders.

### **Rebalancing power relations**

American policymakers and other stakeholders will support a rebalancing of power only if they believe in the narrative of the central importance of sustainable development to the U.S. national interest. (See the proposed narrative in Box 1.)



# Addressing 3 fundamental challenges

Woven through this essay are three fundamental questions:

1. How do we change the power dynamic between donor and partner?
2. How in the near term do we execute the complex, difficult, lengthy process of localization?
3. How do we bring U.S. policymakers and stakeholders onboard to this shift in how U.S. foreign assistance is managed?

## Power dynamics

Changing the power relationship is at the core of adopting a local ownership approach to development. If the essence of successful development is local stakeholders being in charge, that means granting them the authority to make decisions and do things their own way. This implies the U.S. ceding decisionmaking. The U.S. will not cede ultimate power—the power to decide which countries with whom to partner and to set country and sector budgets. But the U.S. could empower local partners on priority uses and design and management of the assistance within agreed parameters, while maintaining a role in oversight and accountability. As suggested in the proposed narrative in Box 1, U.S. policymakers need to recognize that the primary interest is not in a particular programmatic sector or type of project, but in the U.S. national interest in countries achieving sustainable development (stability, poverty eradication, prosperity, anti-terrorism and anti-corruption, democracy, rule of law). This interest can be achieved in many ways and with the greatest efficacy if based on local ground truthing and ownership that make implementation equitable, effective, and sustainable.

There are two guides that can inform the U.S. government's move to authentic locally led development. One is from the business and the military communities, which have learned to put tactical decisionmaking in the hands of those closest to the customer and action. The second is the servant-leader model, where the goal of the leader is to serve, to empower those in his/her community/organization to perform their functions and develop their own skills and capabilities. These are approaches that fit with American values and contrast with more authoritarian approaches to politics and economics.

## Execution: Realizing localization

There are two elements to implementing locally led development:

**Part one:** Part one is the ambitious agenda laid out in this essay that USAID and the administration are working diligently to get right. It is centered on USAID transforming its business model and culture by placing local partners in the driver's seat through processes and practices that empower them to identify priorities, design activities, manage projects, monitor and evaluate, and ultimately take responsibility for financing the activity.

**Part two:** A pragmatic assessment is that the full transition to authentic localization is not

feasible in the near term. The difficulties are clear. No matter the support Congress has given to increasing USAID staffing, is it realistic that the Congress and OMB will agree to expand the agency's workforce by double or more over the next few years? Will the Congress and senior government officials forgo micromanaging how foreign aid is to be spent? Will the Congress, inspector general, GAO, and the media resist punishing USAID when a program goes awry? How far can USAID really go in aligning good development practices and accountability procedures with localization? How long will it take USAID to change its culture? The U.S. is not going to forgo its values.

This assessment suggests that U.S. progress along the path of locally led development will be long and gradual. This calls for focusing on more immediate solutions that will maximize local development. The place to look is where existing capabilities exist.

One place is the U.S.-sponsored regional foundations—Inter-American Foundation, African Development Foundation, and Asia Foundation—which have localization in their DNA. The Eurasia Foundation has the experience of spinning off and building its local offices into indigenous foundations. INGOs such as the International Youth Foundation, Restless Development, and a number of others have been doing locally led development for decades. More funding could be channeled through these entities, but not large amounts, as that might turn them into more cumbersome bureaucracies.

A second place to turn is the “development industrial complex”—the INGOs and contractors that implement U.S. development programs. These are organizations that have deep development capacity and extensive relations in-country. In making awards, USAID can challenge these organizations to show how to implement locally led development. To be clear, this is not the traditional approach of just funneling funds to local organizations through U.S. INGOs and contractors to implement U.S.-determined priorities and project designs. The role of the INGOs and contractors would be to empower local organizations and communities and build the capability for local organizations to carry out their own mandates and priorities. There is a solid base from which to work as some implementers have experience with executing localization and increasingly are trying to better understand what localization requires and their role in this approach to development. USAID is probably better positioned to hold implementers accountable for localization than itself.

This means being clear on the types of assistance that qualify as locally led, which would include most U.S. economic assistance to local communities and organizations where they set the agenda and to governmental entities (government-to-government) in support of their priorities and strengthening their capabilities.

## **Narrative**

The final issue is communicating a compelling narrative for why locally led development serves the U.S. national interest. This involves convincing the Congress, senior administration policymakers, and the broad foreign policy and development communities on the efficacy of a fundamentally different approach to development. This is an approach based on the flexibility/adaptability essential to relying on institutions in partner countries. That narrative is attempted in Box 1.

### **Box 1. Effective development requires localization—which requires flexibility**

- Economic, social, and political progress in low-income and lower-middle income countries is in the U.S. national interest.
- Economic assistance can contribute to that objective only if it is used effectively.
- 75 years of development experience confirms that effectiveness is grounded in partner stakeholders being in control of setting priorities and implementing programs.
- Which requires that assistance be managed in a flexible way so it can be adapted to country priorities and changing circumstances.
- The most effective role for the United States is to lead on values and basic principles and to support partner country priorities and how they adapt those values and principles to fit their own circumstances.

**It is this “values leading/local supporting” approach that will inspire development actors, earn the U.S. respect as a valued development partner, and distinguish the U.S. from more autocratic approaches.**

# Commentary

The following commentaries were written following the April 18, 2022 roundtable (Annex I and II) for which the former part of this paper served to set the agenda and inform the discussion. Some of the commentaries address specific issues in the essay, others address related aspects, and all bring in important nuances and perspectives.

Two additional pieces that are important to understanding the breadth of the conversation and how USAID is approaching locally led development are the article by Don Steinberg, senior advisor at USAID, that was published April 13 by Global Development Forum, "[Global Embrace of Localization: Changing the Power Dynamics in Development and Humanitarian Aid Systems](#)" and the March 8 [congressional testimony](#) of Michele Sumilas, assistant to the administrator of the Bureau for Policy, Planning, and Learning.

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# Tariq Sayed Ahmad

Senior Policy Manager, Aid and Development Finance, Oxfam America

## Time for ambition: USAID needs to inspire change through radical reforms

This paper provides a great snapshot of some of the challenges and opportunities with the localization agenda. But there are some areas where I think it misses important dimensions about USAID's localization push and how the agency will achieve success.

### **Distinguishing between locally led development and financing local organizations**

The paper rightly states that there is a myriad of terms currently being used by those in the community to refer to the localization agenda. However, those terms are slowly being better defined. And those definitions have an impact on how USAID develops policies and approaches to align with their broader development objectives through localization. Direct financing through localization and "locally led development" are becoming increasingly confused and entangled terms. Importantly, direct financing between USAID and local organizations and institutions is not the same as "locally led development." In current USAID parlance, "locally led development" refers to ways local organizations can exercise influence over a USAID project without necessarily receiving direct support. USAID needs to achieve both. And USAID will have to adopt different policies and manage risk approaches to achieve each. Yet the paper, and many in the community, don't think direct financing relationships are as important as supporting "locally led development." In fact, the paper refers to the direct financing relationship as a "symbolic action."

Time and time again, [local organizations](#) have called on USAID to provide more direct financing to their organizations. A common critique against establishing a direct financing relationship is that local organizations will lose their local identity, and instead, simply become USAID implementers. Yet we often hear from local organizations that they see the benefit of creating a direct dialogue with the donor through direct partnerships and are better able to capture revenues to reinvest in their own capacity and priorities. Additionally, as our analysis in the Oxfam and Save the Children's report, "[The Power of Ownership](#)," demonstrates, those projects which had direct financing were much more successful at allowing more stakeholder influence over all parts of a project or program.

### **Understanding the bureaucratic and risk averse nature of USAID**

The paper does a great job of highlighting the litany of rules and regulations that keep USAID programming inflexible and prone to over-reporting. It also points out the need to shift USAID personnel towards embracing and managing risk to foster localization. But there are a few dimensions that are missing.

First, there's little discussion about the risk of failing to achieve sustainable and efficient results by avoiding local direct partnerships. USAID's current ways of operating promotes U.S.-based contractors and INGOs, without recognizing the value towards sustainability and institution strengthening that comes from direct partnerships.

Second, the paper does not address how USAID staff and development experts may hold bias when it comes to working with local organizations. While USAID staff are highly capable and knowledgeable about global development, they, like many of us, are prone to perceive their knowledge and western orientation above the knowledge and capability of local partners. This bias, [which has been a major point of concern for local organizations](#), helps reinforce **perceptions** of risk and lack of capacity. These biases must be challenged as part of addressing USAID's institutional change.

Finally, in order to reorient a large institution like USAID, you need mechanisms that will stimulate organizational change processes. This is the value of targets and publicly shared commitments. For example, during USAID Forward, USAID was able to reach a direct partnership target of roughly [18.6 percent by 2015](#). But during the years where they stopped measuring the direct partnership target and renegotiated the definition of localization internally, that amount reduced to [roughly 6 percent](#) before Administrator Power's November announcement.

Pushing change and allowing the systems to adapt is important. And because of this, I encourage those reading this article to reject the idea that the road to locally development will be long and gradual – and to look for opportunities for maximizing local development where they currently exist. Rather, USAID should push harder, embrace the ambitious agenda, and begin to see direct local partnerships as a default funding mechanism while only using U.S.-based intermediaries where there's a demonstrable added value.

### **What would local stakeholders say about localization or even this paper?**

One important aspect to the localization agenda that is missing from this paper is the perspective of local leaders. But this goes for USAID's policy development, too. This paper helps call on USAID to build better policy development feedback loops with local stakeholders. If we continue to rely on feedback from D.C.-based implementers and experts, we'll continue to focus on the challenges and priorities of D.C. stakeholders without acknowledging the value of localization efforts to local partners or allowing their experiences to feed into the reform efforts. Without hearing from local partners, we'll be focused on the risk of working with local partners, and not the risk of maintaining the status quo. Building formal feedback loops should happen in both Washington and with USAID missions—since each mission will likely lead their own localization efforts against nationally determined localization targets.

I'm often struck by how southern views on USAID can immediately reorient my understanding about localization. For example, there continues to be a worrying notion among D.C. stakeholders that localization efforts might reinforce local power dynamics by unintentionally supporting local elites or those who are networked in a way to better capture USAID funds. But if we turn that same argument on its head—isn't that what happens in D.C.? How is it [that in 2017 60 percent of USAID funds were awarded to 25](#) implementing partners? The path forward is not to stall progress on localization because of a fear that we might reinforce local power dynamics—we're already reinforcing power dynamics globally with the current way USAID conducts business. Rather, USAID should embrace localization while becoming smarter about how localization effects local power dynamics and orienting those dynamics towards sustainable impact.

# Meghan Armistead

Senior Research and Policy Advisor, Catholic Relief Services (CRS)

## Subsidiarity works: Locally led development and humanitarian response is possible, and is a better, more sustainable approach to effective foreign assistance

In addition to growing calls by local organizations themselves for more opportunities to lead their own development, from the Grand Bargain to the USAID Journey to Self-Reliance to Administrator Power's bold goal of increased local funding and engagement, it is clear that donors and policymakers are increasingly recognizing the need for local leadership across the humanitarian and development spectrum. In response, governments, INGOs, and multilaterals are grappling with the task of transforming their institutions in ways that recognize the importance of local leadership at all levels of decision-making and implementation.

This paper provides a comprehensive and helpful overview that effectively pulls together and reflects upon the long history of movement towards locally led development within the U.S. government, and describes how daunting a task it is to affect this level of transformation. It also carefully boils down and effectively identifies core impediments to advancing localization at scale, and provides expert insight into the workings of foreign assistance and the complex interactions between funding streams and implementation on the ground.

Reflecting on the paper and its themes from a practitioner perspective, a few areas emerge that may warrant additional consideration:

- 1. Assumptions about local partners' capacity and links with donor procurement practices:** The paper seems to assume that all local actors are low capacity, and/or are only capable of managing small or sub awards. This may be the case in some places, but there is growing recognition that it is certainly not universally the case. Even at the broadest level, a country with a vibrant civil society and robust professional population may have many actors very capable of managing middle and even larger social service grants – and is certainly a very different scenario from fragile states, or states with weaker civil society. It is important to make room for wide differences in capacity around the world. In addition, local actor capacity to implement is also intrinsically linked with procurement conditions. This is touched on indirectly in the USAID capacity section, but it would be helpful to make clear that the bar for 'capacity' is significantly higher when considering multi-million-dollar contracts versus medium-size cooperative agreements. Capacity and funding mechanisms should be considered two sides of the same coin.
- 2. Absence of localization of humanitarian funding and programming:** Though the paper is specifically about locally led development, its argument would be significantly strengthened if it also included cognizance and discussion of the parallel movement for localization of humanitarian aid – particularly as humanitarian assistance is such a large part of USG assistance. The history is a little different, and interestingly, much of the rationale for humanitarian localization is rooted in calls for efficiency, but it is also rich and recent years have seen a significant increase in the movement's momentum. At a minimum it is important to at least recognize the movement and core agreements, in particular, the Grand Bargain, and the ongoing opportunities and challenges it presents. As a signatory, the U.S.

government has committed, for example, to having 25 percent of its humanitarian funds go ‘as local as possible,’ though it seems they have barely made it to one percent in five years. The agreement was renewed last year, and localization has been elevated as one of two primary priorities.

3. **Potential false dichotomy between increasing direct funding to local actors or percentage of local actors implementing USAID projects and “true” local ownership:** The current discourse around local leadership seems to include an emerging “either/or” dynamic that makes localization about *either* putting more actors in a position to directly implement programs *or* increasing ‘true ownership and voice.’ In CRS’ experience with local partners, these two things are directly connected – as money and power are always intertwined. While we agree that simply having local partners implement existing USAID programming is not the endgame, progress in increasing direct funding for local partners would be a big step in that direction. When local actors become prime recipients of funding, they: 1) receive institutional support (either via NICRA or overhead) and therefore have critical resources to increase their organizational capacity; 2) gain experience implementing at a bigger scale and taking on more leadership roles; and, as they succeed, 3) grow more influential (both with their own government and with donors) as they become experts and key development partners. Stronger local implementers receiving direct donor funding can help increase local leadership of development in key ways and should be considered an intrinsic part of, not an alternative to, increasing country ownership and voice.
4. **Meaningful metrics as key to success:** Though the paper is very strong in identifying institutional challenges across USAID, it might have also included additional attention on the role of establishing meaningful metrics and clear definitions for ensuring success. Currently USAID has developed a range of definitions of local civil society and other entities, but significant differences among them has caused confusion and raises a number of concerns. For both the integrity of the efforts to support locally led development, and for effective transparency in funding, USAID must clearly define the goal and what “local” means in a way that reflects their intent to support autonomous local institutions who are accountable to their nations and communities they serve. In addition, while some data is currently available on how much funding goes to local and national entities, holistic data across U.S. government is not available. To advance locally led development and humanitarian response, USAID will need meaningful metrics: Ways to get a clear and accurate baseline of how much funding is currently going to truly local organizations, and a clear and capable system for measuring and transparently reporting progress towards the 25 percent funding goal.

Supporting local leadership is core to CRS’ foundation in Catholic Social Teaching, and in particular, its principle of subsidiarity: The idea that communities who are closest to challenges are best placed to address them. Supporting locally led development reflects this subsidiarity ideal and our commitment to respecting the dignity and agency of each person and community we serve. Working with thousands of local organizations has taught us that partners embrace opportunities to lead, and CRS is committed to supporting their growth because it is the right thing to do and because it is the most effective, efficient, and sustainable way to do development. Our work with partners has shown us that a new way is possible. **Listening, investing, and partnering with smart, capable leaders committed to advancing their communities and their institutions can make foreign assistance smarter, more cost effective, and more impactful.**



# Annette N. Brown

*Principal Economist and Acting Head of Strategy, FHI 360*

## **Sustainability: The rationale for localization**

In this commentary, I will examine the statement Ingram makes at the end of his paper. It includes a sequential list of statements that are intended to convince U.S. policymakers to adopt a localization approach. The statement in question is, “75 years of development experience confirms that effectiveness is grounded in partner stakeholders being in control of setting priorities and implementing programs.” This statement purports to be supported by evidence about effectiveness coming from 75 years of experience, but no evidence is given in the paper or in other policy documents making similar claims. I argue here, first, that there is not an evidence base that supports this broad claim, and second, that we do not need to make the claim in this way to provide a compelling narrative in support of locally led development and localization.

I will begin by clarifying that by questioning the effectiveness evidence for locally led development, I am not questioning the importance of locally led development. Rather, I want to make sure we are making the strongest case for locally led development.

### **What is the evidence base?**

Effectiveness claims like Ingram’s statement imply a counterfactual comparison, that is, if effectiveness is “grounded” in partner stakeholders setting priorities and implementing programs, then without these features, there must be no effectiveness or less effectiveness. The evidence for such a claim should come from research or evaluations that compare two otherwise similar programs where one has local priority setting and implementation and the other does not. I have not seen any studies that truly make this comparison. At the same time, there has been a dramatic increase in effectiveness research in international development over the last two decades. So, what does that evidence show?

There are a few studies that compare the effectiveness of an intervention piloted by an international group when scaled up by local implementers. Unfortunately, these studies often find a lower effect at scale. A naïve interpretation would be that local implementation is less effective. There are many reasons for these findings, though none of which imply that interventions should not be scaled up by local implementers. Rather they point out flaws in the way we pilot test interventions and challenges in taking interventions to scale. There are also many evaluations of interventions that do not work, for which discussants offer the possible explanation that local context was not considered carefully in the design. Unfortunately, these ex-post hypotheses to explain non-effectiveness do not prove that the interventions would be effective if designed with greater attention to local context.

Some observers suggest that the successful performance of local implementing organizations under PEPFAR’s localization initiative provides evidence of the superiority of localization. The

PEPFAR experience does demonstrate that local implementers, often with support from international implementers at the outset, can achieve the outcomes demanded by PEPFAR. This experience does not show that local implementation is more effective, however, just that it can be equally effective. The PEPFAR localization experience is also limited to local implementation, not local priority setting. The priorities are still very much set by PEPFAR.

There are certainly evaluations of successful community driven (or community led) development programs. Community driven development programs are a specific type of program, which can be effective for delivering some services and improving infrastructure (but not building social cohesion) at the municipal level. In these programs, the community groups do set priorities and carry out the activities. The formation of the community groups is not always community led, however. For these studies, international researchers or implementers often determine group composition (sometimes with inclusion requirements such as for female participation) and design the processes the groups must follow. There are many good examples and lessons from effective community driven development, but these should not be extrapolated as evidence that locally led and localized development is more effective.

By pointing out the “gap” in evidence supporting a broad claim about locally led and implemented development being more effective, I am not advocating for a research program of counterfactual-based studies of localization. Programs designed with different priorities are not comparable in any case, and comparing a locally implemented pilot program to an internationally implemented version of the same does not tell us much about what works at scale.

### **What is the compelling argument?**

The compelling reason for locally led and locally implemented development is sustainability. All countries can benefit from foreign advice and assistance at different points in time, but the outcome of development assistance ultimately should be policies and programs that are still in place after development assistance ends, and that means implemented locally. We do not need effectiveness evidence to understand that local implementation is a necessary condition for sustainable country-level development.

This assertion begs the question, if localization is a necessary condition, why has there not been more progress on localization? One answer among several is that the demand for measurable outcomes means that sustainability, which by definition cannot be measured during the life of a project, is not the de facto objective of much development assistance. Effectiveness is. And effectiveness outcomes are typically easier to produce in internationally run programs, often involving local partners under sub-agreements. We need to make the case for locally led development and localization in terms of sustainability, not in terms of effectiveness.

### **What about effectiveness?**

That is not to say that we shouldn't continue to examine the effectiveness of interventions. We want sustainable programs to be effective and effective programs to be sustainable.

Effectiveness evidence should continue to inform program design such that locally designed programs integrate local knowledge with the best and most relevant available evidence. New programs should be rigorously evaluated for their effectiveness and continue to be evaluated at scale to ensure maintained effectiveness. Improved localization is also important for this process. Evaluations of pilot programs that closely mimic implementation at scale provide better predictions of effectiveness at scale. Thus, locally led and implemented pilot programs provide the best evidence about effectiveness and can also answer questions about sustainability.

# Larry Cooley

*President Emeritus, MSI and Nonresident Senior Fellow, The Brookings Institution*

## Untangling localization objectives and minimizing unintended consequences

The three issues discussed below are intended as extensions to points raised in this thoughtful and constructive paper.

### What counts?

As this paper notes, and as Jean Gilson, Indira Ahluwalia, and I commented in our paper to USAID<sup>5</sup>, the localization agenda embraces at least three overlapping, but quite different, objectives—putting local voices in the lead, enhancing support for and use of accountable local institutions, and expanding the use of local implementing partners.

The objective related to “local voice” is the most fundamental and most challenging of these three objectives. It implies major shifts in how priorities and budgets are established, programs are designed, activities are implemented, and results are assessed. As such, it speaks directly to the power dynamics involved in foreign aid and has its biggest implications upstream from activity implementation. Despite various efforts to expand and enrich participation by, and consultation with, local civil society groups, in my view **the scope for local voice in shaping the substance of USAID programming is arguably worse today than it was two decades ago**—a result of budgets increasingly centralized and circumscribed by successive layers of Congressional earmarks and Administration initiatives, exacerbated by compliance requirements, and blows to the delegations of authority to USAID Missions. This trajectory can be reversed, but not easily and not without enhanced deference to country-based programming. As with the other two localization objectives, solid metrics and a clear strategy are needed, but receive relatively little attention in this paper or in the actions so far announced by USAID.

In the absence of clarity and metrics related to the other two objectives, the current focus on use of local implementing partners threatens to suck all the oxygen out of the room.

### Avoiding the curse of the 'mini-me'

In contrast to directed grants, contracts, and cooperative agreements are normally competitively awarded and paid for on what is essentially a fee-for-service basis. USAID’s policy statements and this paper both sound cautionary notes regarding the dangers of inadvertently re-creating indigenous carbon copies of U.S. implementing partners by incentivizing organizations that are build-to-purpose as USAID implementing partners but ill-equipped to compete and perform within the institutional landscapes and cost structures of their respective countries. But absent significant safeguards or significant shifts towards the use of directed grants, I continue to fear that this mimicry will emerge as the default option. Compounding what

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<sup>5</sup> Perspectives on Localization, August 2021.

some have called a “compliance conundrum” are the pressures to recreate a local version of a competitive environment where only local organizations with substantial reserves and high overhead rates can successfully compete for USAID contract awards. Every solution to these challenges has corresponding costs and risks and as USAID continues to explore solutions to these challenges, it will be important to debate openly the trade-offs involved.

### **The role of host governments and the special case of fragile states**

There is no simple or uniform channel for local voice. In the best case, democratic, and accountable governments—national, state, and local—can and should occupy a dominant position. In the worst case, autocratic and polarized governments serve as barriers to voice and as flashpoints for large, marginalized segments of the population. Particularly in these settings, the ways donors like USAID privilege and support various local voices have implications far beyond their effects in shaping USAID priorities and programming. Implicit in this reality is the potential to leverage the role of U.S. foreign aid in ways that promote stability, and the corresponding risk of inadvertently exacerbating tensions. This is not just a detail given recent drifts towards authoritarianism in many countries and the fact that fragile and conflict-prone countries receive the bulk of U.S. foreign assistance.

These considerations are well known to USAID and reflected in its embrace in recent years of political economy analysis, but they receive relatively little attention in this paper or in the public statements to date from USAID about implementation of the localization policy. High priority should be given to mining the insights and experience from earlier work on these issues in shaping the continued evolution of the localization discussion.<sup>6</sup>

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<sup>6</sup> Ali Poyac-Clarkin, Christy Martins, Lynn Carter and I are writing a paper on the topic of localization in conflict settings, to be published in May.

## Patrick Fine

*Nonresident Senior Fellow, Center for Sustainable Development, Brookings Institution*

### Is USAID finally offering a workable strategy for localization?

Since the 1980s there has been a strong consensus among development professionals that local participation and buy-in are essential elements of development effectiveness. This was enshrined in development doctrine in the 2005 Paris Declaration on Aid Effectiveness under the rubric of Country Ownership—the principle that those most impacted by development activities should have a decisive say in setting priorities and designing and implementing programs.<sup>7</sup>

#### Three USAID approaches to localization

It turns out, even with genuine commitment, this is easier said than done. USAID, as well as other major bilateral and multilateral donors, have struggled to put the principal of country ownership into practice. Since 2010, USAID has launched three major initiatives aimed at shifting power towards local actors: The Obama administration’s “Local Solutions” set a target of awarding at least 30 percent of all funding directly to indigenous organizations, including partner governments. This target was never fully achieved and by the end of the administration, USAID, although still committed to local solutions, had grown skeptical that procurement targets were the best way to advance country ownership.

The Trump administration rebranded Local Solutions to appeal to conservative sensibilities by calling it “The Journey to Self-Reliance.” In this iteration, USAID assessed countries’ capacity to manage and co-fund development in order to increasingly rely on local organizations and wean countries away from foreign assistance.

USAID’s newest iteration is called “Localization.” While still under development, it has replaced conservative calls for self-reliance with a more liberal appeal to decolonize aid and returned to a metrics driven approach—this time pledging 25 percent of all USAID funding will be awarded directly to local organizations by 2024 and 50 percent of all funding will put local partners in the lead over the next decade.<sup>8</sup>

#### Achieving clarity

What each of these efforts has in common is a genuine desire to see U.S. assistance enable local participation and control. Unfortunately, each attempt has suffered from confusion and false starts arising from the lack of a common vocabulary and clear objectives, as well as the

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<sup>7</sup> Center For Global Development Working Papers: What Is “Country Ownership”? A Formal Exploration of the Aid Relationship. William Savedoff. October 2019

<sup>8</sup> A New Vision for Global Development <https://www.usaid.gov/news-information/speeches/nov-4-2021-administrator-samantha-power-new-vision-global-development>

very real operational constraints that go along with major institutional reforms involving the management of public funds.

Fortunately, this may be changing with USAID's latest initiative. In a recent [article](#) published by the Global Governance Forum, Ambassador Don Steinburg, a senior advisor to USAID Administrator Samantha Power, lays out a simple and workable approach that resolves some of the central concerns that have stymied past efforts by answering two critical questions: What does locally led mean? And who is local?

### **Local implementation**

USAID's new Localization initiative has two broad objectives. The first, which has received the most attention, is to award 25 percent of the development assistance (DA) directly managed by USAID<sup>9</sup> to local community, faith-based, and nongovernmental organizations (CBOs/FBOs/NGOs). While there is a reflexive apprehension among some USAID staff and many of USAID's traditional international partners about the risks inherent in financing smaller local organizations, this target is entirely doable. Nor is a program focused on community-based action without precedent. In the 1980s, for example, USAID had a large program in apartheid-era South Africa that worked exclusively with South African CBOs/FBOs/NGOs.

What is particularly appealing here is that targeting CBOs resolves much of the confusion around who counts as local since there are few foreign owned or controlled CBOs and FBOs. It will be essential, however, for USAID to negotiate clear agreements with its bilateral counterparts (usually the national government) that distinguish this new approach for community-based programs from its traditional assistance programs where most U.S. aid will continue to flow.

USAID has already noted that community programs will tend to be smaller in size and scope. To address legitimate concerns about the capacity of local organizations to comply with the USG's burdensome rules and regulations, USAID should use its simplified assistance and acquisition authorities which have far lower transaction costs and fewer compliance requirements. Also, USAID should treat these programs as pure grants. In essence, the localization program would operate more like a foundation model that supports local organizations doing work that aligns with the donors' strategic objectives, rather than treating them as implementing partners tasked with achieving those objectives. This may seem like a subtle distinction but changing the way USAID thinks about and relates to local organizations—in this case seeing them as partner grantees and not subordinate implementing partners, requires a critical shift in organizational culture.

USAID has requested additional staff to manage the expected larger volume of awards. However, by increasing the threshold for simplified assistance awards and by giving Mission Directors higher delegations of authority—two measures within USAID's control and consistent with a community-based grants model, USAID could do much of what it envisions within its

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<sup>9</sup> This target excludes other types of US Official Development Assistance (ODA) such as financing to International Public Organizations, PEPFAR funds, and humanitarian assistance.

current budget envelope. Additionally, USAID should make clear that it will follow PEPFAR's example of measuring the targets at an organizational level so that Missions can determine the appropriate proportion of funding for community programs based on each country's conditions.

### **Local decisionmaking**

The second, less talked about objective is arguably the more important, certainly in the long run. It sets a somewhat ambiguous target of shifting decisionmaking power to local actors for 50 percent of development assistance over the next decade. Given USAID's long-standing commitment to local solutions and the many practical methods and tools it has developed over the years to engage local leaders and institutions, the only question here is why the target is not much higher.

While attention has focused on operational constraints, a bigger challenge will be changing the ingrained outlook and behavior of staff who have been brought up to look to the partner government as their primary counterpart, and who see the role of bilateral assistance as addressing large-scale national priorities such as health, education, energy, or financial sector reform. USAID will need a change-management effort that differentiates between two funding approaches, one for the bulk of U.S. assistance programmed in conjunction with partner governments, and a new "window" to finance community-based development through local organizations. This will require upskilling USAID staff to recognize and deal with the difficulties of going local, such as national officials who act as gatekeepers, confronting corrupt systems that upend local work, and navigating entrenched interests at the community level.

The longer the development community struggles to find a way to translate its commitment to locally led development into action, the more those who care about this topic—government officials and community leaders in developing countries, international and local NGOs, and donors—will keep talking past each other. USAID's latest localization drive may finally provide a workable plan to diversify its partners and respond to a fuller spectrum of needs, including those of local organizations working at the community level—a step that is long overdue and likely to be welcomed by both U.S. direct hire and foreign service national staff.



# Paul Foldi

*Vice President for International Development Affairs, Professional Services Council*

## CIDC comments on 'Locally driven development: Overcoming the obstacles'

On behalf of the Professional Services Council (PSC) and our Council of International Development Companies (CIDC), we welcome the opportunity to engage further in the discussion surrounding greater Localization efforts as outlined in Administrator Power's November 4 speech at Georgetown University. Many of the themes raised in this paper are consistent with CIDC's support of greater engagement with local partners as the key to ensuring successful, long-term development outcomes. These themes form the core tenets of two recently published CIDC papers "[Perspectives on Localization](#)" and "[Grants Under Contract Help Meet USAID's Local Spending Goals](#)." We believe the current paper provides an exceptional analytical assessment of USAID's ongoing Localization efforts that is necessary to enact the many policies outlined. In order to enhance the discussion, CIDC provides the following comments for consideration:

- Absent a formal definition of Localization, establishing relevant and realistic metrics and goals to document success will be challenging, if not impossible. Prominently highlighting this absence, and the concomitant difficulties, would strengthen the paper.
- While the paper refers to the 272pp of the AIDAR, not enough recognition is given to the current regulatory and legal requirements that implementing partners are held to, and how these create Barriers to Entry that inhibit new local partners from entering the development ecosystem. These Barriers play a significant role in the important and on-going New Partners and DEIA (diversity, equity, inclusion, accessibility) conversations and policy analyses.
- Ever-cognizant of the need to guard the American taxpayers' funding of U.S. development, CIDC welcomes the paper's repeated emphasis on risk.
- In addition to CIDC's [paper](#), which discusses the role grants under contracts and local subcontracts already play in localization, documenting the significant changes in U.S. development practices over the last twenty years—including increased local partner engagement, hiring, and capacity—is warranted for additional context.
- In order to assist policymakers and Congressional supporters of international development, the paper would benefit from a formal Recommendations section.

# Justin Fugle

Head of Policy, Plan International USA

## The obstacles to localization are the same obstacles holding back USAID as an agency

At the heart of this debate about whether USAID can successfully advance locally led development (LLD) are two questions about the Agency itself. Does USAID now have the autonomy to follow the evidence to a more successful development approach? Does USAID now have the vision and capacity to return to its role as the world's leading bilateral development agency? The questions are this fundamental because locally led development has always been central to USAID's objectives since its founding in 1961. Through mission distortion for national security imperatives and through the devastating 30 percent staff cuts of the 1990s, that worthy objective has been weakened and delayed, but it remains essential, which is why it keeps re-emerging from USAID's career staff, alumni, and administrators.

USAID's current efforts to expand LLD build on twenty years of international agreements beginning with the UN Millennium Development Goals, as well as twenty years of bi-partisan efforts to increase the impact and sustainability of U.S foreign aid. It also echoes President Kennedy's speech that founded the agency.

"Our job, in its largest sense, is to create a new partnership between the northern and southern halves of the world....At the center of the new effort must be national development programs. It is essential that the developing nations set for themselves sensible targets; targets based on balanced programs for their own economic, educational and social growth, which use their own resources to the maximum." It was President Kennedy speaking in March of 1961 who first said that USAID would work, "toward the ultimate day when all nations can be self-reliant and when foreign aid will no longer be needed."

Contrasted with this vision is the overburdened and diminished agency that John Norris wrote about in a 2014 Devex history of USAID, and which he expanded upon in a recent book, *The Enduring Struggle*. Norris' book was praised by several USAID Administrators and the USAID Alumni Association.

Norris concluded his pieces with one issue that he felt all the modern USAID Administrators and every single member of the development community would agree on. Namely, that USAID is, 'excessively bogged down by rules, regulations, reporting, and earmarks imposed by Congress and its own bureaucracy. Requirement after requirement has been layered onto the agency over the years as process has often crowded out substance.' The consequences for USAID's influence and impact have been severe. Norris concludes, 'Navigating that thicket is onerous for USAID staff and draining for the agency's leadership...This also explains why many of the important assistance initiatives, like the President's Emergency Plan for AIDS Relief [PEPFAR] and the Millennium Challenge Corporation [MCC], have been placed outside of USAID in recent years.'

Remember that Norris was not writing about obstacles to locally led development, but instead writing a history of USAID. Yet, in doing so, he has listed the same litany of barriers frequently cited to question the agency's ability to advance LLD. Are local organizations capable of complying with USAID's onerous and multi-layered rules and regulations? Will local

organizations be able to complete 'complex management compliance and reporting requirements, including safety and environment standards, terrorist and money laundering reporting requirements, reimbursement for rejected or questioned costs, and other U.S. and local rules and regulations.' Will Congress ever really waive its directives so USAID Missions can respond to local priorities or will the 'development industrial complex,' continue to hold sway over USAID's budget?

Thus, USAID's own history shows that if it is unable to pull down the walls that prevent it from advancing LLD, it also will not pull down the walls that prevent it from truly acting like America's leading development agency. This is also a fundamental question for its future role because other US foreign aid entities have already successfully advanced LLD.

For example, the Inter-American Foundation (IAF) has safely and successfully invested hundreds of millions of U.S. taxpayer dollars in local NGOs since 1969. The IAF fully complies with the same Federal Acquisition Regulations (FAR) that USAID must comply with, but without the additional burdens that Congress and USAID have imposed on its funds over the years. The IAF also has a library of ex-post evaluations proving the lasting impact of its investments. IAF programs are structured so they nearly always reflect local priorities and build from on-going locally rooted efforts. Perhaps USAID can tap into some of these methods under its newly approved and more flexible Centromerica Local initiative.

The MCC has safely and successfully invested billions of U.S. taxpayer dollars in programs that reflected the priorities of partner country governments and NGOs. The MCC also has a large set of rigorous evaluations demonstrating the impact of its approach.

Perhaps the most powerful example of all is PEPFAR. PEPFAR is run from the State Department, but its programs are implemented by the CDC and USAID. Abundant evidence demonstrates that PEPFAR is one of the most effective foreign aid initiatives ever run by the U.S. government, having saved an estimated 17 million lives since 2004; however, it had made few strides towards sustainable locally-led programs. That began to change in July 2018 when PEPFAR directed CDC and USAID to reach a benchmark of 40 percent of their PEPFAR funding to 'organizations based in the developing countries where the programs are operating' – in the next 18 months, and to reach 70 percent local funding in the next 30 months!

At that time, PEPFAR's data showed that CDC was well ahead of USAID in terms of localization. Despite USAID's many bureaucratic burdens, under intense pressure from PEPFAR, it made huge strides in local funding in a short period of time and PEPFAR's studies found that its local implementers generally delivered services as well as the U.S.-based implementers they replaced. While PEPFAR's journey beyond localization to truly locally led development remains a work in progress, this experience shows that USAID can overcome its many internal obstacles when leadership is heavily committed to that objective.

The current high-profile commitment of Administrator Power and her excellent team combined with support for locally led development in the White House, Congress, implementing community, and within the agency – all building on the procurement and process reforms developed under Administrator Mark Green – provide USAID with the best chance in decades to overcome its internal and external obstacles to not only achieve locally led development, but to reclaim its role as the premier U.S. development agency.

# Larry Garber and Gretchen King

*Independent*<sup>10</sup>

## Four Approaches report

Thanks for inviting us to participate in the roundtable and to offer comments on this paper. The paper does an excellent job of providing historical context and a nuanced understanding of the challenges and opportunities USAID faces on localization.

Our comments are divided into two parts. The first focuses on specific questions/issues relating to this paper, while the second highlights several recommendations emerging from the [Four Approaches](#) report.

1. **Localization at USAID v. other USG agencies:** The paper starts with a description of other agencies that have more successfully utilized localization than USAID, including MCC. This begs the question of why the U.S. government should not simply shift more resources to agencies that have successfully demonstrated their ability to operate in accord with the narrative presented at the end of the paper. In other words, what is the value proposition for continuing to have USAID as the lead provider of U.S. government assistance? We should acknowledge that the answers traditionally offered cut against increased emphasis on localization: a) USAID's ability to implement programs that reflect U.S. government national security priorities as defined by both the Executive and Congress (e.g., support to key allies, countering malign actors, reducing illegal migration) regardless of whether the country is localization friendly; b) USAID's ability to manage large sums of money even in countries with weak/fragile systems, albeit applying all the mandated "rules" associated with using appropriated funds; and c) USAID's ability to work with problematic host country actors and to achieve specific results (e.g., PEPFAR, humanitarian assistance). We suggest a sentence or two explaining USAID's critical role in the USG assistance ecosphere.
2. **Giving voice to which local actors:** The paper does not provide guidance regarding **who** USAID should engage in moving toward more locally-led development: a) how should USAID distinguish between partnering with host country governments, which was the original intent of the country ownership principle in the Paris Declaration, and partnering more generally with local actors, which emerged more clearly as a principle during the Accra and Busan follow-on meetings? and b) how should USAID staff decide which voices to prioritize given the inevitable cacophony that will result from the inclusive consultations that are being encouraged?
3. **CentroAmerica Local:** The paper does not examine the CentroAmerica Local initiative. While applying the initiative in this challenging context should be lauded, the real test of localization is not whether the Administration can spend \$300 million over five years in

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<sup>10</sup>Co-authors of the USAID-funded Four Approaches Final Report

three countries (i.e., \$20 million per year in each country). Rather, the more relevant question is whether CentroAmerica Local can be implemented in a manner that applies localization principles to the remaining 80 percent of U.S. government assistance that is flowing to these three countries on an annual basis.

4. **Expanding USAID Foreign Service Staff:** The paper is properly skeptical about the practicality of dramatically expanding the U.S. government work force because of the NSDD-38 issue. Moreover, unless USAID culture changes, placement of more USAID Foreign Service Officers (FSOs) on the ground may have the unintended consequence of resulting in more direct control of U.S. government assistance program by FSOs.
5. **Development Industry Role in Localization:** The paper appropriately emphasizes the importance of encouraging traditional implementing partners, both for-profit contractors and international nongovernmental organizations, to internalize the principals of localization. In an ideal world, USAID field staff should be responsible for developing, together with local actors, broad strategies, while implementing partners would partner with local actors, who would be responsible for the design, implementation, monitoring and evaluation of programs.
6. **Empowering Foreign Service Nationals (FSNs):** We totally support further empowering USAID FSNs. However, the paper makes an important point by noting that many USAID's FSNs reflect a particular segment of their societies and arrive with their own biases about what their societies need.
7. **Incentivizing USAID staff:** Under the "USAID Capacity" section, we think that it is important to review the incentives associated with USAID staff promotion. Our understanding is that USAID culture emphasizes "getting money out the door" as the most important factor signifying success. Further, staff must believe that the Agency truly will have their back when things do not go well (loss of funds, reputational risks, etc.) with concrete examples reinforcing the message.
8. **Referencing New Partnerships Initiative (NPI) Action Plans:** The paper (Page 14) discusses CDCS development and several other strategy and policy documents. Missing from this list is the NPI Action Plans that all Missions are required to develop. New guidance for these plans was issued by the Biden Administration last fall. These action plans should not be viewed in a vacuum and should connect to the strategies/policies listed.
9. **Enhancing donor coordination:** Administrator Power has promoted USAID as a thought leader in the international community regarding localization/locally led development. That leadership should include reiteration of many of the themes that were originally presented in the Paris Declaration (i.e., enhanced coordination among donors on such issues as sector funding approaches, reporting, M&E, and compliance requirements), so that local actors don't have to respond to 30 different processes from 30 different donors.

**Specific lessons from *Four Approaches* research:**

1. Localization is one of many approaches that USAID field staff are directed to utilize. Field staff require guidance on how to prioritize among these approaches and how to integrate them with substantive priorities (e.g., HIV/AIDS, climate, anti-corruption, private sector engagement, etc.).
2. Even as we advocate for increased use of localization as good development practice, we should appreciate that prioritizing localization, with all the accompanying multiple bells and whistles, represents an example in Dan Honig's terms of "navigation by direction" and reduces the field staff ability to "navigate by judgement."
3. Guidance on localization should recognize the multiple USAID operating contexts and avoid prescribing a one-size-fits-all approach, which is counter to the very idea of localization.
4. In support of locally led development any future USAID guidance should take into account the realities of local actors' language capabilities – emphasis should be on translating documents into local languages and reliance on FSNs to serve as the principal counterpart with local actors.
5. USAID should facilitate the sharing of localization success stories through easy to access publications and through staff interactions across missions.
6. USAID staff lack incentives to work with local actors: Large budgets, real, or perceived risks that could be pinned on A&A staff, and lengthy processes required to ensure local actors meet USAID standards all provide disincentives to work with local actors.

# Dan Honig

Associate Professor of Public Policy, University College London

## Effectiveness is in the details: Realizing the promise of localization requires rethinking USAID's administrative processes

Administrative process rarely quickens the reader's pulse. This is a shame, for the procedural underbelly of U.S. development assistance will determine whether localization achieves its promise of (as Ingram notes) shifting power from American to local actors.

### Localization can accomplish multiple objectives

Discussions of localization often skip over the question of why: What localization is meant to accomplish. Perhaps as a result, what localization in fact *means* [varies across organizations](#). It seems to me localization is primarily seen as accomplishing two distinct objectives:

- Decolonizing Development: Central to decolonization is the notion of [structural power inequality](#) – of the Global North (e.g. the U.S.) holding power over the affairs of those in the Global South. The current structural power imbalance is [morally wrong](#), and should be rectified.
- Improved Effectiveness: Local actors have greater information and understanding of local context. Localization will lead to more [effective and sustainable](#) development programs.

While these objectives certainly imply differences in how localization should proceed (e.g., improved effectiveness suggests starting where local information is most critical to success; decolonization implies broad rollout of changes), amongst other points of commonality is that accomplishing either objective requires an *actual shift in power and control* to local actors (however “local actors” is defined, and particular actors and organizations are identified).

### **Local actor autonomy and navigation by judgment are necessary conditions for BOTH decolonization and improved development effectiveness, because without it there will be no shift in power**

Twenty years ago [Mark Schuller](#) examined the performance of two local NGOs in Haiti implementing similar programs in [Killing With Kindness](#). One of the local NGOs received USAID funding; the other did not. Schuller found that the local organization reliant on USAID saw its autonomy undermined as it worked to fulfil USAID administrative requirement in a process he calls “trickle-down imperialism.” The NGO became less and less effective in fulfilling the development objectives of USAID programs as the NGO increasingly focused on “easily measurable things that can be explained to the taxpayer”; this often involved engaging in actions to meet targets that were not in the interests of beneficiaries and prevented the incorporation of beneficiary perspectives. USAID's [famously onerous compliance regime](#) was not just bad for the local organization; it did not merely preclude decolonization and a genuine shift in power to local actors. The compliance regime also undermined effectiveness.

My research finds that the Haitian NGO story is part of a general pattern. In econometric analysis of a large (14,000+) project sample and comparative case studies (including four from

USAID), I find that greater central control and [reporting requirements undermine performance](#). This is because tight controls restrict what I call “[Navigation by Judgment](#)” – the ability of actors closer to the ground (e.g., donor representatives in field offices) to design, implement, and revise/adapt programs as circumstances inevitably change. These reporting constraints [preclude empowering local actors and leaders](#).

### **USAID needs a different approach to accountability to realize localization’s promise**

Ingram notes that “Only a limited number [of local organizations in low-income countries] have the working capital and specialized management and technical expertise required to successfully implement contracts at scale and comply with U.S. government requirements.” I agree – and believe that the way forward must separately consider 1) expertise to actually implement projects and 2) expertise to comply with U.S. government rules and procedures.

To the first, where local organizations are judged promising through whatever mechanism, localization must involve a process of helping them thrive – helping build implementation capacity where it is lacking. This means treating these organizations not as delivery mechanisms but as true partners who USAID is accompanying – investing in local organizations through core funding (e.g., through indirect cost mechanisms). Partnership requires putting real power and trust in the hands of these organizations and sticking with them even if what is delivered in initial stages is not what USAID evaluators would have expected from an experienced INGO with decades of experience implementing USAID programs.

The binding constraint will, I suspect, often be the second – with many local organizations capable of achieving development impact but unable to comply with U.S. government monitoring and reporting procedures. Moreover, compliance with current procedures risks precluding the very core of localization’s value proposition as a tool of decolonization or development effectiveness. Effectively empowering – that is, shifting real power to – local actors means [changing USAID’s reporting requirements and rethinking accountability](#). USAID must move beyond accountability that is primarily [accounting-based](#), focused on quantifiable metrics and procedural compliance. Absent altering USAID’s approach to reporting and accountability I suspect we will find, after a decade and many hundreds of millions have been spent, that the current push for localization had no discernible impact because *there was no real shift of power*.

Localization offers the promise of a more equitable and just sector, which will also be one where development assistance is more effectively translated into development impact. If localization simply shifts formal responsibility to local implementers, the constraints which currently undermine field offices’ effectiveness will simply undermine local organizations’ effectiveness. As the aid sector more broadly considers localization, actors must grapple with the simple truth that shifting power and addressing structural inequality [requires changing donor HR, management, and reporting practices](#). Absent reform localization efforts will, I predict, meet portfolio allocation metrics (e.g., USAID’s current 25 percent and 50 percent targets) but have no greater impact on the sector’s structural inequalities or development effectiveness. U.S. taxpayers, citizens of the developing world, and the sector’s many mission-driven actors—international and local alike—deserve better.



# James Michel

Senior Advisor, Center for Strategic and International Studies (CSIS)

## Thoughts on overcoming obstacles to locally driven development

George Ingram, in his analysis of locally driven development, has made an important contribution to current deliberations on how the United States and other international actors can best help developing societies to become more stable, just, and prosperous. His paper thoughtfully identifies impediments to the ability of local leaders and institutions and engaged civil societies to fulfill their essential roles and offers constructive ideas on how development cooperation can effectively address those impediments. This brief commentary offers selective thoughts on these issues.

### Capacity and Commitment

Neither local actors nor U.S. agencies have the internal capacity to implement large, complex, multi-year projects with predetermined objectives and expected results. Nor should they. Several measures will be needed to overcome the impediment of all too frequent reliance on such projects.

1. The U.S. Country Development Cooperation Strategy (CDCS) should begin with:
  - a. Understanding of local plans and priorities for addressing locally defined development problems and local development strategies at national, subnational, and, as appropriate, community levels; and
  - b. Awareness of what is being done by local and international actors to advance those plans and priorities.

The CDCS should build on that base with informed judgments about how the U.S. can be most supportive of locally led development efforts.

2. The CDCS should be more than a USAID strategy. And it should not be confined to the necessarily limited donor-recipient paradigm. Rather, it should be developed under USAID leadership on an interagency basis that includes consideration of the relevant range of U.S. policy instruments, relationships, and interests that can help to broaden the framework for effective partnerships and foster local capacity and commitment. A key element of the CDCS should be responsiveness to local strategies, plans, and implementation approaches.
3. USAID should have the capacity to lead an ongoing dialogue with local partners to reinforce the development objectives the U.S. is able to support and to foster shared values. That dialogue should identify implementing mechanisms for U.S. support of locally led efforts and should prioritize reliance on local institutions and strengthening sustained local capacity, commitment, and coordination. This does not preclude drawing on available international expertise where necessary (e.g., providing technical information to inform local decision makers).

Among other things, USAID will need greater in-house capacity for policy dialogue and program management (largely field based) and be less dependent on U.S.-based

contractors and grantees as implementing agents. In addition to engaging local actors, USAID will need to be better able to coordinate with other U.S. agencies and public and private institutions and with the international community.

## **Rigidity**

Development cooperation that emphasizes coordinated support for strengthening local capacity and commitment to shared development objectives will facilitate clarity about basic values. It will require flexibility to be able to respond to evolving local conditions and the inherent complexity and iterative long-term nature of the development process. This means there is need for intensive and continuous dialogue with Congress on use of the recently enacted liberalization of how appropriated funds can be used in selected fragile countries and regions and in Central America. If USAID and the other concerned U.S. agencies can satisfy Congressional needs for full and current reporting on how funds are used and how U.S. support is contributing to development progress it may be possible to obtain additional relief from the overly rigid and counterproductive constraints of the current budgeting system.

## **The Need for Persistence and Continuity**

The long history of international support for locally led development is one of broad recognition that development comes from within a society and that international support should be collaborative, helping developing countries, their institutions, and their people to increase their capacities and take the lead in doing things for themselves. And yet, studies and evaluations over the years have shown that international practice has not lived up to declared policies.

The compelling vision expressed by USAID Administrator Samantha Power, the positive response from USAID's U.S.-based implementing partners and from the international community, and the recent flexibility shown by Congress in enabling the use of appropriated funds in ways that can be more responsive to local circumstances all suggest that this is a propitious moment. There is a new opportunity for overcoming what one study referred to as the "big gap between donor rhetoric and actual behavior" that caused development practice to remain "donor-driven and aid-centric"; what another study observed to be a continued reliance by donors on "adherence to static, linear theories of change" and their emphasis on "the strict delivery of outputs for the purpose of making funding recipients accountable"; and a third study that characterized as a donor preference "paying for inputs over paying for results."<sup>11</sup> Current trends in global inequality and declining respect for democratic values threaten recent progress toward sustainable economic, social, and political development. Those trends are making the world less safe, less just, and more impoverished. They underline the importance of ensuring that we not lose this opportunity to bring the practice of international support for

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<sup>11</sup> The quotations are from: Sue Unsworth, *An Upside-down View of Governance* (Brighton: Institute for Development Studies, 2010) [https://www.agora-parl.org/sites/default/files/agora-documents/An\\_Upside-down\\_View\\_of\\_Governance\\_original.pdf](https://www.agora-parl.org/sites/default/files/agora-documents/An_Upside-down_View_of_Governance_original.pdf); Michael Moses, *Learning to Make All Voices Count: Lessons and reflection on localizing the Open Government Partnership* (Brighton: Institute for Development Studies, 2017), <https://opendocs.ids.ac.uk/opendocs/handle/20.500.12413/13351>; and William Savedoff, *What is "Country Ownership"? A Formal Exploration of the Aid Relationship* (Washington, DC: Center for Global Development, 2019), <https://www.cgdev.org/sites/default/files/what-country-ownership-formal-exploration-aid-relationship.pdf>.

sustainable development into line with what decades of experience and analysis have shown is the most effective approach.

For the United States, proponents of locally led development have multiple responsibilities:

- Persuade others in our own government and in civil society that development is important, in our national interest, merits the wise investment of our national resources, and deserves changes in our own behavior to enable locally led approaches keyed to local circumstances;
- Engage the international community in developed and in developing countries as well as in multilateral organizations to make locally led development the global standard in practice as well as in theory; and
- Act wisely, monitor carefully, and report fully and widely in order to sustain a coherent, long-term effort to demonstrate the value of effective development cooperation.

# Anna Molero

Chief Government Officer, Teach For All

## Collective leadership as a path for sustainable development: Putting people, agency, and leadership first

This commentary is submitted on behalf of the People First Community and based on its Working Paper available [here](#).

The Community is a cross-sectoral and globally diverse group of practitioners, academics, and public and private sector actors with a shared belief in the importance of prioritizing investing in collective leadership development as a path for sustainable development.

We welcome this paper and its analysis about the path that has taken us to this point and some of the key obstacles. We primarily value the emphasis on the critical role of local actors and their ability to drive and own development efforts in their own contexts, jointly with USAID's ambition to establish a new cooperation for development ecosystem through a revamped Agency's policy on capacity development.

Whilst valuing this analysis, we would like to offer two recommendations:

- The first portion of this paper (before the commentaries) overlooks what we believe is a key action around prioritizing not only local capacity building, but collective leadership development as a path to achieve locally led development and ultimately sustainable development.
- The “*Execution: realizing localization in two parts*” section could emphasize the importance of global networks in the role evolution that INGOs need to undertake.

### **Local capacity building will not be enough: The critical role of collective leadership development**

The approach of the international development community, including USAID, has contributed to massive progress over the last decades. We have achieved immense wins by making vaccines broadly available, enabling all children access to schooling, building roads, and investing in easily scalable technical solutions that could be driven top down with the promise of delivering short-term outputs. Now, as the problems we are addressing become all the more complex, and the COVID-19 pandemic threatens to disrupt years of progress, we will need to evolve our approach. Tackling the adaptive challenges ahead—like managing chronic diseases and delivering high-quality primary care, fostering learning in schools, and building resilient infrastructure—will require shifting the power to drive development to local stakeholders, enabling them to be globally informed and continuously improve over time.

Locally led development and local ownership can be achieved through different means. Among many others, some of these include Community-driven development,<sup>[1]</sup> localization agendas like The Grand Bargain,<sup>[2]</sup> and Decolonizing aid.<sup>[3]</sup>

This Community acknowledges all these efforts as critical ones. At the same time, we believe that growing support and investment of efforts to develop collective leadership is one of the dimensions that could have a significant impact on fostering locally led development and decolonizing aid, but one that has been mostly overlooked by the international development ecosystem.

Although all major aid agencies have included “capacity building” as a key program element since the mid-1990s, in practice, capacity building efforts to date have primarily focused on targeted technical skills for the purpose of implementing specific projects and interventions, rather than a more comprehensive approach that includes the mindsets and skills needed for leading long-term change. These include decision-making skills, relationship management, self-awareness, adaptability, and a growth mindset among others.

A keyword analysis of Official Development Assistance (ODA) grant descriptions found that only \$15.2M went to projects related to local “leadership development” across sectors in 2018—approximately .01 percent of total development assistance. And even this small fraction was not directed towards developing the collective leadership of local communities.

In the ‘80s and ‘90s, several foundations and aid agencies invested quite significantly in leadership development as a critical ingredient for sustainable transformation. However, the funders of these efforts have reflected that the leadership development focus was often on providing local leaders with an elite, Western education rather than on developing leadership deeply rooted in local context, culture, and values, and focused on their own communities’ sustainable development.<sup>[4]</sup> As a result, while these efforts contributed to the diaspora and to an elite, they did not have the desired result of generating what we refer to as “collective leadership.”

By collective leadership we mean people who themselves have experienced the inequities being addressed and their allies, working together across lines of difference and across whole ecosystems, exerting leadership and learning constantly towards the purpose of sustainable development.

Our commitment to developing collective leadership references developing the ability of everyone to exert leadership including, but not limited to, those who by nature of their positions have significant influence over the welfare of others. We believe that leadership is an action and something that anyone can practice, starting with the inner-self work of growing consciousness. It is not something that any particular person is born to do, but rather can be cultivated and nurtured. We believe we need to move beyond individualistic leadership models towards leadership that is inherently a collective pursuit that involves diverse stakeholders building relationships, listening to each other, and collaborating.

Through our Community’s collective experience, and the evidence generated through initiatives and organizations in which we’ve been involved, we’ve seen first-hand the impact of developing collective leadership on increasing the likelihood of improved outcomes and systems change. We see a clear gap and an untapped opportunity resulting from the lack of a concerted effort to invest in collective leadership development as a path to driving sustained outcomes.

## **Evolving the role of INGOs: The importance of global networks**

This Community also believes that global organizations and networks need to evolve their roles to contribute to locally led development. Global networks can play a significant role in enabling local leaders to be globally informed and able to respond to development challenges by exposing them directly to knowledge and insights from other local leaders and communities.

Network approaches can spread and share knowledge across geographies through fostering peer-learning and can help reach significant scale. They can support building the mindsets, processes, and capabilities among leaders in communities of learning and adapting, rather than simply transposing a technical set of best practices.

[1] Community-Driven Development:

<https://www.worldbank.org/en/topic/communitydrivendevelopment#1>

[2] Grand Bargain Commitment: <https://interagencystandingcommittee.org/grand-bargain>

[3] Aid reimagined <https://medium.com/@aidreimagined>

[4] Conversations with Joyce Mook and Gary Toenniessen, March-April 2021

# Susan Reichle

*President and CEO, International Youth Foundation (IYF)*

## Learning and leadership: The case study challenge

This paper clearly lays out the history and challenges of achieving “real localization” and provides strong recommendations for how USAID and other organizations can make meaningful progress. This commentary focuses on recommendation two, which addresses a fundamental question: **In the near term, how should USAID begin executing the complex, difficult, lengthy process of localization?** (Page 16)

Ingram emphasizes the need for “immediate solutions that will maximize local development” (Page 17) and highlights that USAID could learn from and build on the experiences of organizations like the International Youth Foundation (IYF), Restless Development, and others that have practiced locally led development for decades. Tapping into the experiences of organizations that have created and/or worked through local organizations for decades would provide a detailed, inside look at what’s worked, what’s failed, and why. Organizations could share their approaches to locally led development—and their outcomes—**via case studies** commissioned by USAID as part of the Agency’s evidence-driven approach to development

Although “locally-led” is the phrase of the day in development spheres, the idea of tilting the balance of power away from U.S.-based funding organizations and towards the individuals, communities, and local organizations who receive funding is not new. Frankly, many young leaders have been calling for this change for years. Maryam Mohiuddin Ahmed, a young social entrepreneur and founder of the Social Innovation Lab, put it this way in an interview on the [World Economic Forum blog](#): “The shift in the balance of power is both utterly necessary and long overdue. And it is also not enough. An actual systems shift will see the communities that usually receive funds...be in a position of influence that enables them to be the decision-makers when it comes to allocating the said funds.” And she’s right.

There is a myriad of approaches to locally led development. Below are just four examples from IYF’s 32- year journey which could be expanded upon in the case study format:

### **Invest in local, indigenous organizations for locally led, sustainable impact**

IYF was born with the collapse of the Soviet Union, and its approach to “localization” was creating and growing local foundations in Eastern and Central Europe that serve children and youth. IYF invested for years in developing the capacity of these indigenous foundations and created a network of local partner organizations to share learning and best practices. Over time, they grew and spun off to be fully independent of IYF. When done right, capacity building does more than prepare local partners to effectively implement programs; importantly, it also equips them to grow and flourish after the initial partnership ends. In 1994, for example, only five years after the Berlin Wall crumbled, IYF provided seed funding for the creation of the [German Children and Youth Foundation](#) (DKJS). In addition, we helped build their capacity to best deliver on their mission of improving the educational outcomes and societal engagement for young people in Germany. Today, almost thirty years later, DKJS is thriving and playing a critical role as

Ukrainian refugees make their way to Germany. Not all efforts succeed, of course, and we need to learn as much from those that failed as from those that succeeded.

### **Support and learn from youth-led, locally led, grassroots organizations**

Another approach to locally led development is ensuring funds go directly into the hands of grassroots organizations working at the community level and providing them with support to grow. For example, at the onset of the pandemic, IYF reached out to more than 2,000 social entrepreneurs and asked them what they needed most. We listened and heard clearly that a flexible rapid response fund was essential to help them address local needs brought on by the COVID-19 pandemic. As a result of generous funding provided quickly from the Conrad N. Hilton Foundation and Burberry, IYF started the [Global Youth Resiliency Fund](#) (GYRF) to help support youth-led organizations around the world. As a [new report](#) from Restless Development highlights, it's critical to work with on-the-ground youth-led organizations to meet local needs. Two years on, we're hearing from GYRF fellows about the difference the award made in their community and in some cases, how they leveraged it to pull in other funds to grow their initiatives. To be clear, it was a small grant, but it had an enormous impact at the community level. There's much to learn about supporting local initiatives, and there are partners in the development ecosystem with expertise to share.

### **Forge multi-stakeholder alliances including corporate and foundation partners**

Multi-stakeholder alliances are a critical part of achieving local and sustainable development. Corporate and foundation partners are often more flexible and can move quickly to respond to local organizations, but they often need large institutions such as bilateral and multilateral institutions who will engage deeply over years along with host country governments, local actors, and communities. Examples of multi-stakeholder alliances from IYF's history include our entra21 and New Employment Opportunities (NEO) programs which were under the leadership of the InterAmerican Development Bank. In this case, IYF connected more than 20 corporations and foundations to local organizations and institutions seeking to increase employment opportunities for young people. Not only did this 15-year alliance impact more than half a million young people, but it also created training institutions, platforms, and models that continue today long after this multi-year alliance ended. What can we learn from a multi-stakeholder alliance? Case studies could dive into questions such as: Are there ways to structure an alliance to ensure its best localization practices can be shared easily across the network? What is the role of private sector funding? How could USAID's Private Sector fund, [announced by Administrator Power](#), be structured to advance locally led development?

### **Reimagine traditionally U.S.-based positions with localization in mind**

Case studies could also focus on how organizations approach localization under their own roof. IYF has been on this journey for many years with the guiding principle that all programs and offices are locally led unless the donor requires an expatriate. Although the majority of IYF staff are local like other INGOs, we reimaged IYF during the pandemic to go even further. With COVID-19 travel restrictions, we were dependent on our local teams like never before to implement IYF programs with support from the U.S. team. It was IYF's locally led offices and teams around the world who understood the local context and ensured we still delivered on our



mission of connecting young people to opportunities. Leaning into our legacy of localization, we reimagined traditionally U.S.-based IYF positions—including two senior regional director positions—and moved them closer to where the work was happening in Latin America and Africa. We are currently hiring our first Executive Vice President for Programs from the Global South. Today, our U.S. team is almost half the size it was two years ago. This was not an easy, quick decision of course—it was, frankly, tough. And it’s certainly not a place to rest on our laurels. But we are proud of the outcome, proud to be walking the talk of locally led development.

These are just a few examples of how IYF approaches locally led development, and we are certainly still learning. If USAID is serious about localization, and I believe they are, the Agency should learn from the experiences of organizations across the ecosystem. A USAID-led initiative to challenge partner organizations to share case studies of locally led development, both the successes and the failures, could provide invaluable recommendations for how to advance localization, as well as broaden our understanding of the many forms of locally led development.

At the end of the article, Ingram writes, “In making awards, USAID can challenge these organizations to show how to implement locally led development.”

Building on this idea, I recommend that USAID frame the “Case Study Challenge” as a competition that highlights localization successes and failures. There could be a prize—monetary or otherwise—to incentivize participation and a social media component promoting the competition, sharing the results, elevating the participant organizations, and stimulating further conversation about how best to localize global development.

As USAID and others in the development community lead the charge towards achieving real localization, let’s remember John F Kennedy’s words: “Learning and leadership are indispensable of each other.”

# Lori Groves Rowley

*Managing Member, LGR Strategies*

## Mutual accountability in locally led development

In this paper, George Ingram illustrates the timing is right for USAID to lead a transformation of U.S. foreign assistance policy so that it is locally driven by the global partners who receive it. He also points out the numerous ways the effort could stumble or at least fall short again, as it has in the past.

Despite the significant hurdles Ingram identifies in his paper, the locally led development (LLD) vision of USAID Administrator Power and her leadership team is well on its way to leading U.S. policy in this direction. It also seems to be headed for real implementation, and hopefully, success, because the necessary changes are taking place across the agency and throughout its policies and practices, rather than in small, demonstration programs.

As a member of the Modernizing Foreign Assistance Network (MFAN), I focus on foreign aid effectiveness policy through the coalition's two reform pillars: Local ownership and accountability. The two are directly related, but I am concerned that not enough attention is being paid to how critical the accountability pillar is to the success of LLD. At MFAN we describe this pillar as encompassing (1) transparency, (2) monitoring and evaluation, and (3) learning. Yes - USAID should be commended for the progress it has made to date in this pillar—its Foreign Assistance Data and Reporting Team (FA-DART) in partnership with the Office of Foreign Assistance at the State Department has brought tremendous transparency to U.S. foreign assistance through [FA.gov](https://www.faidata.gov). It has an agency evaluation policy and an agency-wide learning agenda, and its learning experts are important team members designing new locally led policies. However, in discussions about reducing risk and ensuring accountability, little has yet to be discussed about mutual accountability with our partners. Rather we hear about the need to work with Congress—which provides the funding for U.S. foreign assistance—to alter risk tolerance or being alert to not setting off an IG investigation. The component of accountability cannot be so one-sided, despite the fact that the U.S. partner will likely provide some or all of the funds for programs and projects.

In working with partners to set their own goals and priorities for development, these early conversations must also include both what they seek and how they will measure their accomplishments in the programs they carry out. And they need to include how each partner will hold themselves to account for successes and shortcomings. Sure, Congress will still hold USAID to account for the funding it allocates to the agency for carrying out these programs, but I believe even more effective and sustainable investments in food security, education, democracy, and rule of law, as well as economic development, can be achieved when true partners with mutual accountability act together.

I hope USAID will spend more time investing in this component of accountability as it builds out its locally led development approach to U.S. foreign assistance. With this additional focus, the reform pillar can realize its full potential for supporting the success of locally led development.

# Jenny Russell

Lead Advisor, Democracy, Rights and Governance, Save the Children U.S.

## Game changers for USAID's localization agenda

### Local financing

The recently announced USAID “Vision for Inclusive Development” includes a strong push for localization and shifting power to communities, with targets aiming to elevate local voices in agency policies and programs and increase direct financing and a plan for capacity support to local actors. Although direct implementing grants can confer a degree of autonomy, local control over the pot of financial resources for development will truly allow local priorities to take center stage, noted in Save the Children and Oxfam’s [Power of Ownership Report and Local Engagement Assessment Framework](#). As one former U.S. government official put it, “U.S. grants to local organizations is still [aid] dependency.” Without the ability of local institutions to finance development interventions, aid dynamics will not fundamentally change.

While local financing can take many forms and include private sector resources, the key component must be sustainable public investment, or Domestic Resource Mobilization (DRM). [As USAID defines it](#), DRM is “the process through which countries raise and spend their own funds to provide for their people – [and] the long-term path to sustainable development finance.”

Why is Save the Children, an organization known for providing services to children, advocating for government financing for development? Because we know that working with governments to confront these financing, governance, accountability, and participation challenges are at the heart of development effectiveness and the foundation upon which our child-centered development programs—such as health, food security, education, and protection—are built.

The U.S. is one of the largest contributors of DRM aid to countries in the world. It is reported that the [U.S. committed \\$44 million and disbursed \\$36 million in aid for DRM in 2019](#) with the majority of spending attributed to USAID and a smaller contribution by U.S. Treasury. Through its technical assistance and capacity strengthening for public financial management (PFM), the U.S. government helps partner governments increase the efficiency of their tax systems to collect more resources. With more revenue, many governments are able to expand budgets for health, education, and other needed services to children and families—and do so in accordance with local needs.

Despite the power of local financing for localization and USAID’s ongoing work on DRM, there is scant mention of this in USAID’s current localization agenda; yet, sustainable local finance should be a core element of localization.

In this respect, there may be some lessons from previous administrations that could be applied to USAID’s current plans. This includes elements of the “Journey to Self-Reliance” (J2SR) and earlier/ongoing USG engagement on DRM. In 2015, USAID made a commitment to DRM as part of its financing framework to end preventable child and maternal deaths. Also in 2015, the U.S. government co-founded the [Addis Tax Initiative](#) at the Financing for Development Conference to increase DRM in aid-recipient countries around the world. Moreover, USAID’s Local Works program supported case studies on DRM, such as from [USAID/Serbia](#) in 2021.

The goal of the Journey to Self-Reliance was to enhance a “country’s ability to plan, finance, and implement solutions to its own development challenges.” A work stream within J2SR called [“Financing self-reliance \(FSR\)”](#) provided a holistic approach to “help countries overcome systemic constraints to mobilizing and managing financial resources, and transforming those investments into sustainable development outcomes.” FSR included a focus on DRM, PFM, domestic accountability, and fiscal transparency, and empowered USAID’s operating units to integrate domestic financing into sector programs.

USAID has demonstrated a political commitment to DRM but there is more the agency can do to connect its past and present DRM work to its localization priorities. Save the Children just completed a new report on the importance of local financing for transitions to locally led development: [Shifting From Global to Domestically Owned Health Finance: Case Studies of USAID and PEPFAR In Uganda](#), which includes a recommendation to the U.S. government on increasing government revenue generating capacity at the national and subnational levels in Uganda, particularly on progressive tax collection and enhanced budgeting and public financial management (PFM).

The Modernizing Foreign Assistance Network (MFAN) wrote in its [Principles for DRM](#), “Greater public revenue, when managed well, reduces the need for aid, strengthens fiscal sustainability, enhances countries’ stability, and increases citizen capacity to hold governments accountable.” DRM is important to sustain the results of Save the Children’s projects. Likewise, for true localization and to shift power dynamics in foreign assistance, USAID’s approach must integrate support for local financing.

### **Local partner consultations**

One aspect of the organizational culture to be addressed is the way in which USAID policies are created and circulated for public input. Localization aims to elevate local voices on the issues that will affect their communities—for enhanced policy development, and to demonstrate the value and respect that USAID has for its local partners. For this reason, all new policies and policy updates should include a broad and intentional public comment period that brings in local partners’ feedback.

In its efforts to shift power and resources, the agency has established more relationships with Global South organizations such as NEAR, the Global Alliance for Communities, and the Local Accelerator Coalition. This is an important step forward. An additional step would be to establish a systematic process to consult with USAID’s own local partners organizations—prime and sub-prime—on all new and updated policies, just as USAID does with trusted U.S.-based thought leaders like MFAN and InterAction.

USAID has demonstrated interest in more consultations with local communities in policy development, but this must be institutionalized. For example, during the drafting of USAID’s Local Capacity Development (LCD) Policy, the USAID team in charge of the policy took the bold step to carry out local consultations on the policy. The USAID team asked Save the Children, Catholic Relief Services, and Oxfam to invite local partners to Focus Group Discussions on the policy prior to the official feedback period. The INGOs and USAID together facilitated 11 focus groups with 70 local organizations from 34 countries. The local partners answered questions on what constitutes good capacity development, capacity trends they find problematic, and what trends they would like to see in the future. Local partners particularly emphasized that “capacity development should contribute to an organization’s long-term ability to adapt and address emerging local needs.” USAID integrated feedback from the focus groups into the

policy, and included the local input in an annex of the draft LCD Policy that was released for feedback.

Thanks to USAID's efforts to garner this local feedback, the agency's LCD policy has changed for the better. Local actors should be consulted systematically and regularly on USAID's policies and programs to improve them based on partner needs and to live up to the values of shifting power.

## Conor M. Savoy

Senior Fellow, Center for Strategic and International Studies (CSIS)

### Operationalizing the localization agenda

*I share this as not a dissent from the localization agenda but simply as an effort to lay out the significant barriers that exist. I know that these are well known, but I feel to be successful we need to have a clear-eyed view of what they are and how to overcome them.*

The goals and objectives of localization are well understood by most in global development. It is seen as an important vector to shift greater control of policy, projects, and resources to local control, pulling it away from Northern-based governments and institutions. In the U.S. context, the primary outcome would be reducing the amount of money in grants and contracts that flow to for-profit and non-profit implementing partners. This is a laudable goal, and the evidence does suggest that such a shift would have the intended effect of increasing local control over development. Yet, moving from rhetorical support to operationalizing this agenda is extremely difficult and will require significant investments of people, time, and money on behalf of USAID.

In the 11 years since USAID launched its first big push for localization, the agency has managed to shift only 6 percent of all funds spent to locally based organizations. Administrator Power has set a target of 25 percent of USAID's annual spending directed toward local partners. This is ambitious and faces the same barriers that have limited USAID from moving beyond six percent. There are two clear barriers that need to be addressed to get USAID to 25 percent of its funds to local partners: Personnel and rules and regulations. On the personnel front, USAID needs to significantly increase the size of its acquisition workforce to manage the localization push. Because many locally based organizations are smaller than U.S.-based implementing partners, they cannot manage large-dollar grants or contracts. USAID will need to hire more agreement officers and contract officers to support this effort. This must be part of any localization effort.

As with other federal agencies, recipients of USAID funding must comply with the Federal Acquisition Regulations (FAR) and meet other requirements under USAID's ADS 300. These are time-consuming for any organization to meet, and many local partners lack the capacity to be in compliance with them. USAID has already tried to create new procurement mechanisms to attract non-traditional partners; finding additional ways to streamline the FAR and ADS 300 requirements will be necessary to engage local partners. This is not an easy process, especially because the existing system of procurement rules is meant to provide a measure of accountability for USAID and other stakeholders (e.g., Congress). Finding ways to continue to provide accountability for spending will be necessary.

Finally, I would also strike a note of caution at simply looking to local civil society, NGOs, and other locally based non-governmental institutions. A common critique of the use of implementing partners is that it bypasses local government undermining citizen's faith in its own government's ability to deliver basic human needs. There is a risk that pushing too much

toward locally based non-governmental partners would further erode trust in local governments. This of course makes sense in countries where the government lacks legitimacy, but in other instances the state should be strengthened. Government-to-government funding remains unpopular within the U.S. system, except in certain countries of strategic importance. As part of the new localization effort, USAID should reexamine the use of government-to-government funding mechanisms in an effort to strengthen capacity of governments to deliver basic human needs. Over time, this would help to build the citizen-state bond necessary to bring greater stability to our partners in the developing world. This would be true local ownership.

# Annex I

## April 18, 2022 Roundtable Participants

Tariq Ahmad, Oxfam USA	Jim Michael, CSIS
Sandra Amis, MSI-Tetra Tech	Anna Molero, Teacher For All
Meghan Armistead, CRS	Larry Nowels, Modernizing Foreign Assistance Network
Tahalia Barrett, USAID	Danielle Pearl, USAID
Annette Brown, FHI360	Adam Phillips, USAID
Ruth Buckley, USAID	Tony Pipa, Brookings Institution
Larry Cooley, MSI-Tetra Tech	Sid Ravishankar, House Foreign Affairs Committee
Patrick Fine, Former USAID, MCC, FHI-360	Susan Reichle, IYF
Paul Foldi, Council of International Development Companies	Sarah Rose, CGD
Justin Fugle, Plan International USA	Jenny Russell, Save the Children, U.S.
Larry Garber, Independent consultant	Lori Rowley, LGD Strategies
Dan Honig, University College London	Conor Savoy, CSIS
George Ingram, Brookings Institution	Don Steinberg, USAID
Gretchen King, Independent consultant	Michele Sumilas, USAID
	Zoe Swarzenski, Brookings Institution



# Annex II

## April 18, 2022 Roundtable Agenda

1. What is the problem localization addresses? How does localization compliment or compete with other U.S. purposes (e.g., national interests, values) that drive U.S. foreign assistance?
  - Is the push for localization different from prior attempts and is the priority to achieve sustainable development results or to shift power to local actors – or is this a false dichotomy?
  - Does a policy of localization weaken or strengthen the ability to build and maintain long term international partnerships?
2. What counts for localization? How does USAID define localization?
  - Does country ownership require a primary role for the partner government?
  - Multistakeholder – national and local government, civil society, academia, business, formal and informal community groups, and associations.
  - Community-led - organizations proximate or indigenous to communities being served who are not registered NGOs
  - Local subsidiaries/affiliates of U.S. or multinational for-profit/nonprofit organizations
  - Does the focus on a percentage and counting distract from the goal of localization which is locally led development?
3. Is localization the most effective strategy for a large government organization like USAID, constrained by a myriad of rules and regulations and the demands of political masters in the Congress, administration, and civil society?
  - Can USAID operate with the required flexibility and adaptability under existing authorities or are new authorities required?
  - Are the authorities from CentroAmerica Local enough to foster locally led development? How do we learn both the successes and failures to build bipartisan support for greater flexibility in funding?
  - What new business practices will be required to manage a portfolio of “localized” activities? Can management be outsourced or will it have to be done directly by USAID?
4. What role does USAID envision for implementing partners? How does USAID expect the development industry to change/evolve as its localization initiatives take off?
  - How can USAID learn from decades of experience in the partner community that works with a variety of donors, some who provide much greater flexibility than the U.S. government? Ideas?
    - Case studies presented by partners in a competition to highlight localization successes and failures.
    - Community organizations, such as youth organizations, provide recommendations to both implementing partners and USAID (see Restless development report which makes recommendations for the development community: <https://restlessdevelopment.org/2022/03/youth-civil-society-under-threat-says-new-report/>)

1775 MASSACHUSETTS AVE NW  
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