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USAID/VIETNAM LOCALIZATION LEARNING REVIEW

FINAL REPORT

February 2024

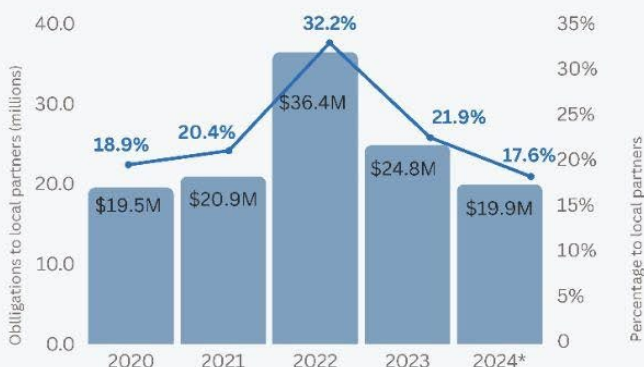
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LOCALIZATION IN VIETNAM: BY THE NUMBERS

A. USAID/VIETNAM FUNDING OBLIGATED TO LOCAL PARTNERS

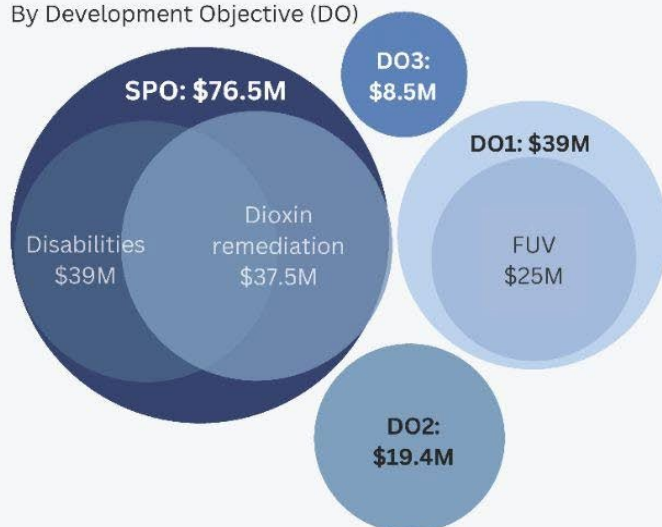
Local Awards Obligations from 2020 to 2024*

By Fiscal Year



(*) FY 2024 funding amount to local organizations is a projection as of Feb 31, 2024 only. There may be more obligations to local organizations to be awarded. Other FY 2024 numbers are straight-lines from FY 2023 due to the unavailability of data as of 1/31/2024. Source: Obligation data provided by the Program Office as of 1/31/2024.

By Development Objective (DO)



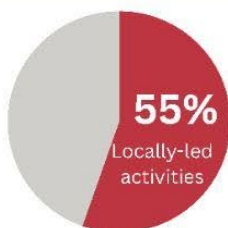
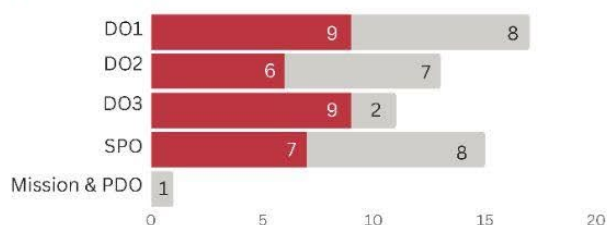
B. LOCALLY LED PROGRAMMING AT USAID/VIETNAM

The Locally Led Programs indicator measures the percentage of active USAID-funded activities in which local partners and/or local communities lead development or humanitarian efforts, including priority setting, design, partnership formation, implementation, and defining and measuring results, in a given fiscal year.

An activity must use a selection of **14 good practices in two of four set categories** of action to be considered locally led.

Out of all 56 activities, **DO1** and **DO3** has the highest number of locally led activities.

Qualified locally led activities | NOT qualified

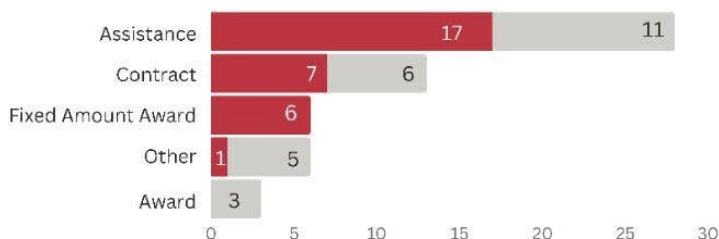


31 out of 56 **Mission activities** currently are **qualified as locally led**.



15 of them have **partnered directly** with local or regional partners.

Out of all 56 activities, there is **no significant difference** between assistance and contracting in local leadership.



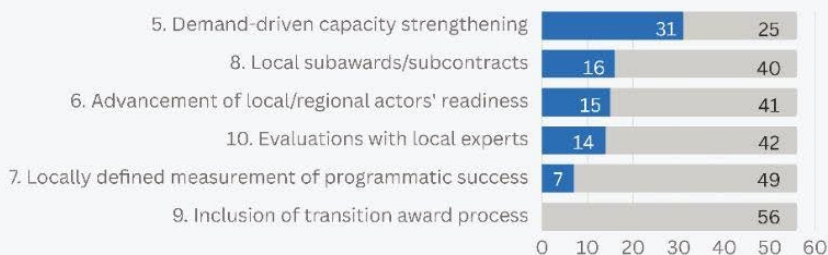
Creating Effective Partnerships

Out of the 15 activities with direct partners, the **majority of them took action** to create effective partnerships, but **co-creation was the least used**.



Recognizing, Leveraging, and Strengthening Local Capacity

Out of 56 activities, **several used demand-driven approaches** to strengthening local capacity, yet **none created transition awards**.



Engaging Directly with Communities

Out of 56 activities, **most used listening tours** to engage directly with communities, but **none institutionalized feedback and accountability mechanisms**.



Sources: Localization indicator data provided by the Program Office

■ Number of activities meeting the sub-indicator
■ Number of activities NOT meeting the sub-indicator

LOCALIZATION IN VIETNAM



C. HEADLINES

- There is a **range in the nature of localization** across the cases; it is often **complicated** to categorize and evolves over time. More broadly, the **Mission believes its work is locally led**. Locally led programming is found across the Mission’s portfolio and award types.
- USAID/Vietnam **recently hit the target** for direct funding to local partners, but **local obligations are decreasing**.
- There is **confusion within the Mission over what localization means in practice**, and what the Mission’s vision for it is in Vietnam. Yet, when pushed – for example, by PEPFAR’s mandate or a drive to reduce costs – **the Mission can find capable local partners** to work on key issues.
- Localization **requires risk taking from both USAID and local partners**, and thus requires long term thinking, with consistent support from the Mission.
- Effective partnerships have **aligned missions and approaches**. Where USAID and a local partner do not share a common approach, localization is less likely to succeed.
- Government systems create burdens, but they are also **important localization opportunities**.
- **Localization has its own important benefits**, as local partners often have stronger community networks, a willingness to be flexible, and are less expensive.

D. RECOMMENDATIONS

- Have a **localization vision for the Mission** with clear expectations and targets.
- Ensure localization features strongly in the **next CDCS**.
- Expand the mindset of **what kind of entity localization applies to**. It’s not just about NGOs, but also the private sector, academic institutions, associations, etc.
- If localization is a priority, consider the **implications on staff time** and increasing staff to accommodate smaller awards and more support to local organizations.
- View **GVN processes and procedures** as opportunities to localize programming.
- Consider more contracting with **the local private sector** - social enterprises are a good model.
- **Lower the barriers to entry** for submitting proposals.



• “I managed tens of projects funded by UNDP, World Bank, ADB, DANIDA, so on and so forth, but never in my life could I have such autonomy and having my voice as working with an FAA. So, that was the reason why I say that I’m very fortunate.”

• “There could be more of a fair playing field between international and local organizations. We [USAID] go in and assess everything with the local organizations, but with the international organizations, we don’t.”

• “[Localization should be] actually highlighted in our next CDCS... That’s what I’ve seen in other missions where it has moved forward, where they codify it in the CDCS.”



USAID/ VIETNAM LOCALIZATION LEARNING REVIEW

FINAL REPORT

USAID Learns

Contracted under 72044019C00003

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ACRONYMS

ACDC	Action to the Community Development Institute
A/COR	Agreement/Contracting Officer's Representative
AOR	Agreement Officer's Representative
CAWACON	Collective Action for Water Conservation
CDCS	Country Development Cooperation Strategy
CECR	Center for Environment and Community Research
C-GET	Closing Gaps to End TB
CoAg	Cooperative Agreement
COVID-19	Coronavirus Disease 2019
CSIP	Centre for Social Initiatives Promotion
DAI	Development Alternatives, Inc.
DO	Development Objective
DONRE	Department of Natural Resources and Environment
DPI	Department of Planning and Investment
FAA	Fixed Amount Award
FIT	Friends of International Tuberculosis Relief
FY	Fiscal Year
GVN	Government of Vietnam
IM	Interim Measure
KII	Key Informant Interview
LADDERS	Local Assistance to Develop and Deliver Excellence, Resilience, and Sustainability
NGO	Nongovernmental Organization
NTP	Vietnam National Tuberculosis Control Program
OAA	Office of Acquisitions and Assistance
ODA	Official Development Assistance
OFM	Office of Financial Management
PCI	Provincial Competitiveness Index
PEPFAR	US President's Emergency Plan for AIDS Relief
RVCO	Raising Voices, Creating Opportunities
TB	Tuberculosis
TB LON	Tuberculosis Local Organizations Network
TBP	(the) USAID TB Project
USAID	United States Agency for International Development
US	(the) United States of America
VCCI	Vietnam Chamber of Commerce and Industry
VINA E&C	VINA E&C Investment and Construction JSC
VIWACON	Vietnam Water Conservation Network
VNCI	Vietnam Competitiveness Index
VUSTA	Vietnam Union of Science and Technology Associations

EXECUTIVE SUMMARY

BACKGROUND AND PURPOSE

USAID (United States Agency for International Development)/Vietnam has launched this review to better articulate the story of its localization efforts, including how it worked with and supported local partners, the factors enabling and hindering localization, the impact of the Vietnam context on localization, and what could be done differently to support locally led development in the future. In doing so, the Mission aims to generate lessons for its own application in future programming and for the Agency more broadly. USAID/Vietnam requested USAID Learns to support the Mission in conducting this learning review.

Insights for the review were generated using the following questions:

1. What is the current state of localization in the USAID/Vietnam Mission?
2. What are some of the most prominent cases of localization in USAID/Vietnam programming? What enabled or hindered the level of local leadership in each of these cases? Which of these factors were within the Mission's control, and which were not?
3. What are the lessons learned from these cases to inform future localization in the Vietnam portfolio? What opportunities are there for greater localization?
4. In what ways do USAID and its local counterparts need to adapt their approach to enable greater localization? What should other stakeholders do differently to support locally led development in Vietnam?

METHODS

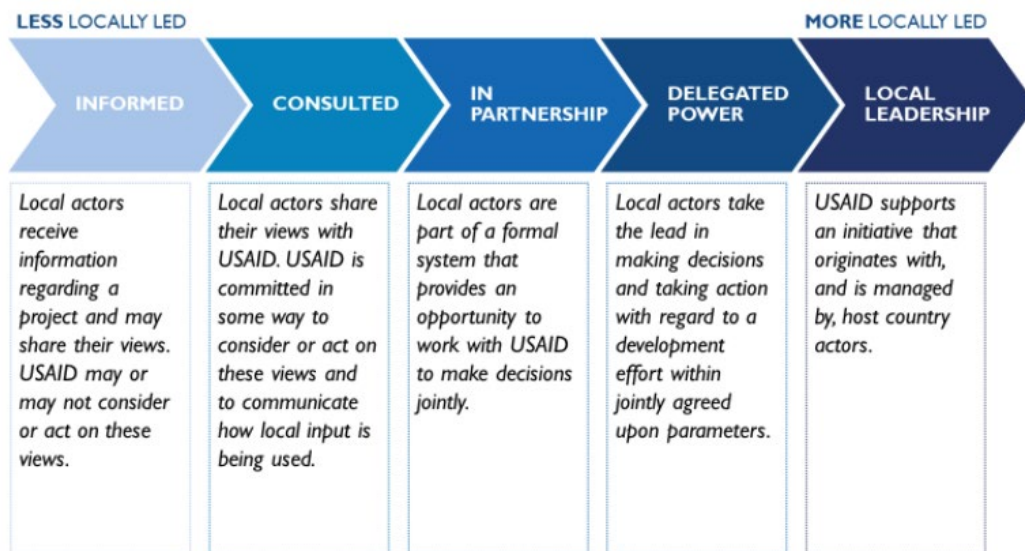
The learning review primarily used a case study approach, examining cases of locally led programming supported by USAID/Vietnam across its portfolio via document review and interviews with those directly involved in the cases, typically the local organization, USAID Agreement/Contracting Officer's Representative, support office staff from the Office of Financial Management and the Office of Acquisitions and Assistance, and in some cases international organizations. The review team selected seven cases based on USAID's recommendations to reflect the diversity of USAID's portfolio and ensure the greatest learning possible for the Mission:

- Development Objective (DO)1: Economic competitiveness increased:
 - 1) The Provincial Competitiveness Index, an annual index measuring provincial-level economic governance, implemented by the Vietnam Chamber of Commerce and Industry.
- DO2: Prevention and control of infectious diseases increased:
 - 2) USAID HIV programming implemented by LIFE Centre.
 - 3) Various activities focused on the identification and treatment of people with tuberculosis, implemented by IRD VN.
- DO3: Environmental security improved:
 - 4) Collective Action for Water Conservation, a Local Works project implemented by the Center for Environment and Community Research.
- Special Objective: Overcome war and Agent Orange legacies:
 - 5) INCLUSION 3, an activity supporting rehabilitation and social services for people with disabilities, implemented by the Centre for Social Initiatives Promotion.
 - 6) Programming supporting the inclusion of people with disabilities implemented by the Action to the Community Development Institute.
 - 7) The cleanup of dioxin at Bien Hoa Air Base, managed by VINA E&C Investment and Construction JSC.

The review team also conducted interviews with USAID/Vietnam leadership and expanded the document review to include resources on localization produced by USAID, Devex, and other

thought leaders to supplement case study learning. The review also explored the wider context for localization in Vietnam as well as opportunities to support greater localization in the future. The review team used the following definition of localization to frame the conversation with interviewees: “Localization is a power-shifting process to diverse local actors to address development challenges. This shift in power means these actors receive USAID funding, set priorities, design and implement programming, monitor and evaluate impact, and fully own and sustain these efforts.” Participants also reviewed the locally led development spectrum designed by USAID:

Figure 1: USAID locally led development spectrum



FINDINGS AND CONCLUSIONS

USAID/Vietnam currently exceeds the Agency target on direct funding to local organizations of 25 percent, having provided 32.3 percent of direct acquisition and assistance funding to local partners in fiscal year 2022, an upward trend from previous years. Additional analysis indicates USAID/Vietnam has provided about \$121.5 million in local award obligations between 2020 and 2024, with the Reconciliation and Inclusive Development Office awarding over half—\$68.6 million—through the Vietnam Country Development Cooperation Strategy (CDCS) Special Objective. Recent analysis from the Program Office also found that over half of all USAID/Vietnam programming qualifies as locally led when measured against the Agency indicator definitions.

Figure 2: Participating organizations along the USAID locally led development spectrum



Across the seven cases, the review team found that USAID generally took a localized approach to programming, working at least “in partnership” with nearly all of these local organizations.

Stakeholders from four of the seven cases felt that, to at least some degree, they had received “delegated power” from USAID to implement their activity, particularly in terms of autonomy, over the approach to achieving targets set by USAID. Interviews from the other three cases suggested lower levels of “local leadership,” though in one case when examining a USAID partnership with a private sector contractor, respondents felt that this was appropriate given their contractual relationship with the Mission. Respondents across several cases felt that they had moved up the localization spectrum over the course of their engagements with USAID, gradually assuming greater ownership over their activities. On the other hand, the Centre for Social Initiatives Promotion indicated that it decided not to continue into a new phase of INCLUSION 3 in part because it felt it could not implement the activity in a manner reflecting its organizational interests and strengths despite its positive relationship with USAID.

The selection of cases generally presents a positive image of localization at USAID/Vietnam, with the Mission engaging meaningfully with local partners and supporting them to lead responses to local development challenges. There does not appear to be a set model for localization. Outside of the case context, many respondents at USAID across Technical Offices felt that localization is generally a worthwhile initiative, its programming is generally locally led, and the Mission is making a strong effort to continue working in this way in both its engagements with the Government of Vietnam (GVN) and with local organizations.

However, the review also found that trends in direct funding may not continue in the short-to-medium term. The Vietnam Mission is winding down some of its larger agreements with local partners, such as INCLUSION 2 and 3, which have both transitioned to international primes and are unlikely to make major obligations to civil works programming in the Bien Hoa Air Base area in the next few years. Without further action, this would likely mean that USAID/Vietnam’s share of annual direct obligations to local partners will decline over the coming years; the fiscal year 2024 estimate as of January 2024 is that approximately 17 percent of the Mission’s portfolio will go directly to local organizations, missing the Agency-wide target of 25 percent. Furthermore, while Program Office data find that just over half of Mission programming is locally led, there is arguably scope to increase the level of local leadership in the portfolio through more concerted action.

More broadly, the review found that there is confusion over what localization means in practice for USAID/Vietnam. Some in the Mission are struggling with what is concretely meant by localization, even if they believe their work is led by the preferences and needs of local stakeholders. Several Mission respondents felt that there is no shared understanding of the concept, no clear vision for promoting localization in USAID/Vietnam programming, and no set plan for achieving it. Engagements, particularly with Mission staff, suggested that there are many real or perceived barriers to localization in Vietnam, including managerial and contextual challenges and capacity gaps. This likely hinders localization, giving rise to new partnerships with experienced American firms and nongovernmental organizations (NGOs). However, when pushed by an internal or external requirement or incentive, USAID is able to find local partners to directly award and engage capable local actors—including Government counterparts—to deliver intended results.

Localization often requires a long-term approach and consistent support from USAID or international organizations over several years before local partners can take the lead. Engagement focusing on building both technical as well as operational capacity, particularly alignment with USAID regulations, sets up local partners for longer-term success. Localization also requires a willingness to take risks, among both Mission staff and local partners, work in new ways, and adapt their systems to meet new partnership needs.

The most effective local partnerships are with organizations that are already focused on the issues of interest to USAID and where their preferred approach aligns with the Agency’s. Furthermore, there are opportunities to work beyond partnerships with local NGOs and instead more intentionally engage the local private sector, academic institutions and universities, and other counterparts to deliver its work. The GVN is an important and capable partner as well, and while the project

approval process creates considerable programming burdens, it is also an opportunity to localize the design process and align with the local development agenda.

RECOMMENDATIONS

USAID/Vietnam identified several ways in which it can work differently to better advance localization in its programming. Perhaps the strongest recommendation was for the Mission to develop an internal vision for localization in Vietnam, either at the Mission level or within each office. This vision should articulate a clear definition of what counts as localization in the Vietnam context, what targets the Mission finds meaningful, a roadmap for achieving those targets, and locally generated indicators for monitoring progress. This new vision should be developed during the CDCS mid-course stocktaking and feature strongly in the new CDCS to be developed in 2025.

Additional recommendations from Mission staff include:

- Local Engagement
 - Promote the notion that the role of a Program Manager within the Mission is, in large part, to have direct engagement with local actors, creating opportunities for new partnerships and refining USAID's objectives in Vietnam.
 - Map and engage a broader range of local partners beyond local NGOs, including the private sector, universities and academic institutions, quasi-governmental organizations, associations, etc., and engage local partners that share USAID's vision on its priority sectors.
 - Work with the GVN to demonstrate and understand the value of local, non-governmental partners if the context allows.
 - Encourage greater local engagement in activity design processes.
 - Continue to promote a collective action approach in programming that enables more local voices to participate in implementation.
- Contracting
 - Develop a standalone activity that is able to supplement Mission capacity to manage local partners and strengthen local technical and operational capacity. This would likely alleviate some of the main concerns Mission staff have over the localization agenda.
 - Encourage more local subcontracting, with a view to more direct funding by building capacity over time, following the model described in several of the selected cases.
 - Create new or expand existing limited-scope grant agreements to reduce the burden of quickly obligating funding.
 - Lowering the barriers to entry for local partners where possible, for example, by requiring simpler proposal documentation.

Mission staff also made recommendations to USAID/Washington on wider issues, including:

- Provide additional staffing to the Mission to enable it to better localize programming.
- Redevelop Agreement/Contracting Officer's Representative training to support leadership and management skills when working with local partners.
- Treat local and international partners with similar levels of risk rather than working in ways that reinforce a perception of local partners as inherently risky partnerships. USAID can continue to encourage appropriate award types that minimize risks while enabling local partners to address issues of importance to their organizations and communities.
- Quicken the release of funds to the Mission to avoid short obligation windows.
- Reduce the level of emphasis on the indicator tracking direct funding to local organizations and instead work with Missions to adapt the locally led programming indicator to their contexts, allowing for more reflective and useful tracking of progress on localization.

INTRODUCTION

CONTEXT AND BACKGROUND

In November 2021, United States Agency for International Development (USAID) announced its localization agenda, a “set of internal reforms, actions, and behavior changes to orient the Agency’s work around local actors’ priorities and strengthen local systems.”¹ The Agency committed to provide at least a quarter of all funds directly to local partners within four years, and to place local communities in the lead for the design, implementation, or evaluation of half of all programming by 2030.² In FY 2022 (fiscal year 2022), direct funding from USAID to local individuals, organizations, or corporations based and legally organized in a country where they implement USAID-funded work reached almost \$1.6 billion, or 10.2 percent of obligations globally. Notably, the report found that USAID/Vietnam exceeded the Agency target, having provided 32.3 percent of direct acquisition and assistance funding to local partners in FY 2022. However, these trends may not continue in the short term, as the Vietnam Mission is winding down some of its larger agreements with local partners and has recently entered into new, large awards with international partners.

PURPOSE AND AUDIENCE

In this context, the Vietnam Mission wishes to better articulate the story of its localization efforts, including how it worked with and supported local partners, the factors enabling and hindering localization, the impact of the Vietnam context on localization, and what could be done differently to support locally led development in the future. In doing so, the Mission aims to generate lessons for its own application in future programming and for the Agency more broadly. USAID/Vietnam requested USAID Learns to support the Mission in conducting this learning review.

Primary users of this review are USAID/Vietnam technical staff involved in design and implementation, primarily Agreement/Contracting Officer’s Representatives (A/CORs), office directors, and deputies. The review will also inform regional colleagues, those in the Asia bureau, as well as other Washington-based stakeholders working on localization. The conclusions from this effort were also shared with local stakeholders and implementing partners engaged in data collection and sensemaking. The report will also contribute to the Agency Learning Agenda, specifically its focus on locally led development.

RESEARCH QUESTIONS

Insights for the review were generated using the following questions:

1. What is the current state of localization in the USAID/Vietnam Mission?
2. What are some of the most prominent cases of localization in USAID/Vietnam programming? What enabled or hindered the level of local leadership in each of these cases? Which of these factors were within the Mission’s control, and which were not (for example, due to the specific context of Vietnam)?
3. What are the lessons learned from these cases to inform future localization in the Vietnam portfolio? What opportunities are there for greater localization?
4. In what ways do USAID and its local counterparts need to adapt their approach to enable greater localization? What should other stakeholders do differently to support locally led development in Vietnam?

¹ USAID (2023a).

² For a more detailed history on the concept of localization, how it is implemented and monitored, and the challenges in localizing USAID development assistance globally, see Annex II.

METHODOLOGY

OVERVIEW

The learning review primarily used a case study approach, examining cases of locally led programming supported by USAID/Vietnam across its portfolio. The review team selected seven cases based on USAID's recommendations to reflect the diversity of USAID's portfolio and ensure the greatest learning possible for the Mission:

- Development Objective (DO)1: Economic competitiveness increased:
 - 1) The Provincial Competitiveness Index (PCI): an annual index measuring provincial-level economic governance, implemented by the Vietnam Chamber of Commerce and Industry (VCCI).
- DO2: Prevention and control of infectious diseases increased:
 - 2) USAID HIV programming implemented by LIFE Centre.
 - 3) Various activities focused on the identification and treatment of people with tuberculosis, implemented by IRD VN.
- DO3: Environmental security improved:
 - 4) Collective Action for Water Conservation (CAWACON), a Local Works project implemented by the Center for Environment and Community Research (CECR).
- Special Objective: Overcome war and Agent Orange legacies:
 - 5) INCLUSION 3, an activity supporting rehabilitation and social services for people with disabilities, implemented by the Centre for Social Initiatives Promotion (CSIP).
 - 6) Programming supporting the inclusion of people with disabilities implemented by the Action to the Community Development Institute (ACDC).
 - 7) The cleanup of dioxin at Bien Hoa Air Base, managed by VINA E&C Investment and Construction JSC (VINA E&C).

The review also explored the wider context for localization in Vietnam, as well as opportunities to support greater localization in the future.

RESEARCH DESIGN

DOCUMENT REVIEW

The assessment team conducted a rapid review of the available literature on localization in Vietnam and in other contexts, as well as specific documents concerning the selected cases. This included:

- USAID policy documents
- Academic articles and reviews published by international and local experts on localization and other relevant issues
- Case-specific programming documents
- Government of Vietnam (GVN) policy and regulatory documents

The review team identified documents for review based on their prior experience and by referencing bibliographies of prominent works to identify additional sources.

KEY INFORMANT INTERVIEWS

The team conducted interviews with several individuals to inform the development of the cases. These included:

- A/CORs for each case
- Representatives from the USAID/Vietnam Program Office, Office of Acquisitions and Assistance (OAA), and Office of Financial Management (OFM)

- The USAID/Vietnam Legal Advisor
- Chiefs of Party for each case
- Other technical advisors and implementing partner staff relevant to the case

To gather wider perspectives on localization in Vietnam, the team also conducted interviews with Mission leadership, Technical Office Directors, the OFM and OAA, and the Program Office.

Details of the interview respondents are found in the table below.

Table 1: Interview respondents by sex

	Female	Male
Total	22	22
USAID	12	12
Implementing Partners	10	10

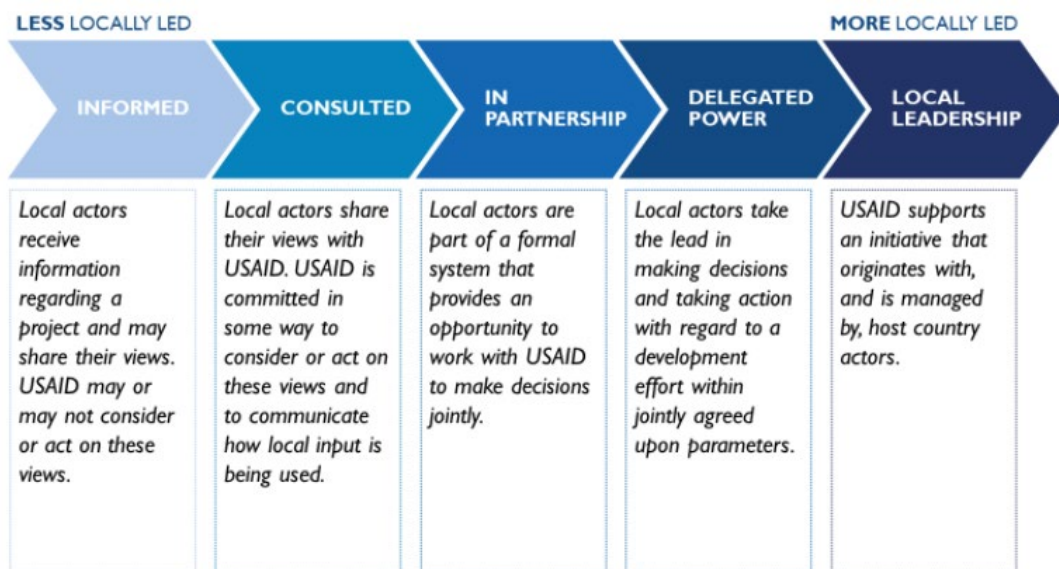
Respondents were asked to discuss the focus and history of their case, the degree of localization, the enablers and barriers to localization, and key lessons and recommendations for future programming. Non-case-related interviews discussed the history and promotion of localization in USAID programming in Vietnam, enablers and barriers to localization in the Vietnam context broadly, recent funding allocations and future trends, and recommendations for future programming and amendments to current practices in funding.

The review team used the following definition of localization to focus the discussion:

Localization is a power-shifting process to diverse local actors to address development challenges. This shift in power means these actors receive direct USAID funding, set priorities, design and implement programming, monitor and evaluate impact, and/or fully own and sustain these efforts.

Respondents were also shown the following spectrum and asked to place their case or the Mission’s portfolio in general to where they felt best reflected their understanding of the extent of localization:

Figure 3: USAID locally led development spectrum³



In each interview, a member of the review team took detailed notes, which were stored for later use. These notes were transferred to an analysis framework aligned with the review research

³ USAID (2021).

questions and analyzed to produce the findings contained in this report. Guides for the interviews can be found in Annex V.

VALIDATION AND UTILIZATION WORKSHOPS

Upon completion of the seven case studies, the team shared the content of the cases with Mission staff and the local and international partners interviewed in the study to receive feedback and identify any overarching lessons and recommendations for the Mission. The team then presented these findings to Mission leadership in a subsequent utilization workshop, aiming to stimulate further discussion and identify critical next steps to advance localization in the USAID/Vietnam portfolio. The team used the key points of these workshops to develop the overall conclusions and recommendations.

LIMITATIONS

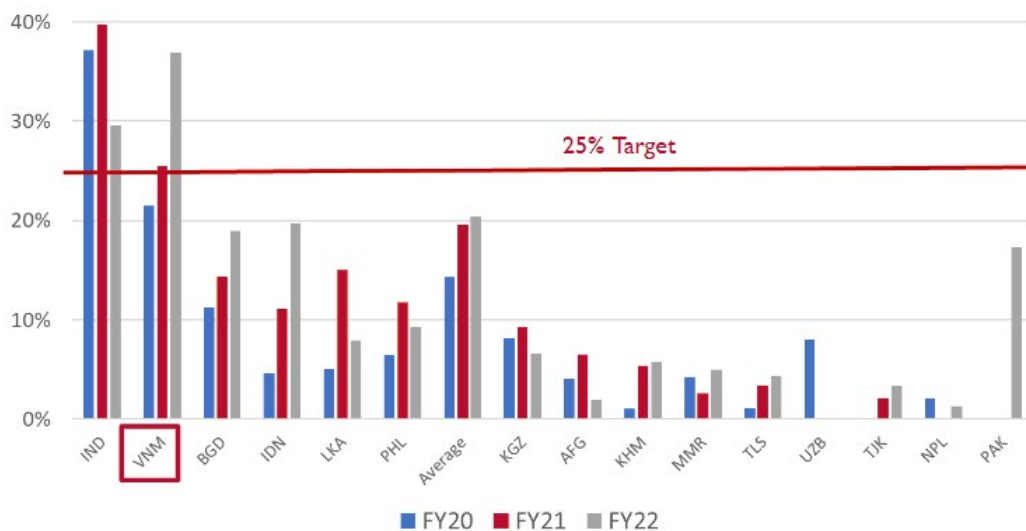
The assessment team leveraged USAID relationships and programming experience, along with the team members' personal networks, to arrange interviews. The team also relied on several secondary sources to supplement the analysis. Respondents were sampled purposively, given their relation to the case and their positions; this may have introduced certain biases or inaccuracies. The potentially sensitive nature of the subject matter may also have introduced response biases, though responses were carefully triangulated. As the assessment relied upon purposive and limited sampling methods to identify and engage respondents, the findings cannot be generalized to other cases. In addition, the review only examined cases of local partnerships involving direct funding to local organizations, which, while important, is not necessarily a comprehensive look at the various ways in which programming can be locally led. Finally, the review team noted that the lack of a common understanding among respondents regarding the definition of localization led to some confusion when asked where to locate themselves on the locally led development spectrum. The team mitigated this by providing clear and consistent definitions for the team and for all levels of the spectrum and by grounding discussions in those definitions.

LOCALIZATION IN USAID/VIETNAM

USAID is actively monitoring its progress on localization, setting out its metrics for measurement on both direct funding and local leadership in programming.⁴ The Agency recently announced that in FY 2022, direct funding from USAID to local individuals, organizations, or corporations based and legally organized in a country where they implement USAID-funded work reached almost \$1.6 billion, or 10.2 percent of obligations globally. While this is below the 25 percent target, the report stated that it “represents the highest level and percent of direct local funding in at least a decade.”⁵⁶

Notably, the Agency report found that USAID/Vietnam currently exceeds the Agency target, having provided 32.3 percent of direct acquisition and assistance funding to local partners in FY 2022, an upward trend from previous years. Additional analysis indicates USAID/Vietnam has provided about \$121.5 million in local award obligations between 2020 and 2024, with the Reconciliation and Inclusive Development Office awarding over half—\$68.6 million—through the Vietnam County Development Cooperation Strategy (CDCS) Special Objective.⁷

Figure 4: Percentage of total obligations direct to local partners, USAID Asia Missions, FY 2020–22



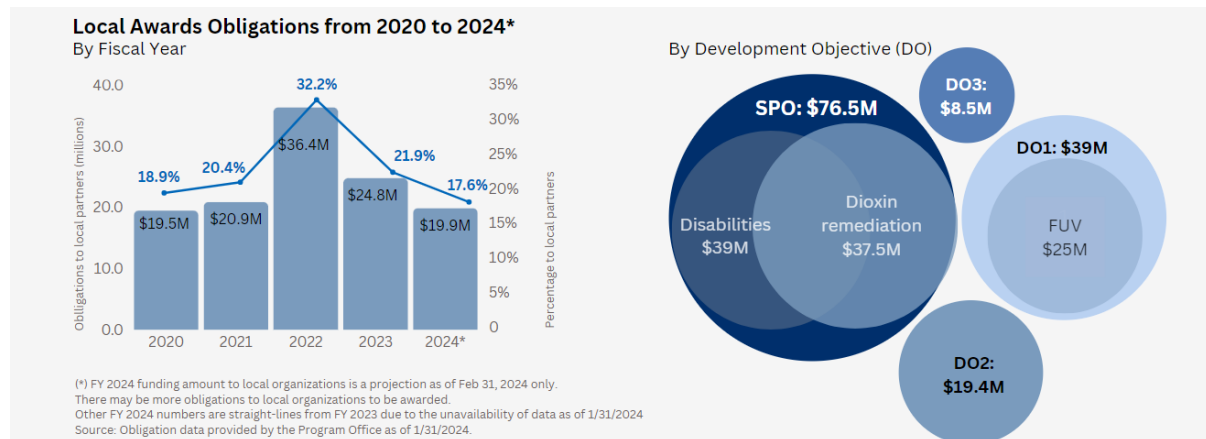
⁴ USAID (n.d.d).

⁵ USAID (2023a).

⁶ Using the alternative methodology discussed above, Publish What You Fund found that USAID directed only 5.7 percent of funding to local actors in the same period. See: Publish What You Fund (2023).

⁷ USAID Learns analysis of Program Office data. Figures from FY 2024 are estimates. At the time of reporting, the Program Office is also analyzing the number of mechanisms with local funding during this period.

Figure 5: Local awards obligations, FY 2020–24; distribution of direct local partner obligations across USAID/Vietnam Technical Offices and largest local partner obligations, FY 2020–24

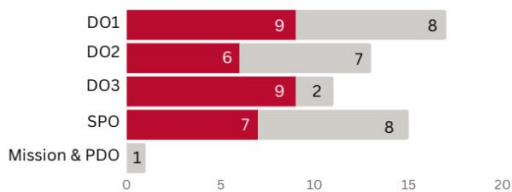


Recent analysis from the Program Office also found that over half of all USAID/Vietnam programming qualifies as locally led when measured against the Agency indicator definitions.⁸ The greatest number of locally led programs are found in DO1 and DO3, though several activities are also found in DO2 and the Special Objective. Notably, the analysis found no significant difference between assistance and contracting in supporting local leadership. Most locally led activities in the Vietnam portfolio used demand-driven, capacity-strengthening approaches and/or used listening tours to inform design.

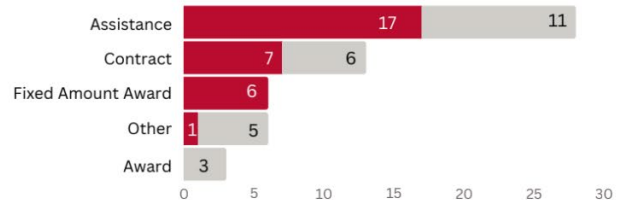
Figure 6: Locally led activities across the Mission portfolio and by partnership mechanism

Out of all 56 activities, **DO1** and **DO3** has the highest number of locally led activities.

Qualified locally led activities | NOT qualified



Out of all 56 activities, there is **no significant difference** between assistance and contracting in local leadership.



However, trends in direct funding may not continue in the short-to-medium term. The Vietnam Mission is winding down some of its larger agreements with local partners, such as INCLUSION 2 and 3, which USAID has transitioned to international primes, and is unlikely to make major obligations to civil works programming in the Bien Hoa Air Base area in the next few years. Without further action, this would likely mean that USAID/Vietnam’s share of annual direct obligations to local partners will decline over the coming years; the FY 2024 estimate as of January 2024 is that approximately 17 percent of the Mission’s portfolio will go directly to local organizations, missing the Agency-wide target of 25 percent. Furthermore, given about 45 percent of the Mission’s portfolio is not considered locally led according to Agency indicator definitions, there is also scope for further improvement in localizing activity design, implementation, and evaluation.

CASE STUDIES ON LOCALIZATION IN VIETNAM

The review team reviewed seven cases of USAID/Vietnam programming across its portfolio that worked directly with local partners. The cases vary significantly in their technical focus, contracting

⁸ To qualify as locally led under this indicator, an activity must use a selection of 14 good practices in two of the four established categories of action to be considered locally led. These categories are direct partnerships with local actors; effective partnerships; recognizing, leveraging, and strengthening local capacity; and engaging directly with communities. See USAID (2023e).

mechanisms, level of funding, implementation period, and extent of engagement with the Mission. However, they offer several important lessons for USAID/Vietnam on promoting locally led development. This section provides a brief overview of each case; the full case studies are found in Annex I and provide more information on the local organization, the nature of localization in the case, the enablers and inhibitors for localization, and lessons learned and implications.

USAID has worked with the **Action to the Community Development Institute (ACDC)** since 2015 on a variety of programs focused on the inclusion of persons with disabilities, particularly by revising national disability policies, advocating for social equity, and improving physical accessibility to public infrastructure. ACDC was established in 2011 as a local nongovernmental organization (NGO) to protect the rights of persons with disabilities and promote their inclusion in society. USAID granted ACDC three fixed-amount awards (FAAs) with a total value of about \$5.2 million, most recently Raising Voices, Creating Opportunities (RVCO) II (2021–2024). Its partnership with USAID has helped ACDC build its local reputation and technical capacity and produced important policy results on disability issues.

The **Center for Environment and Community Research (CECR)**, established in 2009, is a local research institution focused on environmental protection and climate change issues. From 2020 to 2023, the center implemented a \$1.5 million activity under Local Works known as Collective Action for Water Conservation (CAWACON), which focused on supporting Danang’s goal of being an environmental city and advancing water policy priorities in Hanoi. CECR used a collective action approach to bring together state and non-state actors to address these challenges. Its effort led to the establishment of the Vietnam Water Conservation Network (VIWACON), which supported public policy and programming changes within Provincial governments, building trust and confidence.

The **Centre for Social Initiatives Promotion (CSIP)** was founded in 2008 as the first nonprofit organization supporting social entrepreneurs in Vietnam. CSIP worked with USAID/Vietnam as a sub-awardee in the late 2010s before being awarded a \$7.4 million grant to implement INCLUSION 3, which supported the quality of life of people with disabilities in three southern provinces. CSIP managed the activity well, ultimately achieving the intended results. However, CSIP notified USAID in 2023 that it would not continue with a new phase, as it felt it was unable to implement the activity in line with its vision of social entrepreneurship to address disability issues, and so USAID awarded the next iteration to an international organization. CSIP has continued to partner with USAID as a sub-awardee, most recently on social entrepreneurship in economic growth programming.

IRD VN was founded in 2016 as a social enterprise focusing on health delivery and research in Ho Chi Minh City. After working with various other donors on tuberculosis (TB) programs, IRD VN received a \$2 million FAA from USAID to implement Erase TB, which focused on improving access to TB care and strengthening the capacity of local organizations to engage in the TB response. IRD VN strengthened its operational capacity through the implementation of Erase TB, particularly through incubation by a German NGO known as Friends of International Tuberculosis Relief (FIT). IRD VN delivered results and gradually took on greater responsibility for the direction of the program, building toward an \$8 million cooperative agreement (CoAg) to implement Closing Gaps to End TB (C-GET).

The Centre for the Promotion of the Quality of Life, commonly referred to as **LIFE Centre**, has been a long-time implementer of USAID/Vietnam’s US President’s Emergency Plan for AIDS Relief (PEPFAR) programming, currently the only local prime awardee in USAID’s HIV portfolio, and the largest local award in the Office of Health. LIFE Centre has worked as a USAID prime implementer for nine years, receiving about \$1.2 million annually to implement programming that reaches populations affected by and living with HIV. Under these awards, LIFE Centre has specialized in finding key populations affected by HIV/AIDS and supporting, linking, and strengthening other local organizations and social enterprises to provide HIV prevention and treatment services in southern districts in and around Ho Chi Minh City and in Hanoi. Its work has provided the GVN with an evidence base that local organizations can contribute to better outcomes in the HIV response.

Since 2005, USAID has supported the **Vietnam Chamber of Commerce and Industry (VCCI)** to promote economic and governance reforms in Vietnam through the Provincial Competitiveness Index (PCI), which assesses economic governance at the provincial level. Originally supported through an activity implemented by an international contractor, VCCI gradually took greater responsibility for managing the index as the quasi-governmental agency responsible for representing private sector interests, with the Chamber managing oversight of PCI in 2013. VCCI has since received about \$6 million to design, implement, and monitor the outputs, deliverables, and outcomes according to milestones agreed with USAID. The GVN has since adopted PCI as a critical performance metric, serving as a transparent database that has spurred reforms as provinces seek to improve their economic governance performance and national standing.

Launched in 2019, USAID's Dioxin Remediation at Bien Hoa Air Base Area Project is remediating dioxin-contaminated soil to reduce the risk of exposure to people on the air base, the largest remaining dioxin hotspot in Vietnam, as well as in the communities that border it, aiming to restore the land for full use. After working with international construction firms over many years on similar contracts, in 2020, the Mission decided to work with a local firm on civil construction for this new project as it felt local capacity had grown enough to reduce costs while maintaining the level of performance. USAID engaged **VINA E&C Investment and Construction JSC (VINA E&C)** in 2021 to implement the civil works contract, valued at \$24.9 million. With support from the Mission and an international engineering firm, VINA E&C is delivering against its objectives, including the completion of the first on-base area remediation in 2022.

Additional details on each case are found in Table 2 below.

Table 2: Overview of key aspects of the seven localization case studies

Case	Sector focus	Type of organization	Years of USAID partnership	Types of direct awards	Level of localization	Key challenge to be addressed	Key success to be replicated
VCCI	Economic growth	Quasi-governmental	19 (11 as a prime awardee; 8 as a sub-awardee)	Grant	Delegated Power	Managing sensitivities of key economic governance challenges	Engagement with local Government to improve economic governance capabilities
LIFE Centre	Health - HIV	Science and technology under Vietnam Union of Science and Technology Associations (VUSTA) and newly registered as a social enterprise	14 (5 as a sub-awardee; 9 as a prime)	FAAs → CoAgs	Mixed (Delegated Power over implementation; Informed/Consulted on results)	Unable to obtain project approval through VUSTA; created a social enterprise to obtain project approval through the Department of Planning and Investment (DPI)	Long-term investment in local capacity building starting with international organizations' support, then direct FAA, then CoAgs
IRD VN	Health - TB	Social enterprise	4 (4 as a prime awardee)	FAA → CoAg	Consulted/In Partnership	Attracting and retaining high-quality personnel	Establishing and maintaining community relationships on health issues
CECR	Environment	Science and technology under VUSTA	6 (3 as a sub-awardee; 3 as a prime)	FAA	Delegated Power/Local Leadership	Adjusting to USAID requirements and high-funding levels; lower levels of trust from USAID that increased over time.	High levels of local leadership to decide what the development priority was and how to address it; collective action approach and FAA

Case	Sector focus	Type of organization	Years of USAID partnership	Types of direct awards	Level of localization	Key challenge to be addressed	Key success to be replicated
							critical to success
CSIP	Disabilities	Science and technology under VUSTA	9 (6 as a sub-awardee, 3 as a prime)	CoAg	Consulted/In Partnership	Aligning its vision with USAID's approach to disability programming	Maintaining a focus on organizational strengths and mission
ACDC	Disabilities	Science and technology under VUSTA	10 (9 as a prime awardee, 1 as a sub-awardee)	FAAs → CoAgs	Delegated Power	Building and maintaining a national reputation for policy engagement on disability issues	Creating the flexibility and space for locally led policy engagement where the context allows
VINA E&C	Dioxin remediation	Private enterprise	3 (3 years as a prime awardee)	Contract	Informed/Consulted	Managing the complexity of dioxin remediation efforts	Direct contracting with a local firm on technically complex issues, saving costs while maintaining effectiveness

THE CASES ON THE LOCALIZATION SPECTRUM

Across the seven cases, the review team found that USAID generally took a localized approach to programming, working at least “in partnership” with nearly all of these local organizations.

Figure 7: The seven USAID/Vietnam cases on the locally led development spectrum



Stakeholders from four of the seven cases (ACDC, VCCI, CECR, and in one instance, LIFE Centre) felt that, to at least some degree, they had received “delegated power” from USAID to implement their activity, particularly in terms of autonomy over the approach to achieving targets set by USAID. Two cases—IRD VN and CSIP—felt that USAID exercised more control over the focus and approach to their work, but noted some flexibility and engagement as well. VINA E&C felt that their case was situated on the other end of the localization spectrum but felt this was appropriate given the nature of their contractual relationship with USAID. Interestingly, LIFE Centre felt that while they were only “consulted” or “informed” about the objectives of their work, which are generally set by PEPFAR, they had broad control over how to achieve those objectives, which they considered an example of “delegated power.”

Respondents across several cases felt that they moved up the localization spectrum over the course of their engagements with USAID, gradually assuming greater ownership over their activities. On the other hand, as noted above, CSIP indicated that it decided not to progress into a new phase of INCLUSION 3 in part because it felt it could not implement the activity in a manner reflecting its organizational interests and strengths despite its positive relationship with USAID. Nevertheless, the selection of cases generally presents a positive image of localization at USAID/Vietnam, with the Mission engaging meaningfully with local partners and supporting them to lead responses to local development challenges.

Outside of the case context, many respondents at USAID across Technical Offices felt that localization is generally a worthwhile initiative, its programming is generally locally led, and the Mission is making a strong effort to continue working in this way in both its engagements with the GVN and with local organizations. As the GVN has its own development agenda for the country, this forms the basis of its negotiations with USAID over the focus of its programming, which respondents described as an example of “in partnership,” “delegated power,” or “local leadership.” For example, much of the Mission’s work under the Special Objective originates directly from GVN engagements and requests, and the Mission has strong, collaborative relationships with other Government entities, such as the Danang city Government. DO2 is an exception, perhaps, as USAID felt the Government was generally consulted, with health programming highly directed from Washington. With respect to local organizations, USAID felt it typically works “in partnership” with these stakeholders, with some instances of greater “local leadership.” For example, while the Office of Climate Change, Energy and the Environment typically works with international primes, local actors are significantly engaged in the design and implementation of its work. However, the Office of Governance and Economic Growth indicated that it does not typically partner with local organizations, opting instead for international technical expertise as its GVN counterparts expect this type of support.

The analysis across the seven cases found that there is no set model for localization across the USAID/Vietnam portfolio at present. Locally led programming is found across the different DOs and in different award mechanisms, with USAID partnering with and managing local actors to varying degrees. However, local leadership in USAID/Vietnam programming most typically involves enabling local actors to decide *how* to achieve objectives set by USAID rather than enabling local actors to set those objectives.

LESSONS ON LOCALIZATION IN VIETNAM

This section of the report highlights the lessons learned from the cases and from additional interviews with USAID staff. An important general observation is that there is confusion over what localization means in practice for USAID/Vietnam. Some in the Mission are struggling with what is concretely meant by localization, even if they believe their work is led by the preferences and needs of local stakeholders. Several Mission respondents felt that there is no shared understanding of the concept, no clear vision for promoting localization in USAID/Vietnam programming, and no set plan for achieving this vision.

Engagements, particularly with Mission staff, suggest that there are many real or perceived barriers to localization in Vietnam, including managerial and contextual challenges and capacity gaps. For example, there is a general perception that working with local primes places much greater burdens on Mission staff to manage and build capacity and that technical and financial risks are greater with local partners. This likely hinders localization, giving rise to new partnerships with experienced American firms and NGOs.

However, when pushed by an internal or external requirement or incentive, USAID is able to find local partners to directly award and engage capable local actors—including Government counterparts—to deliver intended results. PEPFAR’s mandate to work with local actors enabled work with LIFE Centre, and participation in the global Tuberculosis Local Organizations Network necessitated local partnerships, such as with IRD VN. Encouragement from Congress to work with local partners is also a strong incentive, as is the high cost of partnership with international organizations when compared with local counterparts doing similar work.

Meanwhile, localization has its own important benefits for USAID programming. Local partners often have stronger community connections, better networks with the Government and other key stakeholders, and a willingness to be flexible in responding to challenges—all qualities that increase the likelihood of programmatic success. Local partners do face capacity and resourcing gaps, with many local organizations unable to fully absorb large amounts of USAID funding or quickly adapt to USAID requirements. Therefore, localization often requires a long-term approach and consistent support from USAID or international organizations over several years before local partners can take the lead. Engagement focusing on building both technical as well as operational capacity, particularly alignment with USAID regulations, sets up local partners for longer-term success. Indeed, the local partners engaged in this analysis strongly appreciated this type of long-term engagement and investment from USAID.

To make these partnerships a success, localization also requires a willingness to take risks. Many respondents acknowledged that the Mission’s own risk appetite likely needs to increase in order to enable new local partnerships. At the same time, the analysis found that local partners themselves also take risks by working with USAID, as they often must re-engineer their operating structures to align with Agency procedures and regulations. As noted above, those who undertake these reform processes often find that they are better equipped to work with a range of larger partners, but this is not an overnight transition.

The most effective local partnerships are with organizations that are already focused on the issues of interest to USAID and where their preferred approach aligns with the Agency’s. Several of the reviewed cases—including LIFE Centre, CECR, IRD VN, and ACDC—underscore this dynamic.

However, the CSIP experience of implementing INCLUSION 3 suggests that without alignment, localization is less likely to be successful.

Localization extends beyond partnerships with local NGOs. There are opportunities for the Mission to work more intentionally with the local private sector, academic institutions and universities, and other counterparts to deliver its work. The GVN is an important and capable partner as well, who has the ability to constrain or enable locally led programming in various ways. While the project approval process creates challenges for USAID, it is also an opportunity to localize the design process and align with the local development agenda.

ENABLERS AND BLOCKERS TO LOCALLY LED DEVELOPMENT

In each of the reviewed cases, the review team aimed to identify the factors that enabled or hindered local leadership and which of these factors was within USAID's control. A summary of the common enablers and barriers across cases is found in Table 3 below.

Table 3: Enablers and inhibitors to locally led development in Vietnam

	Enablers	Inhibitors
<p>Within USAID's (the Mission and/or Washington) control</p>	<ul style="list-style-type: none"> • Positive, trusting working relationships between USAID and the local partner. • A shared vision for the project's objectives and implementation approach, ideally designed with local partner input. • USAID's willingness to take risks working with local partners, in spite of perceived capacity gaps, and to be flexible when necessary. • USAID's willingness to invest in local capacity through a long-term, demand-driven strategy linked to the objectives of the assignment. This could be delivered by USAID directly, through supporting mechanisms, or by other organizations. • USAID's intentional funding of collective action approaches to generate more local leadership. • USAID showcases local leadership, allowing local partners to leverage success to build their own reputation and expertise. • USAID requests or incentives for Missions to work with local organizations, both from Mission leadership and from Washington stakeholders. • Direct, sustained engagement from the A/COR, ideally through face-to-face meetings. • Use of CoAgs and FAAs as partnership mechanisms, giving greater flexibility to local partners to implement. 	<ul style="list-style-type: none"> • Disagreements between USAID and the partner over the activity's theory of change, leading to implementation breakdowns. • Managerial challenges within USAID: staff shortages and turnover, reporting requirements, etc., coupled with a perceived higher burden to work with local partners. These dynamics make it more challenging to support local partners effectively and continuously; however, some respondents felt these issues have improved. • Expecting local organizations to manage too much too quickly in terms of financial resources, technical requirements, and management of sub-awardees. • Local partner difficulty in complying with USAID bidding procedures/requirements and programming regulations. Similarly, there is a perception that Automated Directives System (ADS) requirements make it difficult to directly fund local organizations. • The drive for programming results and the need to obligate large amounts of funding create an incentive for USAID to work with international organizations, as USAID perceives them to be better equipped to deliver. • Lack of flexibility for local actors to determine development priorities funded by USAID due to the earmarking process. • Lack of a USAID/Vietnam strategy on strengthening localization in its programming across the portfolio, and limited incentives to create one urgently.
<p>Outside of USAID's control</p>	<ul style="list-style-type: none"> • Strong local partner experience, networks, and capacity (where applicable), giving USAID greater confidence. • Inherent local partner motivation to work on the given challenge. • Lower costs involved in partnering with a local organization. • Partner flexibility and willingness to learn and align with USAID's systems. • GVN capacity, ownership over development programming, and a case-by-case willingness to work closely with local stakeholders. • USAID's ability to work across Vietnam without logistical or security challenges. • Encouragement or requirement from key US-based stakeholders to promote localization (e.g., PEPFAR mandate, congressional engagement). 	<ul style="list-style-type: none"> • Real or perceived technical capacity gaps of local, NGOs, particularly on complex issues such as tuberculosis response and dioxin remediation. The GVN may believe local partners lack expertise compared to international organizations. • Managerial, operational, and financial challenges of local NGOs, such as the development of revenue streams, staff remuneration, and professional development, as well as tax compliance. • Contextual challenges for local NGOs to operate. • Compliance requirements on both Vietnamese and USAID regulations increase burdens on local non-governmental partners interested in working with the Agency. Local partners may be unwilling to adapt to USAID systems if they do not believe the partnership will be long-lasting.

CONTEXT-SPECIFIC CHALLENGES TO LOCALIZATION IN VIETNAM

Contextual dynamics specific to Vietnam’s operating environment hamper USAID’s ability to localize development programming in Vietnam and are worth noting here.

Unlike other USAID operating environments, Vietnam is a lower-middle-income country with a rapidly growing economy. The aid industry within Vietnam is relatively small compared to other contexts, given the strength of the public and private sectors. This is one contributing factor to why there are fewer local NGOs working on development issues relative to other contexts in which USAID works. While human capacity is high in Vietnam, the organizations that exist tend to be relatively small and are unable to absorb large sums of USAID funding that might be possible in other development contexts. In addition, due to some context-specific challenges, local organizations are not as interested in large growth or managing large USAID awards, as is the case in other development contexts. Many note their preference for being sub-awardees or subcontractors to international organizations.

The space for NGOs to operate is also limited. All implementing organizations, including local ones, must have all donor-funded activities approved by a managing agency. Since the GVN considers most local organizations to be science and technology organizations, they fall under the umbrella of the quasi-governmental VUSTA and must seek project approval through VUSTA. VUSTA’s project approval process has become more cumbersome in recent years, directly impacting LIFE Centre’s experience with USAID. VUSTA denied LIFE Centre’s request for project approval three times. As a result of this experience, in order to continue working with USAID, LIFE Centre created another entity registered as a social enterprise with the DPI in Ho Chi Minh City, where they are based. This enables them to obtain project approval through the DPI as an enterprise. In direct contrast, VCCI is itself a quasi-governmental entity and can approve its own projects, providing much greater flexibility for it to move forward on its development priorities funded by USAID.

Meanwhile, the GVN is also a very strong counterpart, with considerable capacity and a clear agenda of its own, as well as a lengthy approvals process for new donor programming. This, in one sense, constrains the ability of USAID and its partners to implement freely but can also be framed as an opportunity for localization by aligning with the Government’s development agenda. The GVN is also particularly interested in learning from international experts and other contexts, particularly on economic governance issues. This could be considered an example of advancing localization as it responds to partner Government support needs, even while using international expertise.

OPPORTUNITIES AND NEXT STEPS FOR ADVANCING LOCALIZATION

In workshops with staff and partners of USAID/Vietnam, many felt that the Mission should be proud of the amount of locally led programming it is already supporting, particularly given the context. While not universally successful, the Mission has managed to engage and support several local partners across its portfolio, delivering results while meaningfully developing local capacity to work on further issues. Participants also generally agreed that the goal is not necessarily that all USAID/Vietnam obligations go to local partners—the goal of localization is not a binary choice between working with international organizations and local partners, but instead ensuring that the Mission is working to strengthen local leadership in its programming. Accordingly, the Mission can also continue to advance localization in ways that do not concern direct funding, such as concerted engagement in GVN-project approval processes and using locally led capacity development approaches. This aligns well with how the Agency appears to be treating localization, describing it recently as “not just a set of targets... [but also] about all the ways we can strengthen the path to support more locally led, sustained results and stronger local systems.”⁹ Mission stakeholders agreed

⁹ Ainsworth (2024).

to discuss the issue further and identify additional specific opportunities in its portfolio to localize programming.

ADAPTING TO SUPPORT LOCALIZATION

However, USAID/Vietnam also identified several ways in which it can work differently to better advance localization in its programming. Perhaps the strongest recommendation was for the Mission to develop an internal vision for localization in Vietnam, either at the Mission level or unique tailored strategies within each office. This vision should articulate a clear definition of what counts as localization in the Vietnam context, what targets the Mission finds meaningful, a roadmap for achieving those targets, and locally generated indicators for monitoring progress. This may include determining what level of local obligations is appropriate for the context, but, importantly, it should also include careful consideration of how to adapt the Agency-wide, locally-led programming indicator to better monitor Mission localization efforts. This new vision should be developed during the CDCS mid-course stocktaking and also feature strongly in the new CDCS to be developed in 2025. A new vision could also shape the Mission's ways of working in other forms; for example, the vision could frame localization as an opportunity to deliver better work at lower cost and to see GVN project approval and regulatory procedures as localizing programming.

Additional recommendations from Mission staff include:

- Local Engagement
 - Promote the notion that the role of a Program Manager within the Mission is, in large part, to have direct engagement with local actors, creating opportunities for new partnerships and refining USAID's objectives in Vietnam.
 - Map and engage a broader range of local partners beyond local NGOs, including the private sector, universities and academic institutions, quasi-governmental organizations, associations, etc., and engage local partners that share USAID's vision on its priority sectors.
 - Work with the GVN to demonstrate and understand the value of local, non-governmental partners if the context allows.
 - Encourage greater local engagement in activity design processes.
 - Continue to promote a collective action approach in programming that enables more local voices to participate in implementation.
- Contracting
 - Develop a standalone, cross-office activity, preferably housed outside of any one technical office, that is able to supplement Mission capacity to manage local partners and can strengthen local technical and operational capacity. This would likely alleviate some of the main concerns Mission staff have over the localization agenda.
 - Encourage more local subcontracting, with a view to more direct funding by building capacity over time, following the model described in several of the selected cases.
 - Create new or expand existing limited-scope grant agreements to reduce the burden of quickly obligating funding.
 - Lowering the barriers to entry for local partners where possible, for example, by requiring simpler proposal documentation.

Mission staff also made recommendations to USAID/Washington on wider issues, including:

- Provide additional staffing to the Mission to enable it to better localize programming.
- Redevelop A/COR training to support leadership and management skills when working with local partners.
- Treat local and international partners with similar levels of risk rather than working in ways that reinforce a perception of local partners as inherently risky partnerships. USAID can

continue to encourage appropriate award types that minimize risks while enabling local partners to address issues of importance to their organizations and communities.

- Quicken the release of funds to the Mission to avoid short obligation windows.
- Reduce the level of emphasis on the indicator tracking direct funding to local organizations and instead work with Missions to adapt the locally led programming indicator to their contexts, allowing for more reflective and useful tracking of progress on localization.

ANNEX I: CASE STUDIES ON LOCALIZATION

CASE STUDY: ACTION TO THE COMMUNITY DEVELOPMENT INSTITUTE

INTRODUCTION

United States Agency for International Development (USAID) has focused on supporting people with disabilities in areas heavily sprayed with Agent Orange since 1989, supporting thousands of individuals across central and southern Vietnam to improve their quality of life and access effective services. These efforts have typically been delivered through international organizations and American firms, but USAID’s partnership with the Action to the Community Development Institute (ACDC) began a shift toward local organizations in the mid-2010s.

In Vietnam, persons with disabilities face barriers in accessing public buildings and transportation, limiting their access to health care and other social services. The

Raising Voices, Creating

Opportunities (RVCO) project is funded by USAID to remove barriers to include persons with disabilities by revising national disability policies, advocating for social equity, and improving physical accessibility to public infrastructure. RVCO partners with the Government of Vietnam (GVN) to revise national policies to achieve equity for people with disabilities, with a focus on improving the physical accessibility of public infrastructure, particularly health facilities and public transport. This includes helping the GVN revise its 2010 national disability law to ensure Vietnam met its obligations as a signatory of the United Nations Convention on the Rights of Persons with Disabilities. The project is also helping the GVN to advance regulatory reform that guarantees persons with disabilities accessibility to medical services by requiring provider accommodations like sign language and physical access improvements. The project partners with the provincial Departments of Labor, Invalids and Social Affairs; Health; Transportation; and Justice, as well as organizations of persons with disabilities, to monitor policy implementation and address disability equity issues, including independent living, accessibility, and gender-based violence.

ACDC was established in 2011 as a local NGO to protect the rights of persons with disabilities and promote their inclusion in society. Between 2011 and 2015, ACDC was a service provider for various donor-funded projects, including those funded by USAID. In 2014, the Director of ACDC participated in the USAID-funded international leadership program in the United States with

Table 4: ACDC Overview

What they focus on:	Protecting the rights of persons with disabilities and ensuring their inclusion in Vietnam
Organizational superpower:	Policy advocacy for people with disabilities
Area of difficulty:	Building and maintaining their national reputation
Where they focus:	Hanoi and various provinces across Vietnam
Who they focus on:	Engaging government officials on behalf of people with disabilities
Funding levels/ Funders:	Funding from USAID for RVCO: <ul style="list-style-type: none"> Protecting the Rights of persons with disabilities (2015 – 2018): \$1,185,945 Raising Voices – Creating Opportunities (2018 – 2021): \$1,997,809 Raising Voices – Creating Opportunities - II (2021 – 2024): \$2,049,629 Other donors: ChildFund, CBM, UNDEF, MoveAbility
10 years working under USAID funding	
9 years working as a prime awardee	
3 USAID prime awards	
1 international organization subbed to or supported with USAID funding	

representatives from the GVN, including various ministries and the National Assembly. This was an important turning point for ACDC, as the leadership of the center was exposed to similar institutions in the United States and their operation methods and had the opportunity to interact and discuss with officials from the National Assembly and ministries. ACDC believes that the study tour helped the Director build a new vision for the organization beyond service provision into policy advocacy, spurring the organization to broaden its network with line ministries and the National Assembly.

KEY FINDINGS

In response to a public request for proposals by USAID, ACDC prepared a proposal for funding. It was first granted an FAA for the activity of protecting the rights of persons with disabilities (2015–2018). Thereafter, the organization was also awarded other FAAs for the activities of RVCO (2018–2021) and RVCO II (2021–2024). Under the framework of the FAAs, USAID, through the Partner Capacity Development activity, provided capacity building in the development of the ACDC organizational strategy for 2016–2025, as well as developing a content management system. Other capacity development topics included project management; financial management; monitoring, evaluation, and learning; organizational management; and communications.

The experience of directly managing a USAID award, coupled with capacity-building support, helped ACDC to develop its organization. Through the FAAs, ACDC has also built its skills in policy engagement in different technical areas, with USAID playing a supporting role and allowing ACDC to focus on issues of local importance. With this improved capacity, ACDC could deliver sub-awards through the Advancing Medical Care and Rehabilitation Education project implemented by Humanity and Inclusion, as well as the INCLUSION Project components implemented by Center for Community Health Research and Development, CSIP, and Humanity and Inclusion (II, III, and IIb respectively).

Between 2015 and 2024, ACDC received a total funding of about \$5.2 million from USAID, or about \$570,000 per year. ACDC believes an important part of its ability to deliver effectively was receiving funding levels commensurate with its capacity to manage it. Growing too quickly and assuming too much financial responsibility can create significant risks to organizational stability. USAID proposed a cooperative agreement (CoAg) instead of a second FAA, but in the end, ACDC was not ready to invest in the financial systems required, and it still did not pass the Agency’s pre-award assessment, so the partnership reverted to an FAA. This suggests it can take a considerable amount of time, perhaps a decade or more, to grow in a natural manner to align with USAID’s systems.

According to both the A/COR and the Chief Executive Officer of ACDC, the center can be placed in the position of “delegated power” on the localization spectrum. In the context of RVCO, USAID delegates to ACDC the ability to choose the regulatory and policy issues of interest, implement studies, and conduct evidence-based policy advocacy, and has amended its FAA on several occasions to help pay for the new deliverables they have identified. This approach has allowed ACDC to gradually position itself as an important policy advocate for people with disabilities with genuine successes. For example, ACDC supported the revision of Circular No. 37/2012/TTLT-BLĐTĐBXH-BYT-BTC-BGDĐT on disability grade determination in 2019 and the development of the National Guideline on Rehabilitation Services in Transition Houses for Persons with Disabilities, which was issued by the Ministry of Health in 2023.

Figure 8: ACDC on the USAID locally led development spectrum



ACDC continues to seek funds from other donors and from other services, particularly research and consultancy, to diversify its funding sources and ensure its sustainability. It is also increasingly recognized as a local leader, playing a prominent role in shaping Vietnamese contributions to international agreements on disability rights. It was the key Vietnamese partner of the United Nations Committee on the Rights of Persons with Disabilities in 2021, working with other local stakeholders to review progress on the implementation of relevant UN conventions, and is a member of the International Disability Alliance, the network of disability organizations in Asia and the Pacific, and Rehabilitation International. ACDC continues to seek opportunities to develop itself and raise its profile, following the example of prominent American disability organizations, in order to best serve its community.

The case of ACDC suggests that support and confidence can be placed on smaller, newer institutions if they have strong leadership, a robust commitment to development objectives, and a willingness to evolve. With USAID’s strong support and engagement, ACDC has transitioned from a service delivery–oriented organization to a critical policy advocate shaping the enabling of Vietnam’s environment for people with disabilities.

Figure 9: ACDC: timeline of USAID programming engagement

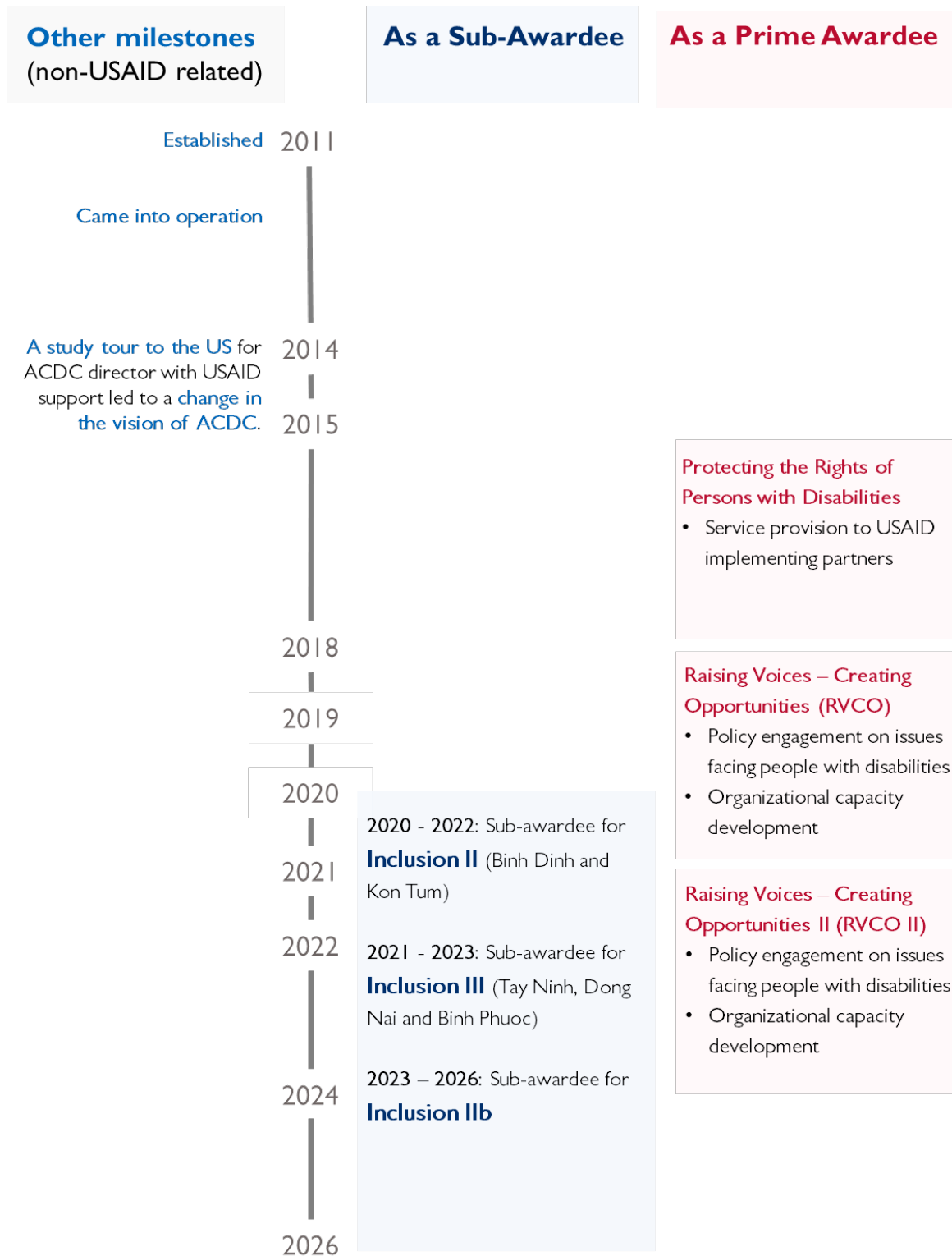


Table 5: Enablers and inhibitors of localization for ACDC

	Enablers	Inhibitors
<p>Within USAID/Vietnam or USAID Washington's immediate control</p>	<ul style="list-style-type: none"> • USAID's willingness to work with a smaller, younger organization like ACDC. This entails some degree of risk, but USAID was confident that ACDC could perform. Furthermore, USAID has served as a close supporter of ACDC, strengthening its morale and raising its organizational profile. • Substantial investments in ACDC's capacity, focusing on both technical experience and organizational and financial capabilities. • USAID's interest in listening to ACDC and supporting their ideas and choices. For example, USAID supported ACDC's concept of transition houses, which help people with a new disability adjust to their new needs in a safe and empowering environment. Local stakeholders were skeptical, but the model was successful and was later incorporated into a Ministry of Health circular for wider replication. Similarly, ACDC advocated for universal traffic design principles to improve accessibility, which the Ministry of Transport has now institutionalized in Plan I 190. 	<ul style="list-style-type: none"> • ACDC itself took a risk in working to establish management and reporting systems to align with USAID's expectations, putting staff and resources under significant pressure. Focusing on these internal reorganization efforts at earlier stages of their work with USAID consumed their ability to take on local service delivery contracts, constraining their resources. This has been worthwhile as ACDC has become more confident in working with USAID and has received continued support from the Agency. • USAID regulations are also strictly imposed when they may not be appropriate for the local context, such as construction regulations being considered when building a toilet for a person with a disability. This focus on operational control negatively impacts ACDC's responsiveness. • There was a high turnover of USAID staff members (e.g., A/COR, OFM) who worked with ACDC. Each new staff member needed time to fully understand ACDC, its evolution, and its specific conditions. In some cases, it delayed ACDC's implementation.
<p>Outside of USAID's immediate control</p>	<ul style="list-style-type: none"> • ACDC's clarity in its mission and vision and determination to achieve it, even if this requires foregoing other sources of income (such as short-term consultancies, service delivery opportunities, etc.). This ensures a strong partner for USAID to work with on issues of local importance. 	<ul style="list-style-type: none"> • Switching from a service delivery-oriented organization toward a focus on policy advocacy had been challenging, with ACDC initially relying on consultants to close its experience gaps. Its leadership has managed this challenge by building internal technical capacity, particularly in its younger staff members, encouraging them to conduct important research and author briefings to officials. • ACDC faces fierce competition when attracting senior experts to its staff, often losing out to larger international NGOs. This has forced ACDC to invest in its own existing capacity as much as possible. • Nevertheless, ACDC has grown in recent years, but this is not sustainable without new funding sources, which are often challenging to identify.

LESSONS LEARNED AND IMPLICATIONS ON LOCALIZATION FROM THIS CASE

Key lessons learned on localization in this case include:

- USAID must be willing to take risks to work with newer local organizations, invest in their capacity, and support their ideas and decisions. ACDC felt that its relationship with USAID is built on a strong foundation of trust and mutual respect.
- Strong local partners have a clear vision and organize around it. ACDC is a mission-driven organization focused on supporting people with disabilities, and they have a roadmap to develop their organization and achieve impact. Partnering with highly motivated organizations like this is more likely to produce results over the long term.
- While funding a local partner, USAID should ensure that they will be able to manage the growth, especially if they are growing fast. Funding in excess of what a local organization can effectively manage can create significant operational burdens. Providing funding and operational support in alignment with an organization's capacity and growth trajectory is likely to reinforce rather than inhibit local leadership. This includes introducing them to different funding mechanisms, tax regulations, governance arrangements, and other structures and regulations. USAID could also advise on resourcing strategies to help diversify funding, supporting longer-term sustainability.

CASE STUDY: CENTER FOR ENVIRONMENTAL AND COMMUNITY RESEARCH

INTRODUCTION

The Center for Environmental and Community Research (CECR) worked with USAID from 2017, first under the Municipal Waste Recycling Program managed by USAID/Washington and primed by an international organization, and then directly with USAID/Vietnam under Local Works funding from 2020 to 2023. The latter activity—known as Collective Action for Water Conservation (CAWACON)—focused on supporting Danang’s goal of being an environmental city and addressing water policy priorities in Hanoi. CECR’s approach, along with other Local Works awardees, was collective action, in which they brought all relevant representatives from the Government and nongovernmental entities to address issues of common concern related to water conservation and pollution in a coordinated way. CECR focused on engaging all key stakeholders related to the issue in Danang even before USAID Local Works funding was guaranteed.

USAID funding grew significantly between the two activities (~\$250,000 sub-grant to a \$1.5 million prime FAA), and CECR described the start-up of the Local Works program as a “tsunami of money,” the responsible absorption of which was a significant undertaking for the organization. At certain points, staff felt burdened by the responsibility of the program and even wondered if they should terminate the award. They spent a significant amount of time engaging the Danang Department of Natural Resources and the Environment (DONRE), various parts of the Danang Government, and other local organizations to design an approach that addressed local challenges in a coordinated and coherent manner. This intensive consultation and consensus-building period, with hands-on support from the USAID Agreement Officer’s Representative (AOR), led to the signing of a memorandum of understanding with the Danang Government and project approval roughly six months after the award.

CECR was able to leverage this intensive period and the trusting relationships established to put the activity on a path to success. However, initial coordination among the local non-governmental organizations (NGOs) involved was challenging. Some assumed that the funding from USAID would simply be split among them. As CECR worked with stakeholders to build consensus on the approach, two local organizations dropped out due to their limited human resources, as well as other priorities. Eventually, the right organizations—with a shared vision—settled into place, leading to the creation of the Vietnam Water Conservation Network (VIWACON). CECR facilitated the establishment of this network made up of six local organizations and actively connected VIWACON to other partners,

Table 6: CECR Overview

What they focus on:	Water conservation; environmental management, protection, and climate change; gender
Organizational superpower:	Strength of their relationships and networks at the grassroots and governmental levels
Area of challenge:	Learning as they implemented to manage USAID requirements; engage stakeholders at all levels; and align local partners for collective action
Where they focus:	For USAID: Danang and Hanoi
Who they focus on:	Champions that support water conservation and combating water pollution
Funding levels	USAID Local Works Fixed Amount Award of \$1.5 mil USD
5 Years working under USAID funding	
3 years working as a prime awardee; 2 years as a sub	
Prior support from one international prime	

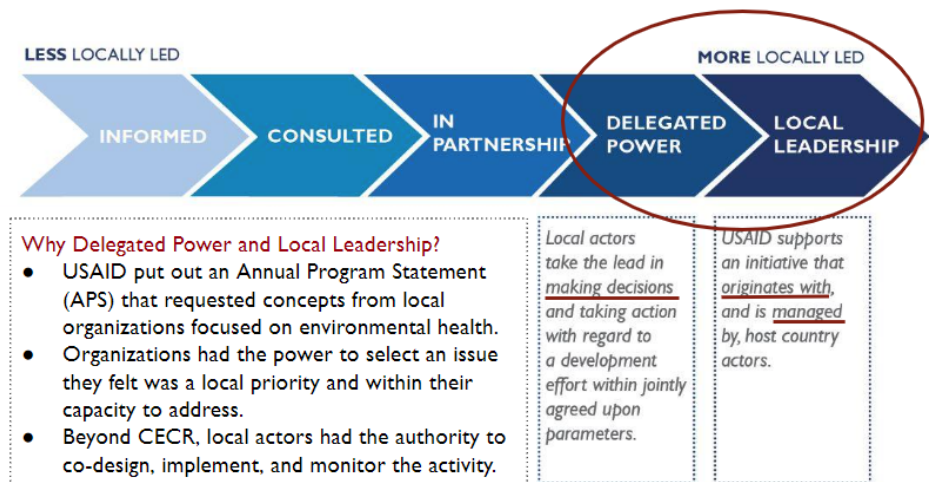
including national Government entities, Danang provincial entities, and businesses, to lead the collective action approach to implement the interventions under the activity.

KEY FINDINGS

The Nature of Localization in the CECR Case

The CECR case represents an advanced level of localization. USAID/Vietnam released an annual program statement that had one major parameter: a focus on environmental health. Within that, local organizations could propose whatever focus area they felt was most pressing in Vietnam and within their ability to achieve results. The VIWACON network members and partners, which were facilitated by CECR, developed, designed, implemented, and monitored all specific initiatives under the activity. In addition, all local partners implementing initiatives in Danang reported to DONRE, which hosted regular and transparent reviews of progress with stakeholders to ensure alignment and make adjustments where necessary. This level of localization was supported by the USAID AOR, who provided significant, hands-on involvement, particularly at the start of the award, to ensure CECR applied the collective action model. Interviewees noted that perhaps at the start, the CECR case was at the “in partnership” level, but as they made progress and gained USAID’s trust, they reached the higher levels of “delegated power” and “local leadership.”

Figure 10: CECR on the USAID locally led development spectrum



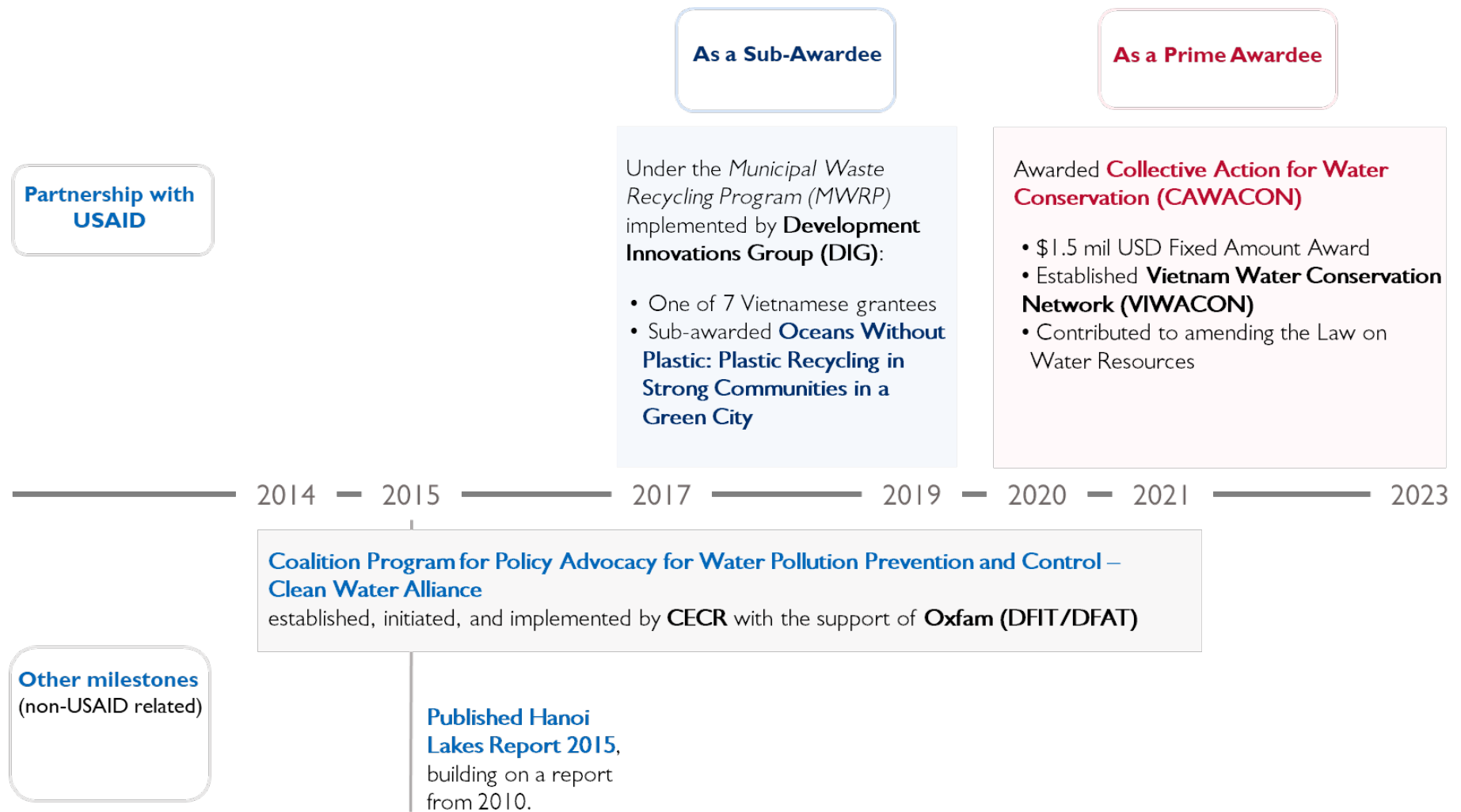
“I managed tens of projects funded by UNDP [United Nations Development Programme], World Bank, ADB [Asian Development Bank], DANIDA [Danish International Development Agency], so on and so forth, but never in my life could I have such autonomy and have my voice as working with an FAA like CAWACON. So, that was the reason why I say that I’m very fortunate.” – CECR representative

This level of localization produced results. After a significant consultation period, network members and partners began implementing various initiatives related to water conservation and reducing water pollution. The activity resulted in system-level changes, including:

- (1) **Mindset and accountability shift:** The Danang Government saw the value of a bottom-up approach to solve water challenges. As one example of their openness to a bottom-up approach, DONRE instituted the collection and tracking of an indicator for citizen satisfaction about environmental management at the district level.
- (2) **Resource shift:** The Danang Government contributed financially to the initiatives of CAWACON. Overall, the network raised an additional \$309,571 in funding from various sources for their initiatives.

- (3) **Policy shift:** Initiatives contributed to the Revised Law on Water Resources that was passed after activity completion. Shifts in the policy include a focus on wastewater recycling.
- (4) **Incentive shift:** As one example, the network created a local incentive system for fishermen to collect and dispose of their waste when back on land rather than at sea.
- (5) **Relationship shift:** Governmental and nongovernmental actors networked, collaborated, and built trust with one another; in addition, the Danang and Quang Nam governments signed an interprovincial memorandum of understanding to address environmental sustainability challenges.

Figure 11: CECR: timeline of USAID programming engagement and other milestones relevant to water conservation



Interviewees highlighted the following enablers and inhibitors of higher levels of localization, some within and some outside of USAID’s control:

Table 7: Enablers and inhibitors of localization for CECR

	Enablers	Inhibitors
<p>Within USAID/Vietnam or USAID Washington’s immediate control</p>	<ul style="list-style-type: none"> Local Works funding opportunity design (open to local ideas rather than prescriptive). Selecting a partner with strong potential based on their local networks and relationships and proposed design that addressed a felt need among local stakeholders. USAID’s encouragement and active mentorship, particularly during start-up (AOR helped the local partner finalize its approach to collective action). USAID’s involvement in project approval and Government relationship building. Enabling flexibility for CECR (i.e., needing to remove Ninh Binh province as a partner). Enabling a “learning by doing” approach for CECR. Transparency from USAID and CECR toward the Government and other partners. Ease of collaboration between USAID and CECR. 	<ul style="list-style-type: none"> Though USAID was heavily involved, CECR indicated that they could have used more support from USAID in terms of technical/scientific expertise. CECR perceived that USAID had limited confidence in their ability at the outset, though that was strengthened over time. USAID’s limited experience working with local organizations up to that point.
<p>Outside of USAID’s immediate control</p>	<ul style="list-style-type: none"> CECR’s mission orientation, commitment to participatory processes and achieving results, and technical and stakeholder expertise. CECR’s extensive consensus-building process and “bottom-up” approach. CECR’s strong relationships, especially with the Government in Danang. CECR following the GVN rules on project approval and often going above and beyond requirements (i.e., inviting approval entities beyond the managing agency for briefings on the program in their office). Strong local leadership among all local organization partners and commitment to the collective action approach rather than the individual interest of the organizations involved. Danang Government’s openness to partnership. Danang Government’s vision of being an environmental city. 	<ul style="list-style-type: none"> Low capacity of local partners in program and stakeholder management and technical/scientific know-how.

LESSONS LEARNED AND IMPLICATIONS ON LOCALIZATION FROM THIS CASE

Key lessons learned on localization in this case include:

- **USAID followed best practices to enable high levels of localization.** This included providing broad parameters to enable local actors to identify specific priorities, having flexibility in implementation, and—through a collective action model—making decisions about design, implementation, monitoring, and learning. This case can serve as a positive example of enabling local leadership, and USAID staff can follow the successes of this example to further enable local leadership in its portfolio, either when funding local partners directly or through international primes.
- **The process is as important as the results, and a good process will lead to good results.** CECR leadership emphasized the importance of its participatory processes, which led to stronger relationships and trust among local actors and then led to more effective collaboration and, ultimately, to results. However, this process took almost a year and was labor-intensive for CECR. USAID engaged in this process, stepped in to guide, support, and push when needed, and demonstrated patience in order for CECR to create a strong foundation for the activity. USAID can help facilitate relationship building among local actors and give these relationships and agreements the time they need to develop. While it can seem on the surface that results are not being achieved, this is the foundation for effective collaboration and makes the activity more effective in the long run.
- **Localization did not stop at CECR.** Related to the above, the story of localization from this case extends far beyond CECR as a local organization based in Hanoi. By bringing in several local partners—both governmental and nongovernmental—CECR expanded the number of local actors involved in decision-making, furthering localization down to the provincial, district, and commune levels to achieve results. Meaningful localization will not be achieved solely by funding local organizations. Those local organizations need to extend the collaboration with other local actors that are most affected by or responsible for achieving results.
- **USAID prioritized the partner’s local relationships and credibility during the selection process.** CECR had long-standing relationships and credibility with local actors based on years of experience working together and a vision for bringing local actors together to achieve results. They were selected based on this potential rather than for their sophisticated administrative and financial systems. The FAA enabled them to absorb a significant amount to leverage those relationships and credibility to achieve results. When selecting local partners, the strength of local relationships and credibility within the local system should be a higher priority than sophisticated internal systems (which can be developed further over time). The use of FAAs can reduce USAID’s financial risk and enable organizations with developing internal systems to access funding.
- **USAID staff had to play an active role in relationship brokering and project approval.** Those interviewed highlighted the AOR’s hands-on approach during start-up to broker relationships, guide CECR on the collective action approach, and engage in the project approval process. In addition, CECR would have liked even more involvement from USAID, particularly in technical know-how. USAID/Vietnam is in the midst of adjusting how it frames its role in relationship building and project approval. This case is validation of that change in approach so that USAID staff are more actively engaged in managing relationships with the Government and guiding the project approval process.
- **Full transparency from USAID and CECR with various government entities was critical.** The extensive consultation period with Government stakeholders at every level meant

that there was full transparency about the activity, ensuring they understood the project from the outset. As an interviewee mentioned, “Don’t try to sneak in.” This means that organizations should explain everything to the GVN (all relevant parts) from the start, align with their interests, and let them invite you in to support them rather than trying to “sneak in.” This orientation toward the GVN made the collaborative process easier for all involved.

CASE STUDY: CENTRE FOR SOCIAL INITIATIVES PROMOTION

INTRODUCTION

Since the earliest stages of US-Vietnam cooperation in 1989, the United States has focused on addressing the legacies of the Vietnam war, particularly the needs of people with disabilities in provinces heavily sprayed with Agent Orange, a chemical defoliant known for causing illnesses, birth defects, and permanent disabilities. Support to these communities, largely in the central and southern areas of Vietnam, has taken different forms, though it has historically focused on rehabilitation and service delivery managed by large contractors and international NGOs, with local organizations playing a smaller role. In the mid-2010s, following encouragement from Congress and in recognition of the growth of local capacity, USAID sought to design newer, wider-reaching programs that leveraged local expertise and leadership to deliver results.

This culminated in the design of INCLUSION in 2018, which focused on supporting the quality of life for people with disabilities by delivering services while also supporting their psychological health, social relationships, living arrangements, and access to public life. USAID established INCLUSION as a USAID-GVN joint project, structured as three activities to implement grants for work in three geographic zones across Vietnam. It was to be led by local organizations supporting others to deliver on the overall objectives.

The Centre for Social Initiatives Promotion (CSIP) was founded in 2008 as the first nonprofit organization supporting social entrepreneurs in Vietnam, an objective it describes as its mission. CSIP has incubated over 300 local organizations to focus on social entrepreneurship, improving their business acumen and helping them develop linkages to beneficiary communities. CSIP's first engagement with USAID was as a subcontractor to the Healthy Markets program implemented by PATH; its inputs focused largely on capacity building for enterprises and NGOs working on HIV/AIDS. While CSIP does not specifically focus on disability issues, USAID felt that CSIP had sufficient managerial experience and operational flexibility to manage a project as a prime and encouraged them to submit a proposal for INCLUSION 3, which targeted work in the southern cluster of Binh Phuoc, Dong Nai, and Tay Ninh provinces. USAID issued CSIP a \$7.4 million grant to implement the activity in 2020. CSIP worked in Binh Phuoc, Dong Nai, and Tay Ninh provinces, overseeing six local and international organizations with robust experience in disability issues.

Table 8: CSIP Overview

What they focus on:	Social entrepreneurship and private sector engagement
Organizational superpower:	Inspiring social entrepreneurship
Area of difficulty:	Aligning its vision with USAID's approach
Where they focus:	Primarily southern Vietnam under INCLUSION 3
Who they focus on:	Rehabilitation and social service providers working with people with disabilities under INCLUSION 3
Funding levels/ Funders:	\$7.4m contract from USAID as a prime for INCLUSION 3
9 Years working under USAID funding	
3 years working as a prime awardee	
1 USAID prime award	
4 international organizations subbed to or supported with USAID funding	

KEY FINDINGS

The Nature of Localization in the CSIP Case

USAID and CSIP had a generally positive working relationship throughout the implementation of INCLUSION 3. Both felt that their engagements represented a shift from CSIP being “consulted” toward working “in partnership.” In the initial phases of the activity, USAID set the targets and overall approach to implementing INCLUSION 3, but over time, USAID offered CSIP a greater degree of flexibility in implementing the activity and managing relationships as it built its local networks. CSIP is interested particularly in establishing private-sector partnerships to support service delivery for people with disabilities. USAID and CSIP both largely felt that the project has been a success, with INCLUSION 3 achieving its targets and being well recognized within the communities where it operates. USAID noted that CSIP managed relationships well, including with Government counterparts. CSIP also felt that they had effectively built the capacity of several local organizations and established strong relationships with provincial officials.

Figure 12: CSIP on the USAID locally led development spectrum



However, in spite of these successes, CSIP notified USAID in 2023 that it would not continue with a new phase of the activity, with the next iteration awarded in late 2023 to Catholic Relief Services, an international organization. It appears that from the outset of implementation, USAID and CSIP had differing views on how to approach the activity. The original notice of funding opportunity designed and agreed upon in partnership with the National Action Centre for Toxic Chemicals and Environmental Treatment, the main Government counterpart under the Ministry of National Defence, envisaged a mixed approach to service delivery, working with a wide range of both public and non-state actors, while emphasizing private sector engagement as a cross-cutting theme. CSIP responded to this design in its proposal, but following the award, CSIP expressed an interest in supporting a local private sector-led approach to delivering social services to people with disabilities, in line with its organizational mission. The context at the time did not favor engagement with several nascent organizations to deliver services, particularly given perceived local capacity gaps. USAID worked to accommodate CSIP’s vision to the extent allowed by their agreements with the National Action Centre for Toxic Chemicals and Environmental Treatment. However, CSIP grew increasingly frustrated with their limited ability to deliver what they believed was an innovative approach aligned with their experience and interests. They believed that they could have more strongly emphasized to USAID the importance of social entrepreneurship to their organization earlier in their engagements, which may have created some momentum for a shift in USAID’s approach.

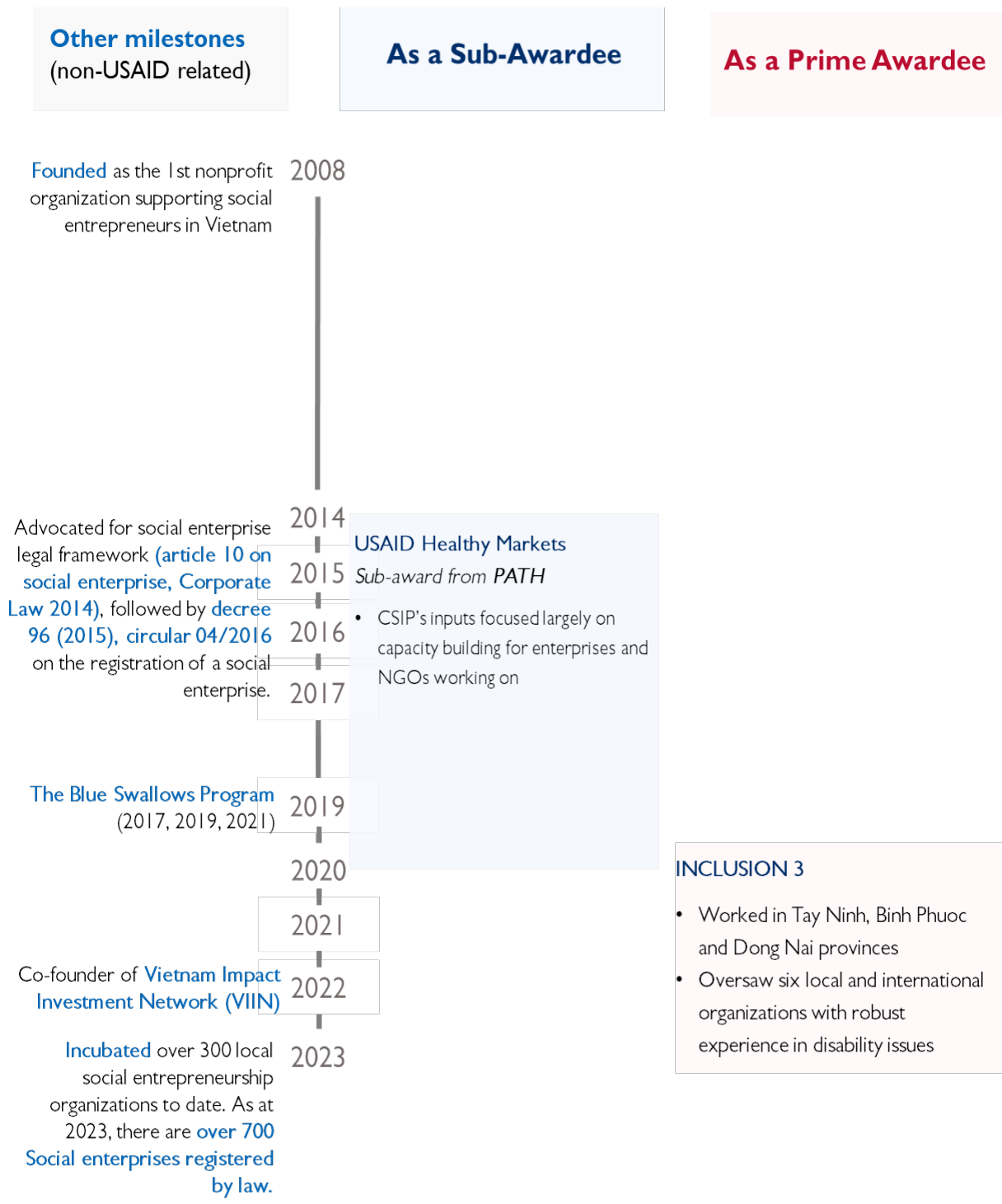
Managerial and operational requirements also constrained CSIP from implementing the program as it had wished. Given the size and scale of the activity, CSIP hired several staff and consultants to manage the work, but USAID perceived several challenges in CSIP’s ability to manage the wide range

of sub-awardees, liaise effectively with Government counterparts, respond to and align with USAID regulatory requirements, and comply with Vietnamese tax rules as a prime awardee.

CSIP's leadership stressed that its decision to halt its involvement in INCLUSION was purely to refocus on social entrepreneurship in its daily work and emphasized its appreciation for USAID's partnership and its willingness to lead USAID projects in the future. USAID reciprocated these positive sentiments, and in fact, CSIP is already working with a different USAID office on impact investment in disability-inclusive business, in part building on their experiences with INCLUSION. USAID and the INCLUSION 3 sub-awardees also praised CSIP's achievements in managing INCLUSION 3.

INCLUSION 3, while a successful program in terms of its results, broke down over the focus of its approach following the award, culminating in the end of a partnership with a local organization and its replacement with an international one. For this reason, while USAID was highly satisfied with CSIP's performance, this case highlights some of the ways in which USAID needs to change its approach to more successfully localize development assistance. USAID accepts responsibility for the final outcome and learned important lessons from the experience. USAID/Vietnam continues to believe that there is space for local leadership in disability programming if design and implementation align with local capabilities and interests. For its part, CSIP's leadership believes that its capacity to manage funds improved significantly through its management of INCLUSION 3, improving its ability to manage larger projects in the future.

Figure 13: CSIP: timeline of USAID programming engagement



Interviewees highlighted the following enablers and inhibitors of localization, some within and some outside of USAID’s control:

Table 9: Enablers and inhibitors of localization for CSIP

	Enablers	Inhibitors
<p>Within USAID/Vietnam or USAID Washington’s immediate control</p>	<ul style="list-style-type: none"> • Positive working relationship between USAID and CSIP, enabling open communication and engagement, even as CSIP’s involvement came to an end. • USAID’s willingness to invest in strengthening management capacity and to offer flexibility when CSIP faced challenges. • USAID’s willingness to support CSIP’s interests and organizational mission by mobilizing financial resources and technical assistance across Technical Offices. For example, the Reconciliation and Inclusive Development Office worked with CSIP and the Office of Government and Economic Growth in an assessment of disability-inclusive business models to promote private sector engagement in supporting persons with disabilities. 	<ul style="list-style-type: none"> • CSIP felt that there was a conflict in the “philosophy” of the approach between its leadership and USAID, with USAID being unwilling to shift more toward a social entrepreneurship model of local service delivery. Reasons for this include the Mission’s ability to shape program designs, the timeline required to build local capacity, and a hesitance to take risks on a new approach. This misalignment in vision constrained CSIP’s ability to lead the project as it wished. • USAID may expect local organizations to be able to manage too much too quickly, as while CSIP was proud of its achievements in delivering INCLUSION 3, the volume of resources, requirements of USAID regulations, number of subs, and stretching targets were, at times, challenging for its staff and project team, hindering its ability to focus on its approach.
<p>Outside of USAID’s immediate control</p>	<ul style="list-style-type: none"> • Strong experience within CSIP and its subs, allowing USAID to trust in their ability to deliver. • Inherent motivation of CSIP leadership to deliver on a particular mission. 	<ul style="list-style-type: none"> • CSIP was also unable to deliver its model to implement INCLUSION 3 for several reasons, including capacity constraints and contextual challenges preventing leadership from non-governmental actors in service delivery. • CSIP also weathered managerial, operational, and financial challenges that hindered its ability to focus specifically on its technical outcomes and chosen approach, particularly issues related to tax compliance and reporting. Nevertheless, CSIP is the only INCLUSION implementing partner to have successfully claimed a value-added tax refund for both prime and sub-awardees.

LESSONS LEARNED AND IMPLICATIONS ON LOCALIZATION FROM THIS CASE

Key lessons learned on localization in this case include:

- CSIP felt following the award that the Agency was encouraging CSIP to follow an approach that did not align with their strengths and their long-term interests. Despite an overall positive partnership, this difference in vision caused tension and ultimately led to CSIP halting its work on INCLUSION 3. Working with mission-driven organizations may produce strong results where visions align, as they may have relevant experience and innovative approaches to key development issues. In such arrangements, USAID would reinforce the partner's decisions and align capacity development support to strengthen its ability to carry out this mission. However, where values do not align, there may be greater risks of implementation breakdowns.
- At the same time, strengthening local leadership may require USAID—and indeed the GVN as a major stakeholder—to be more willing to emphasize local perspectives on the focus and approach of its programming. This may not always be possible, given contextual dynamics, budgetary restrictions, and agreements with local counterparts.
- Several respondents reflected on whether USAID could design programming structures that gradually give local partners the opportunity to take on greater responsibility in management, including financial management, rather than a quick transition. For example, a local partner could manage a small aspect of a wider project before being given greater responsibility or manage a smaller sub-grant matching their level of experience. This could be reinforced with specific support from an international implementing partner that USAID would have explicitly informed to transition away from program leadership over a set period of time to be replaced by the local organization. This may help local partners learn while not being overwhelmed by USAID requirements and other management burdens. USAID does not need to increase its own burdens to compensate.

CASE STUDY: IRD VN

INTRODUCTION

In 2019, USAID began to support Vietnam in reaching its goal of effective prevention and control of tuberculosis (TB) and eventually ending the TB epidemic. The USAID TB Project (the TBP) had two major objectives: assisting Vietnam in improving TB services and advancing local ownership for the prevention and control of TB.

To implement the TBP, USAID/Vietnam partnered with the Vietnam National Tuberculosis Control Program (the NTP), the nationwide TB control network under the National Lung Hospital of the Vietnam Ministry of Health. USAID TBP includes both country-level and global mechanisms. One of the global TB mechanisms is the Tuberculosis Local Organizations Network (TB LON). Through LON, USAID seeks to partner directly with local organizations in USAID TB–priority countries to implement locally generated solutions to improve TB diagnosis, treatment, and prevention services. IRD VN, partnering with the Friends of International Tuberculosis Relief (FIT), Clinton Health Access Initiative Vietnam, Center for Development of Community Health Initiatives, and the Vietnam Integrated Center for TB and Respiratory Research (under the National Lung Hospital), won the first contract of TB LON for Vietnam to implement the activity titled Erase TB.

IRD VN was founded in 2016 as a social enterprise focusing on health delivery and research, registered under the Department of Planning and Investment (DPI) of Ho Chi Minh City. Before Erase TB, IRD VN had experience working on a few other TB projects funded by other donors: Re-imagining TB Care, Eclipse, EPIC, endTB, SWEEP-TB, and SWEEP-TB expansion. These contracts built the capacity of IRD VN in TB research, community-based mobile chest X-ray screening, and private-sector engagement. These experiences helped IRD VN become the prime implementer of Erase TB, which focused on improving access to TB care and strengthening the capacity of local organizations to engage in the TB response.

USAID/Vietnam had not known or worked with IRD VN before Erase TB. TBP had been a new USAID commitment, and the portfolio of local organizations working on TB was limited. When USAID/Washington requested the Mission to have one activity under LON, there were only a few organizations in Vietnam that were able to apply. Originally, USAID planned for a longer project for the first LON activity in Vietnam, but after considering the applications and the capacity of IRD VN

Table 10: IRD VN overview

What they focus on:	Improving the lives of vulnerable communities; to end suffering due to tuberculosis (TB), HIV/AIDS and other public health burdens.
Organizational superpower:	Community-based intervention and private sector engagement
Area of difficulty:	To attract/retain high quality personnel
Where they focus:	Hanoi and HCMC, expanding to other provinces (Hue, Long An, Ba Ria – Vung Tau, and more)
Who they focus on:	Vulnerable communities with public health burdens
Funding levels/ Funders:	\$2million FAA from USAID as a prime for ERASE TB, \$8million CoAg from USAID as prime for C-GET, and another \$7.5million from CDC for an HIV project
4 Years working under USAID funding	
4 years working as a prime awardee	
2 USAID prime awards ERASE TB (FAA) and C-GET (CoAg)	
2 international and 2 local partners subbed to support with USAID funding	

at that time, the Mission decided to sign a three-year fixed amount award (FAA) with a \$2 million budget.

Through Erase TB, IRD VN built its technical and operational capacity. Six months after Erase TB ended, USAID signed an \$8 million, five-year CoAg with IRD VN to implement Closing Gaps to End TB (C-GET) (2023–2028). Similar to Erase TB, C-GET also focuses on community involvement and private sector engagement, but the target group and the areas of interventions are expanded further than Erase TB. IRD VN is also implementing another \$7.5 million project on TB, funded by the US Centers for Disease Control and Prevention.

However, learning to work with USAID took some time for IRD VN. The organization needed significant support from USAID/Vietnam and other partners at the beginning. USAID decided to involve BOOST to provide technical support for IRD VN on USAID processes and procedures and assist them with systems development, which gradually improved implementation. In addition, FIT, a German international nongovernmental organization and the sub-awardee of IRD VN for both Erase TB and C-GET, has also been critical in the foundation and development of IRD VN. FIT has international working experience and is known for its strength in private-sector engagement. FIT has an interest in building local capacity for NGOs in Vietnam to work on public health and anticipated donor demands for greater local leadership. FIT incubated IRD VN and supported them in organizational capacity building, governance, back office, and field implementation. FIT also shared office space and staffing with IRD VN for a certain time until IRD VN was ready to be a self-sufficient entity. Though the support of FIT for IRD VN is still ongoing, the two organizations are now fully separated in their management.

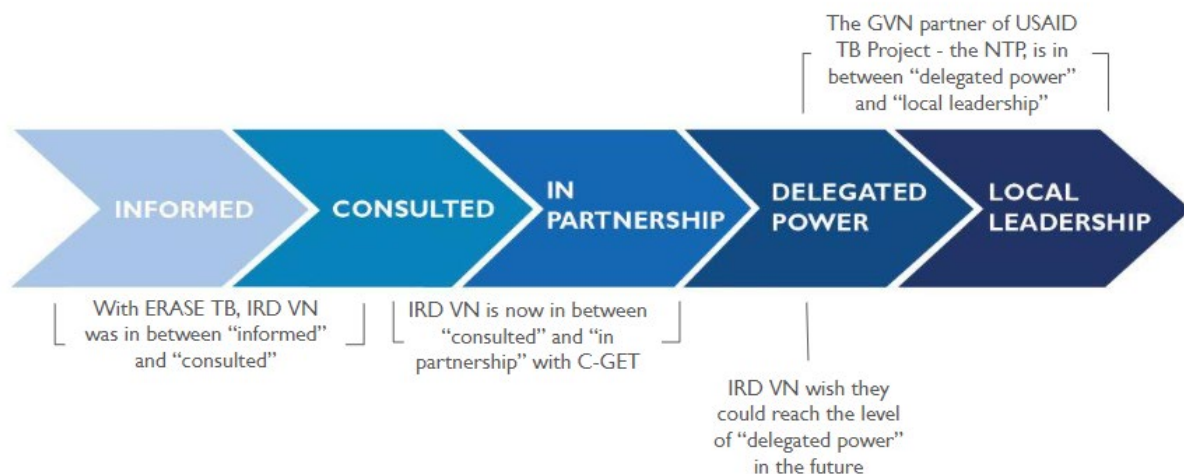
KEY FINDINGS

The Nature of Localization in the IRD VN Case

The design of the TBP was mostly to support the NTP to do their work better. They are the key counterparts of any USAID activity under the TB portfolio. On the localization spectrum, USAID believes the relationship with the NTP as a local partner is situated between “delegated power” and “local leadership,” but could lean more toward “local leadership.” According to USAID, the NTP is a good partner and has strong leadership over their work.

To establish a strong relationship with the NTP, USAID used a co-creation approach, as it is instrumental in re-evaluating the thinking of USAID, generating buy-in, encouraging collaboration, and building trust, which is crucial at the beginning of the relationship and later with the implementation of the Activity. IRD VN, however, is situated lower than the GVN counterpart on the localization spectrum.

Figure 14: IRD VN on the USAID locally led development spectrum



With Erase TB, IRD VN was only mostly “informed,” as FAAs typically have set targets and milestones to be achieved. There was a certain level of flexibility, however, in the “how” to reach these targets. For instance, when the COVID-19 pandemic paused all events and gatherings, IRD VN ran the risk of failing to meet the community screening target. In response, the team decided to combine TB screening with COVID-19 screening at the National Lung Hospital. IRD VN discussed this proposal with USAID and the NTP and received their approval to proceed. IRD VN also held pause-and-reflect meetings with USAID every three to six months to discuss any implementation issues.

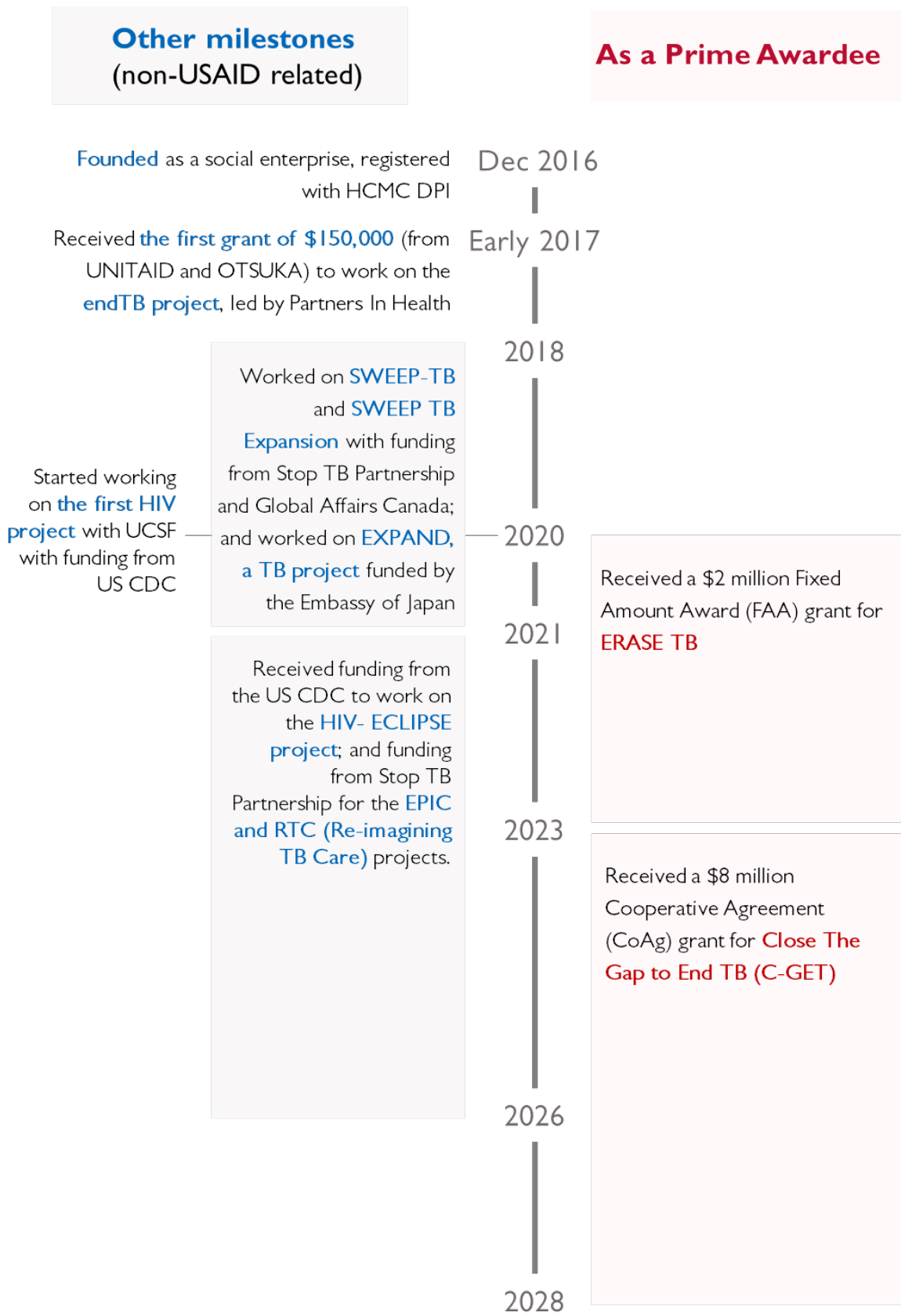
From Erase TB to C-GET, the level of localization moved to a higher level of the spectrum. With C-GET, IRD VN was now between “consulted” and “in partnership” with USAID. Following a review of IRD VN’s proposal for C-GET, USAID and IRD VN went through a co-creation process with the NTP to develop the design and work plan for C-GET. Through these engagements, IRD VN was able to negotiate the “what” to some extent; for instance, IRD VN identified the specific geographic areas of interventions of the activity. IRD VN and USAID extensively discussed various other issues in the course of planning for the activity.

In preparation for C-GET, IRD VN arranged meetings with influential stakeholders in the GVN (the Hanoi People’s Committee and Centers for Disease Control and Prevention, among others) to gain buy-in for the project. The Mission later sent official letters to request meetings with leaders of provinces covered by C-GET. In these meetings, IRD VN had the chance to officially introduce C-GET with the provincial people’s committees, the provincial departments of health, the Ministry of Foreign Affairs, and others. The USAID Front Office attended these meetings, demonstrating the commitment of the Mission to the project and the partner, IRD VN. The endorsement from USAID helped bolster the position of IRD VN with the provincial authorities and empowered them to work with GVN.

Talking about C-GET, IRD VN stated, “C-GET is like a dream come true. We [had] never felt so supported before.... Without USAID, we would never have [had] the chance to hold such meetings. Aler [the Mission Director] was also there. We felt very touched. In Vietnam, it’s all about relationships. Though we already had relationships with the provinces before, having those meetings really made a difference.”

Still, IRD VN wishes to be in the “delegated power” position in the localization spectrum, where they could propose their ideas to the donor and discuss the project design together.

Figure 15: IRD VN: timeline of USAID programming engagement



Interviewees highlighted the following enablers and inhibitors of localization, some within and some outside of USAID’s control:

Table 11: Enablers and inhibitors of localization for IRD VN

	Enablers	Inhibitors
<p>Within USAID/Vietnam or USAID Washington’s immediate control</p>	<ul style="list-style-type: none"> • The request from Washington to work with local organizations. IRD VN only had the chance to be the prime recipient of USAID thanks to a push from Washington for the Mission to have one TB LON activity. Otherwise, the Mission likely would not have contracted with IRD VN, as it was thought to take more effort and risk tolerance to partner with a local organization completely new to USAID. • The willingness of USAID to strengthen existing relationships between GVN and local organizations. For the case of IRD VN, USAID held meetings with provincial authorities to introduce C-GET activity and connected IRD VN with the main GVN counterpart of the USAID TBP: the NTP. The official meetings helped the GVN understand that local organizations are partners in helping USAID implement their project. • USAID’s available supporting mechanisms, like BOOST or USAID Learns, are very helpful in supporting new partners to understand USAID requirements. • The relationship and partnership of local organizations with more mature ones: for this case, the relationship with FIT, an international organization that helped incubate IRD VN and provide IRD VN technical, as well as organizational support. • Having a supportive A/COR, always willing to answer questions and provide necessary assistance. 	<ul style="list-style-type: none"> • Management issues at USAID: there is often a staff shortage at the Mission, coupled with increasing reporting requirements. This requires more time to manage bureaucratic work and leaves less space for supporting localization, which itself requires careful management and engagement. • The risk in contracting with local organizations: to start funding local organizations, the Mission can begin with procurement options that have a lower financial risk. However, there is a perception of performance risks not reaching the projects’ goals and objectives when working with local organizations.

	Enablers	Inhibitors
<p>Outside of USAID's immediate control</p>	<ul style="list-style-type: none"> Local organizations are more cost-effective: Overall, the cost for local organizations' services is more modest, and they have lower overheads vs. international organizations. Local expertise: IRD VN, partnering with FIT, is strong at private sector engagement. International contractors do not know the local context as well as local organizations do, particularly for this kind of engagement. IRD VN's motivation to deliver: Though IRD VN is a young organization, there are many challenges with their work, and they offer a lower salary range, there are still strong, competent young people who want to be part of the organization, as their work helps improve the lives of a key vulnerable population. 	<ul style="list-style-type: none"> Limited local capacity: TB is a new program for USAID Vietnam, only started in 2019/2020, and it takes time to support and build up local capacity in this area. There are less than ten organizations working on TB at the moment, and while USAID provides technical assistance to them, capacity is still low. The capacity of IRD VN has improved greatly after three years of Erase TB. However, they are still not seen as true technical partners of the NTP as other international contractors typically are. The context has become more challenging for local organizations, which impacts their ability to implement activities, including getting project approval. Local organizations typically offer lower salaries for staff, making it more difficult to attract good-quality personnel, putting them at a disadvantage to international organizations.

LESSONS LEARNED AND IMPLICATIONS ON LOCALIZATION FROM THIS CASE

IRD VN successfully implemented Erase TB in spite of several challenges, particularly the COVID-19 pandemic. Their efforts contributed in part to the USAID TBP's overall objectives of assisting Vietnam in improving TB services and advancing local ownership for the prevention and control of TB. The organization went on to win another project, C-GET, and grew from a three-year FAA to a five-year CoAg. IRD VN has also become mature enough to be fully independent from its sister organization, FIT. USAID, therefore, considers IRD VN to be a successful case of localization. A representative of IRD VN noted, *"USAID is demanding, and it is not easy to please them. But once you are able to meet their expectations, you become very professional. You grow as an organization."*

Key lessons learned on localization from this case include:

- Without the request of Washington to have one LON activity in Vietnam, the Mission likely would not have contracted with any local partner to avoid any additional burden to their already substantial workload. LON helped identify IRD VN and grew them as a partner of USAID.
- Building local capacity requires concerted investment. Setting clear targets is sometimes helpful if the Agency and the Mission commit to localization. With the many challenges of directly funding a local organization, a specific request to directly partner with a local organization similar to TB LON could help kickstart and eventually build the capacity of local partners to work with USAID later on through a larger assignment.
- USAID's systems and requirements may be complex for local partners unexposed to United States Government regulations. With any implementing partner new to USAID, particularly local organizations, USAID should provide tailored capacity building soon after the contract is signed, either by the A/CORs or via an intermediary mechanism or consulting service. The sooner the support is provided, the better, as it boosts performance and saves effort for corrective actions. *"If training for the IPs [implementing partners] on compliance requirements were conducted before implementing the project, it would help quite a lot in starting up activities."*
- On-the-job training builds capacity and helps local organizations become familiar with the complexities of working with USAID. FIT's incubation approach helped IRD VN grow as an independent local organization. Though the relationship was organic for the case of IRD VN and FIT, USAID can encourage this kind of partnership in their contracts to foster on-the-job training for local organizations.
- USAID can help local organizations build their reputation by endorsing them with the GVN. The series of introductory meetings that the Mission organized for C-GET was helpful and could be standard practice for future new activities.
- It is clear that USAID's partnership with the GVN counterpart of the TBP, the NTP, is more advanced in the localization spectrum, trending toward "local leadership." USAID is only one of many donors working with the NTP, and USAID provides technical and financial support for the NTP to do its work better, not to replace or duplicate their efforts. Therefore, in the context of Vietnam, the Agency and the Mission can view localization in a broader sense, considering both Government agencies and local organizations as local partners.

CASE STUDY: CENTRE FOR THE PROMOTION OF QUALITY OF LIFE

INTRODUCTION

The Centre for the Promotion of the Quality of Life, commonly referred to as LIFE Centre, has been a long-time implementer of USAID/Vietnam’s US President’s Emergency Plan for AIDS Relief (PEPFAR) programming, currently the only local prime awardee in USAID’s HIV portfolio, and the largest local award in the Office of Health.

LIFE Centre received USAID funds as a sub-awardee of Pact under the USAID REACH activity 14 years ago. Five years later, in 2014, it received its first direct award from USAID/Vietnam and has maintained direct funding for the last 11 years. From 2011 to 2016, under the USAID Pathways for Participation activity and then later under the USAID Partner Capacity Development activity, LIFE Centre received targeted technical assistance, preparing it to receive direct USAID funding. By the end of the Pathways activity in 2014, RTI International, the prime, recommended LIFE Centre, along with two other local organizations, to receive direct USAID funding. In parallel, LIFE Centre became a sub-awardee to PATH and also received capacity-strengthening support.¹⁰

Throughout this period, LIFE Centre has specialized in finding key populations affected by HIV/AIDS and supporting, linking, and strengthening other local organizations and social enterprises to provide HIV prevention and treatment services in southern districts in and around Ho Chi Minh City and in Hanoi. In part because of their and others’ high performance in case finding, community outreach, drug distribution, and service referrals for hard-to-reach key populations, the GVN has grown to recognize the value of nongovernmental involvement in the HIV response and officially changed policy in 2020 to enable it.¹¹ In the Vietnam context, this represents a significant political shift that should not be understated.

Importantly, in 2021, USAID awarded the Local Assistance to Develop and Deliver Excellence, Resilience, and Sustainability (LADDERS) activity to LIFE Centre, but LIFE Centre was unable to obtain project approval through VUSTA. As a result, USAID ended LADDERS early in 2023 and, through a co-creation process with LIFE Centre, handed over LIFE Centre’s responsibilities for case findings and community

Table 12: LIFE Centre Overview

What they focus on:	Achieving 90/90/90 ⁺ HIV targets in Vietnam by 2030
Organizational superpower:	Understanding and having connections to key populations affected by and living with HIV
Area of difficulty:	Connecting to and influencing policy change at the Ministry level in Hanoi
Where they focus:	Ho Chi Minh City and other southern provinces; Hanoi
Who they focus on:	Hard to reach key populations affected by or living with HIV/AIDS, particularly sex workers, men who have sex with men, and transgender
Funding levels/ Funders:	2 million USD / year; 60% of annual funding from USAID; other funding from The Global Fund and international brands
14 Years working under USAID funding	
9 years working as a prime awardee	
4 USAID prime awards	
4 international organizations subbed to or supported Life Centre with USAID funding	

¹⁰ See Annex I, Figure 10, for a visual timeline of USAID’s relationship with the LIFE Centre.

¹¹ Ha (2021).

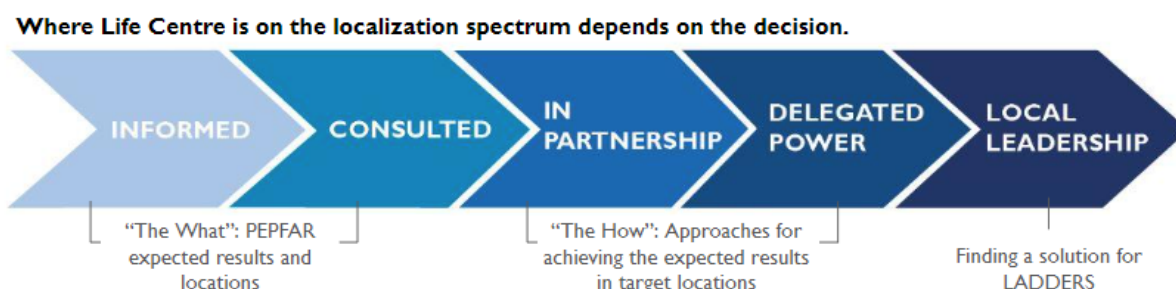
outreach to FHI 360, which competitively selected LIFE Centre staff to temporarily work for FHI 360 during this period. LIFE Centre, in turn, registered as a social enterprise to receive a new award—SCALE. The social enterprise has submitted its project approval dossier to the Ho Chi Minh City DPI and is currently hoping to receive GVN approval for SCALE. Once approved, FHI 360 will transfer the work back to the LIFE Centre. During this interim period when LIFE Centre is unable to do the work, interviewees noted that case findings have gone down, resulting in reduced services for at-risk populations and people living with HIV.

KEY FINDINGS

The Nature of Localization in the LIFE Centre Case

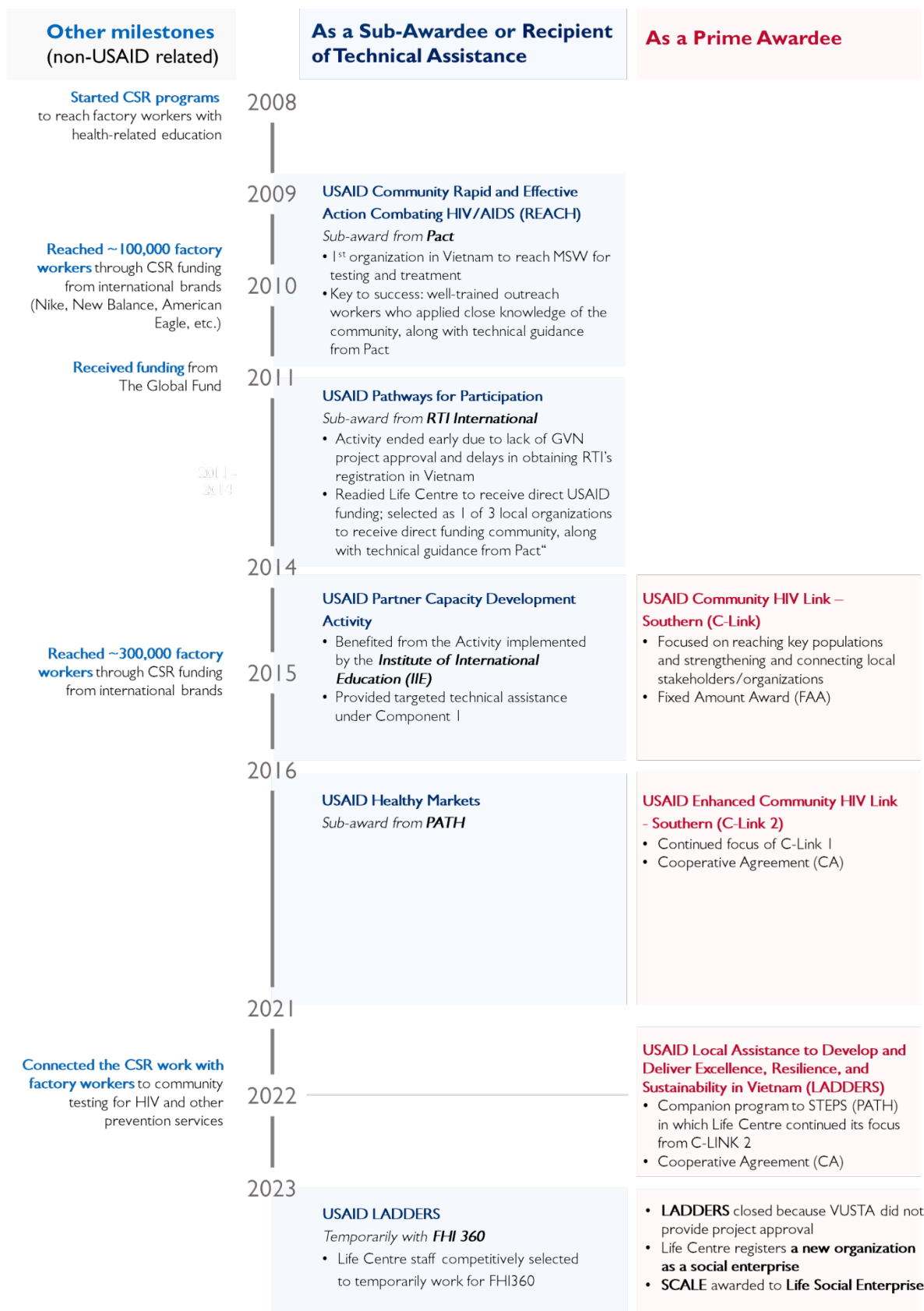
Interviewees for the LIFE Centre case mostly agreed with how they described the nature of localization in the case. In summary:

Figure 16: LIFE Centre on the USAID locally led development spectrum



- The “what”—meaning the expected results and intervention locations—are dictated by PEPFAR, often from outside Vietnam. This is the case for both local and international organizations. Therefore, while LIFE Centre received direct funding from USAID, the level of localization on the “what” is limited to “informed” in the early years and “consulted” since the previous Health Office Director started in 2018 until today.
- The “how”—meaning how LIFE Centre should achieve the expected results in target locations and who they work with to achieve results—is more flexible. Interviews indicated that the level of localization on the “how” reaches “in partnership” or even “delegated power.” For LADDERS, USAID released a notice of funding opportunity with clear parameters, and LIFE Centre created its own approach within those parameters. This level of localization parallels how international organizations function with USAID funding for the “how,” indicating no distinction between the level of autonomy given to international partners vs. LIFE Centre as a local partner.
- When LIFE Centre found itself unable to obtain project approval from VUSTA after three failed attempts, it approached USAID with a possible solution. Their idea was to register as a social enterprise and obtain project approval from the DPI in Ho Chi Minh City, which was deemed more likely to succeed than additional attempts with VUSTA. LIFE Centre perceived this situation as “local leadership” because they were enabled by USAID to set the agenda more than in previous experiences, and USAID approved their solution as the way to move forward.

Figure 17: LIFE Centre: timeline of USAID programming engagement



Interviewees highlighted the following enablers and inhibitors of higher levels of localization, some within and some outside of USAID’s control:

Table 13: Enablers and inhibitors of localization for LIFE Centre

	Enablers	Inhibitors
Within USAID/Vietnam or USAID Washington’s immediate control	<ul style="list-style-type: none"> USAID’s willingness to engage and listen made the LIFE Centre feel respected and empowered, particularly with the recent project approval challenges. Over time, there’s been increased USAID presence in the south that strengthens the relationship, openness, and collaboration with the LIFE Centre. Long-term investment in building the LIFE Centre’s capacity in both technical and administrative areas. Provided the GVN with an evidence base that local organizations can contribute to better outcomes. Front Office and Health Office leadership encouraging investment in local partners. 	<ul style="list-style-type: none"> Depending on leadership or A/COR, it can be less enabling of localization (willingness to listen, collaborate, and cocreate depends on the individuals involved). Can be difficult for the local partner to know who to turn to because there are many USAID staff in charge of various technical areas. Places a higher burden on USAID staff to manage the awards. Perception that Automated Directives System (ADS) requirements make it difficult for local organizations to receive direct funding. History and current experience of unclear mandates/responsibilities between local and international organizations on support to community-based organizations/social enterprises, reporting, and targeting key populations.
Outside of USAID’s immediate control	<ul style="list-style-type: none"> PEPFAR’s mandate required an earmark for funding local organizations. PEPFAR’s focus on reducing funding by 2030 necessitates local-capacity strengthening. 	<ul style="list-style-type: none"> PEPFAR operates in a top-down, directive manner. PEPFAR funding makes it hard for local organizations like LIFE Centre to think long term or sustain their operations after PEPFAR because PEPFAR operates on very short cycles (historically, one year and now, two years).
	<ul style="list-style-type: none"> GVN’s rules on project approval differ for social enterprises, which can seek project approval through the appropriate provincial authority rather than through VUSTA.¹² GVN’s increased trust in the technical capacity of local NGOs. Dynamism and high capacity of LIFE Centre’s leadership. Specific expertise and relationships of local, community-based organizations in working at the grassroots level. 	<ul style="list-style-type: none"> Limited space for local, informal organizations and increased pressure on VUSTA led to a low-risk appetite for VUSTA and their diminished willingness to provide project approval. Local NGOs may not be seen as having the same technical capacity to advise other stakeholders as international organizations.

¹² This enables SCALE to move forward, but it is the same reason LADDERS could not move forward.

LESSONS LEARNED AND IMPLICATIONS ON LOCALIZATION FROM THIS CASE

Key lessons learned on localization in this case include:

- **USAID can determine which decisions can be left to local leaders.** The distinction between decisions about the “what” (results, locations determined by PEPFAR and USAID) and the “how” (approaches, partners, etc., determined by USAID and LIFE Centre) were not explicitly acknowledged and documented until this interview process. With greater intention, the Mission can identify which decisions need to be predetermined (based on external factors) and which could be taken by local leaders. This intentionality could enable greater localization and provide clarity to local partners on their autonomy. Within these parameters, USAID can engage local partners in co-creation early in the design process.
- **When LIFE Centre registered itself as a social enterprise, that enabled USAID to again directly fund LIFE Centre.** Local partners should consider whether they need to adapt in response to regulatory constraints, including organizational or registration changes that could ease project approval.
- **The PEPFAR mandate requiring direct funding to local organizations contributed to the Health Office’s first HIV local award to the LIFE Centre.** USAID/Vietnam could consider feasible office- and Mission-wide targets over several years for direct funding to local partners, incentivizing Technical Offices to increase direct funding to local organizations. Such a target would need to be considered carefully to align with local realities.
- **USAID was able to identify a niche area for nongovernmental partners that aligned with existing GVN priorities.** LIFE Centre has a specific niche—reaching key populations, such as men who have sex with men, transgendered people, and sex workers—that the Government finds difficult to serve. At the same time, this is a Government priority in order to contain the HIV epidemic. Over time, USAID and partners provided evidence of improved outcomes as a result of local, nongovernmental partner engagement, leading the Ministry of Health and provincial authorities to increase their trust in and willingness to work with nongovernmental entities. This case suggests it may be strategic for USAID/Vietnam to identify where local NGOs can add value to each part of its portfolio in ways that align with existing GVN priorities. Preferably, these areas would be those the GVN struggles with. Over time, by providing evidence of efficacy and facilitating relationship building between governmental and nongovernmental entities, USAID may be able to create more space for organizations to work in collaboration with the GVN.
- **Initially working with local partners through international primes and then providing smaller FAAs when first funding the LIFE Centre directly worked in this case.** This was an effective model that enabled LIFE Centre to gradually increase its USAID funding and move from sub-awards to direct funding. However, it took seven years, support from four international organizations, and strong leadership from within the LIFE Centre to get there. Using this model to increase direct funding to local organizations requires long-term thinking past the period of a country’s development cooperation strategy.
- **The prioritization, values, and skill set of USAID staff at an individual level, particularly A/CORs and office and Mission leadership, enabled local leadership in this case.** The values and skills needed to increase localization include active listening, a collaborative and open mindset, and deep engagement with local partners. USAID also has a

significant role to play in enabling international and local partners to work together. Interviewees for this case study suggest that USAID needs to engage in “meaningful consultation,” which means not coming up with fully formed or preconceived ideas and being truly willing to listen and learn from local partners. In addition, USAID’s internal coordination is essential to enable effective collaboration between international and local partners.

CASE STUDY: VIETNAM CHAMBER OF COMMERCE AND INDUSTRY AND THE PROVINCIAL COMPETITIVENESS INDEX

INTRODUCTION

Since 2005, USAID has supported the Vietnam Chamber of Commerce and Industry (VCCI) to promote economic and governance reforms in Vietnam through the Provincial Competitiveness Index (PCI). PCI assesses the ease of doing business, economic governance, and the efficacy of administrative reform efforts by local governments in Vietnam’s 63 provinces and municipalities. PCI aims to promote private sector growth in Vietnam by supporting Provincial governments to improve their business-enabling environment. To realize this goal, PCI focuses on three main objectives: 1) promoting public-private policy dialogue on economic governance through the PCI survey; (2) increasing the understanding of economic governance based on the results of the PCI survey; and (3) improving economic governance capacity in targeted provinces. PCI also provides an evidence-based analysis of the provinces’ business environment to not only potential investors but also policymakers. VCCI was well placed to partner with USAID on developing and implementing the PCI as the main organization tasked with representing the interests of private firms in Vietnam.

PCI has now developed into one of Vietnam’s leading public indices. Its indicators have been adopted as the performance metrics of choice by all levels of the GVN, serving as a transparent database that has spurred dialogue, accountability, debate, and, ultimately, reforms as provinces seek to improve their economic governance performance and national standing. Public officials, leaders of ministries and departments, and provincial leaders all highly appreciate PCI insights. PCI has also enhanced USAID’s image and branding at the local level.

PCI has since become a compulsory requirement set forth in GVN resolutions on national competitiveness (Resolutions 19 and 02). All 63 provinces must use PCI findings and recommendations to develop the action plans of their localities to improve their standing on the competitiveness index, thus improving Vietnam's overall competitiveness. Over the past two decades, national ministries and Provincial governments have used PCI-generated data and evidence to push for actions to improve economic governance at the provincial level, thereby creating a more favorable investment climate for the benefit of businesses and investors. PCI also inspired the development of the District and Department Competitiveness Index in 2013, monitoring economic

Table 14: VCCI Overview

What they focus on:	Promoting private sector growth and improving the business enabling environment in Vietnam
Organizational superpower:	Engagement with provincial governments to improve their economic governance capabilities
Area of difficulty:	The sensitivities of ranking government bodies
Where they focus:	Across Vietnam
Who they focus on:	Provincial governments and local private firms
Funding levels/ Funders:	July 2023 – January 2026 (Initial period): \$2 million February 2026 – July 2028 (Renewal period): 1.8 million
19 years working under USAID funding	
11 years working as a prime awardee	
2 USAID prime awards	
0 international organizations subbed to or supported with USAID funding	

governance performance within district and provincial offices. The District and Department Competitiveness Index was launched in Lao Cai province and has since been taken up in more than 50 provinces across Vietnam.

KEY FINDINGS

The Nature of Localization in VCCI with the PCI

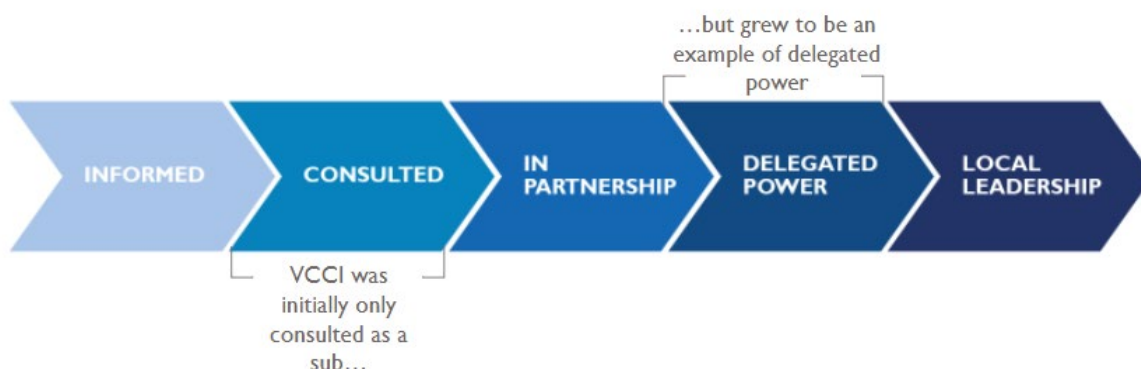
In 2003, USAID funded a study on cluster development and local competitiveness.¹³ The MBA Program, jointly launched by the University of Hawaii and the Hanoi School of Business at Vietnam National University, implemented the study. USAID further developed this study into a concept for the Vietnam Competitiveness Index (VNCI), which included activities to promote cluster development in Vietnam and an initiative ranking provinces by the quality of their economic governance to promote provincial competitiveness. From 2005 to 2013, PCI was a part of the VNCI, with Development Alternatives, Inc. (DAI) as the prime and the Asia Foundation as the principal subcontractor. DAI and the Asia Foundation engaged VCCI following the award, as they both had existing relationships with the Chamber.

At around the time of VNCI's inception, Vietnam was in the midst of rapid decentralization, especially with the introduction of the investment law and the enterprise law. The GVN recognized the importance of improving the economic governance capacity of Provincial governments in order for them to take on the greater responsibilities required by the decentralization agenda. PCI came to be seen as a strong instrument to advance the goals set under this agenda, and VCCI and other Government agencies began contributing to the development of the index as international consultants were developing the methodology.

At the outset, VCCI focused solely on delivering the quantitative fieldwork, following the methodology set out by these consultants, with support from DAI and the Asia Foundation. As it became proficient in managing surveys and implementing diagnostic reports for provinces, VCCI became increasingly capable of implementing larger and larger parts of the PCI work, including reporting, and gradually took greater responsibility over the PCI implementation, becoming the primary implementing partner for the index under a USAID FAA in 2013. The Chamber now entirely manages data collection, analysis, reporting, and communication of the index. VCCI directly manages USAID funding and mobilizes additional funding from the private sector and other clients.

¹³ Cluster development (or cluster initiative or economic clustering) is the economic development of business clusters. The cluster concept has rapidly attracted attention since it was first proposed in 1990 by Michael Porter. Under the Vietnam Competitiveness Initiative (VNCI) funded by USAID, the project aimed at removing key constraints to international competitiveness of small- and medium-sized enterprises in Vietnam in some selected clusters and industries, including information and communications technology, dragon fruit, home furnishings, and banking.

Figure 18: VCCI on the USAID locally led development spectrum

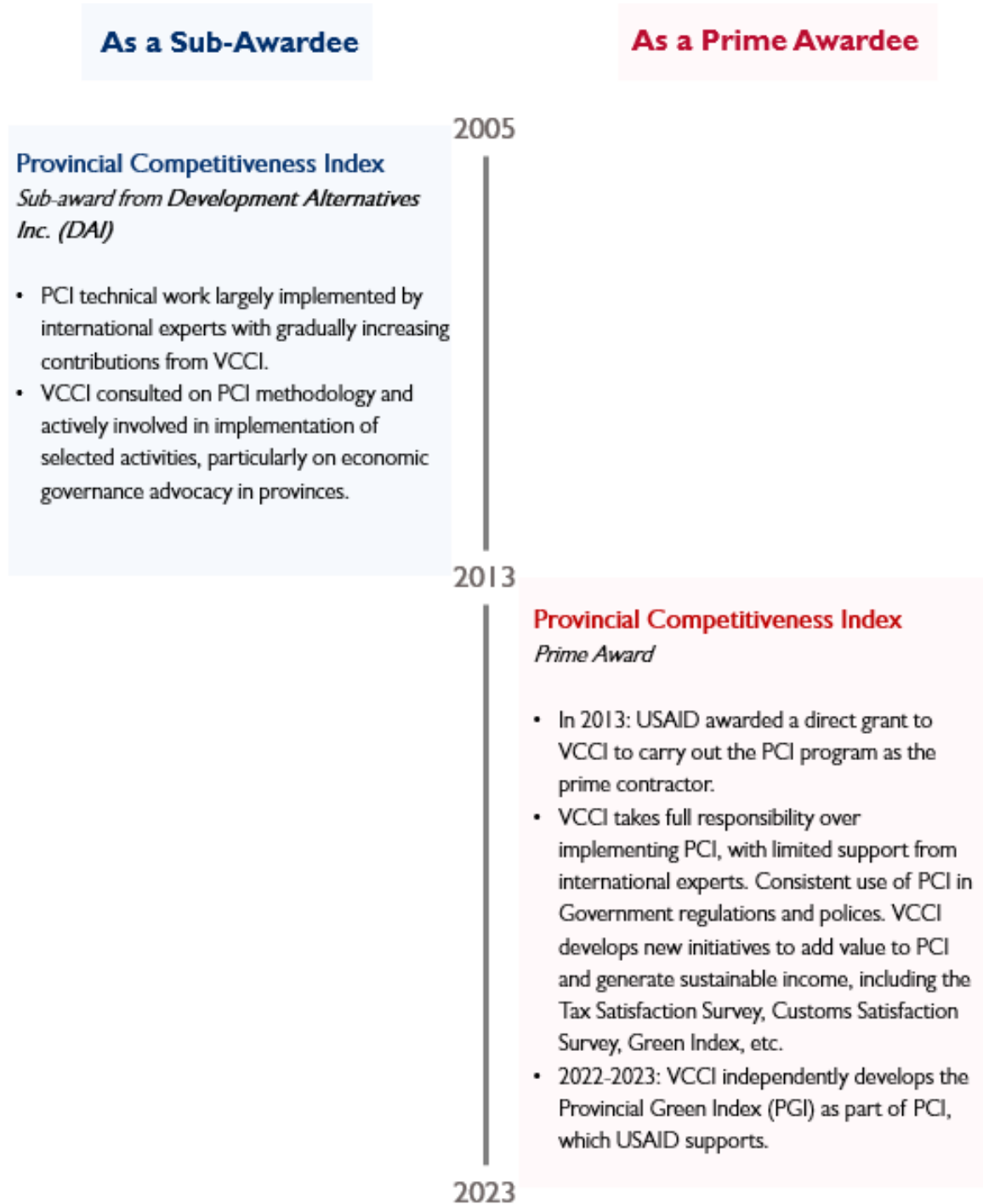


VCCI feels it is now in a position of “delegated power” following many years of engagement with USAID. The Chamber can take the lead on decision-making and take action as necessary to support the index within the parameters jointly set with USAID. According to VCCI, 95 percent of the project funds are spent in Vietnam and for Vietnamese consultants, service providers, project staff, and management, with the remaining 5 percent or so being spent on international consultants. VCCI takes full responsibility for designing, implementing, and monitoring the outputs, deliverables, and outcomes according to the milestones agreed with USAID. USAID supported this shift in power by strengthening the capacity of VCCI to manage and implement a USAID-funded project, both through formal capacity building and a learning-by-doing approach to implementing the index.

In recent years, VCCI has continued to make efforts toward greater local leadership:

- VCCI proposed and later rolled out the Provincial Green Index as a focused set of indicators tracking sustainable growth in Vietnam as part of the wider PCI. Seeing the value in this concept, USAID supported this new effort through a CoAg in 2023, letting VCCI manage the effort as it felt appropriate.
- USAID is gradually reducing funding to PCI as VCCI has more proactively sought additional funding from the private sector. VCCI has introduced related products to attract clients to PCI, including a tax procedure satisfaction survey and a customer service satisfaction survey for Government agencies. Efforts to make PCI more self-sustaining both financially, through income-generating services, and institutionally, through VCCI Business Environment and Sustainability Transformation, a self-sustained excellence center with a focus on economic governance, investment climate, and green growth, will reinforce VCCI’s ownership over the success of PCI and create a foundation for long-term sustainability.
- VCCI is building the capacity of local VCCI branches to provide consultancy and analysis services to local stakeholders

Figure 19: VCCI: timeline of USAID programming engagement



Interviewees highlighted the following enablers and inhibitors of higher levels of localization, some within and some outside of USAID’s control:

Table 15: Enablers and inhibitors of localization for VCCI

	Enablers	Inhibitors
Within USAID/Vietnam or USAID Washington’s immediate control	<ul style="list-style-type: none"> USAID and VCCI’s shared objectives on improving the business-enabling environment, creating an opportunity for a strong partnership. USAID showcased VCCI’s leadership on the PCI, allowing VCCI to leverage the success of the Index to raise its profile and attract new organizational opportunities. USAID has provided meaningful capacity development to VCCI, aligned closely with the success of PCI. 	<ul style="list-style-type: none"> PCI was not initially designed to be spun off from the VNCI activity, and thus there was no plan in place from the outset to support VCCI to take the lead on the PCI. VCCI was often competing for resources with other stakeholders in the project. Over time, USAID began to see the value of PCI, and worked more directly with VCCI to support its ownership.
Outside of USAID’s immediate control	<ul style="list-style-type: none"> Local partners have a clear vision and are committed to its objectives. VCCI not only sees PCI as a project but also as an important product and platform that serves their long-term strategic goals. VCCI does not see USAID as a donor but as a source of technical assistance from a country with effective economic governance. VCCI’s willingness to take risks to work on sensitive subjects, such as provincial ranking and performance monitoring. Its leaders were under strong pressure from provincial authorities, especially in provinces where VCCI operates. VCCI leadership consistently defended the Index and built a wider consensus supporting it. VCCI worked as a model for the provinces it monitors by prioritizing transparency (operational and financial), organizational change, and institutional improvement. VCCI is also committed to improving its technical capacity in order to be a more effective advocate for Vietnamese businesses. VCCI has established networks with local stakeholders that it leveraged to generate greater interest in using the findings to improve economic governance. 	<ul style="list-style-type: none"> The VCCI team responsible for overseeing PCI, based in the legal department, is understaffed. All PCI team members work on a part-time basis, among other tasks. As VCCI is a quasi-public agency, the GVN expects its services to be delivered free of charge, rendering it difficult to offer services that can create revenue for the Chamber. This, in turn, constrains its ability to recruit capable staff or finance projects. VCCI is in a weaker position when competing for skilled staff relative to other private sector entities. This also hinders VCCI’s ability to independently lead PCI and advance its other objectives effectively.

LESSONS LEARNED AND IMPLICATIONS ON LOCALIZATION FROM THIS CASE

Key lessons learned on localization in this case include:

- Aligning the concepts of the given project with the priorities of Vietnamese partners and codeveloping the methodology and concepts with them is more likely to create ownership and, thus, localization of the activity.
- It is important to have a local partner with a clear vision, strategy, and shared development goal for the activity. VCCI had a very clear vision and objective about what they wanted to achieve with PCI, and USAID reinforced these goals.
- Show tangible and measurable wins through local networks. PCI has led to tangible benefits and impacts, including regulatory reforms in tax, customs, and initiatives by central Provincial governments to improve the business environment. VCCI used its existing networks to create this interest. As this aligns with other local interests, this creates greater demand for insight from PCI, thereby sustaining the effort.
- Leverage successes to build the local partner's reputation where possible. VCCI leveraged its work with the PCI to build its standing as an important advocate for business-enabling environment and economic governance reforms. This has also led to additional offers of partnership from other donors and Government agencies.
- Local partners need to have basic conditions in place for financial management. This includes separate management accounting, financial transparency, tax compliance, and a well-resourced financial unit. VCCI had these arrangements in place at the outset and has continually improved over the course of its partnership with USAID.

CASE STUDY: VINA E&C INVESTMENT AND CONSTRUCTION JSC

INTRODUCTION

USAID’s Dioxin Remediation at Bien Hoa Air Base Area Project

In 2016, USAID conducted an assessment at Bien Hoa and identified nearly 500,000 cubic meters of dioxin-contaminated soil in need of cleanup near the Bien Hoa Air Base. The air base was the primary Agent Orange storage and handling site during the Vietnam war and is the largest remaining dioxin hotspot in Vietnam. Launched in 2019, USAID’s Dioxin Remediation at Bien Hoa Air Base Area Project is remediating dioxin-contaminated soil to reduce the risk of exposure to people on the air base, as well as in the communities that border it, and to restore the land for full use. This project is a critical effort for the US and Vietnam’s shared priority of overcoming the legacies of war and expanding and deepening the partnership between the two countries for the future. The work at Bien Hoa Air Base follows USAID’s successful collaborative effort to remediate contaminated soil at Danang Airport under the Environmental Remediation of Dioxin Contamination at Danang Airport Project (2012–2018). The Bien Hoa cleanup is nearly four times the volume of the Danang Airport cleanup and represents the largest dioxin remediation project of its kind ever conducted.

Throughout 2020, USAID and Vietnam’s Ministry of National Defense collaborated on collecting and analyzing data on topography, baseline environmental conditions, and soil contamination to direct excavation and treatment design work. Guided by these analyses, USAID began excavation work in December 2020 in areas where contamination posed heightened health and environmental risks because of its proximity to the surrounding community. USAID is safely containing excavated soil with low levels of contamination in a long-term storage facility and securing highly contaminated soil in short-term storage until it is treated. In December 2022, USAID awarded a five-year contract for the design, construction, and operation of a facility to treat an initial 111,170 cubic meters of highly contaminated soil.

The Bien Hoa cleanup project is expected to take ten years to complete and cost up to \$450 million. The US Government’s contribution to date is \$218.25 million, including \$90 million from the US Department of Defense, in addition to contributions from the GVN. The contract issued to VINA E&C Investment and Construction JSC (VINA E&C) is valued at \$24.9 million.

VINA E&C Investment and Construction JSC

VINA E&C was established in May 2011. In its initial years, the company worked as a subcontractor

Table 16: VINA E&C overview

What they focus on:	Civil construction projects for public and private sector clients
Organizational superpower :	Implementing civil works projects using local expertise
Area of difficulty :	Extreme complexity of dioxin remediation efforts
Where they focus:	Bien Hoa Air Base
Who they focus on:	Local communities surrounding the Air Base
Funding levels/ Funders :	\$24.9 million (\$28.9 including option period) 
3 Years working under USAID funding	
3 years working as a prime awardee	
2 USAID prime awards (IM2 and CWI Contracts)	
0 international organizations subbed to or supported with USAID funding	

under official development assistance (ODA)-funded projects to develop the Cai Mep International Terminal and Thi Vai International Terminal. The company then received contracts for construction works, including industrial parks, seaports, warehouses, and factories for foreign-invested companies, like Paramount and Panasonic. In 2016, VINA E&C was a contractor for the construction of the Lach Huyen International Terminal and a contractor for the defense belt for the Factory X28/Vietnam People's Navy (under the Ministry of Defense). VINA E&C had not worked for USAID either as sub or prime until it was awarded the first contract in 2021 as prime for implementation of the second interim measure (IM2) in the Bien Hoa Air Base area.

KEY FINDINGS

The Nature of Localization in the Case

USAID opened the contracting process for construction work under the Dioxin Remediation at Bien Hoa Air Base Area Project after implementing the cleanup work in Danang and the interim measures to remediate dioxin-contaminated soil in the Bien Hoa Air Base area (IMI). In both of these activities, USAID selected American firms as prime implementers, with local companies acting as subcontractors. In designing for the second interim measure in the Bien Hoa Air Base area, USAID continued to contract American firms for architecture and engineering work due to the higher technical capacity and experience requirements but decided to open the tender of the civil construction work to local companies as a prime contractor. USAID felt that there was sufficient local expertise to lead on these tasks as work implemented by local subcontractors in civil construction work in Danang had been satisfactory. This shift had other benefits for USAID: working with local firms would reduce costs and would likely build the capacity of local firms to work as a prime contractor in the future.

Following this shift in approach, VINA E&C was contracted to excavate and remediate dioxin-contaminated soil. Its experience working on a variety of complex ODA-funded projects made VINA E&C an attractive local contractor to USAID. USAID awarded the company a contract in 2021 for the implementation of IM2; the selection of VINA E&C was notable as it was the first time that USAID awarded a large contract to a local contractor for civil construction, especially given the fact that dioxin remediation is highly complex, requiring high technical, work safety, and environmental standards.

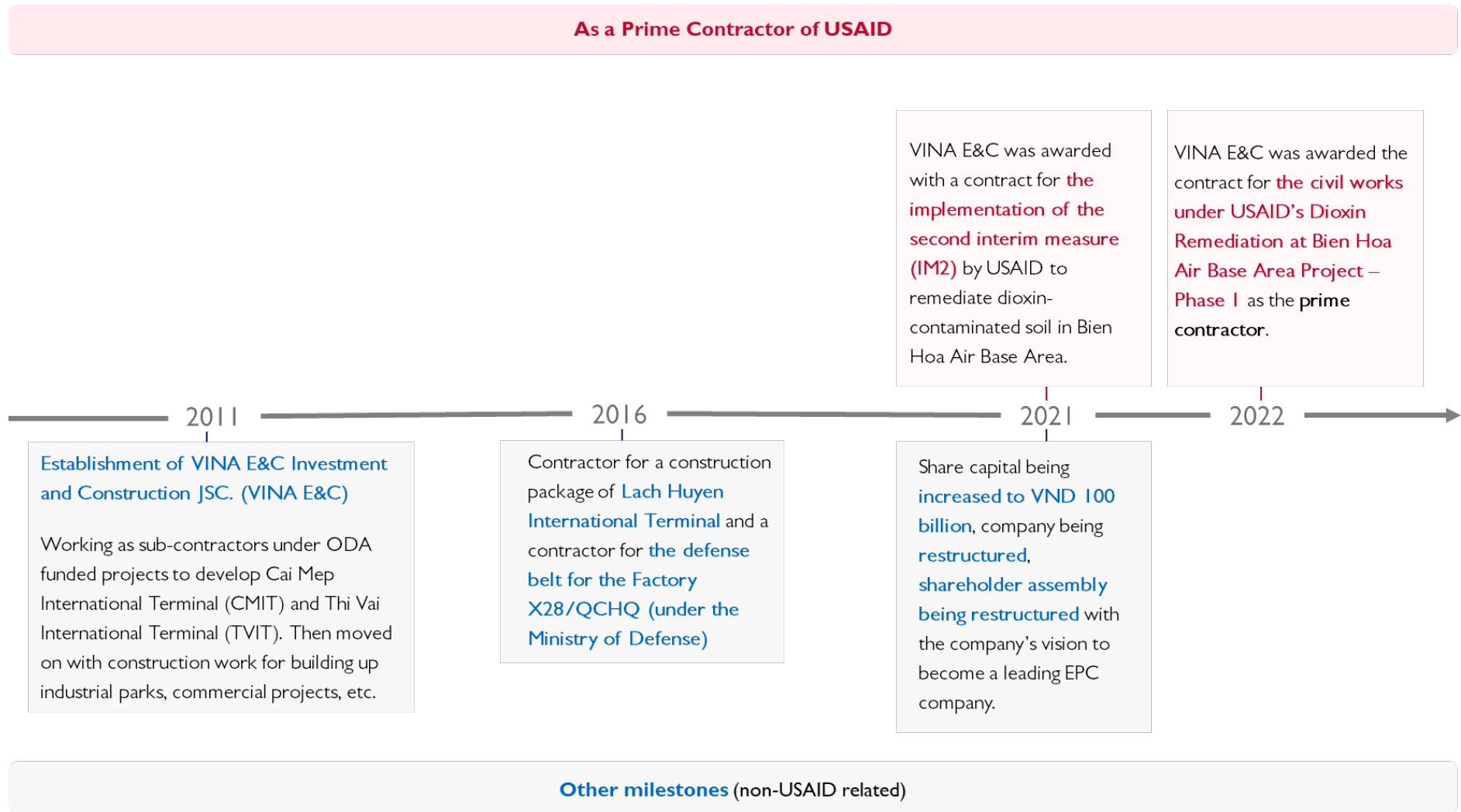
In 2022, with the construction works performed by VINA E&C, USAID completed remediation of the first on-base area in the southwest, commemorating this milestone with a US Government-funded park on the site, and completed the construction of the long-term storage facility. After completion of the initial deliverables as milestones under IM2, VINA E&C was awarded the second contract in 2022 for the civil works under USAID's Dioxin Remediation at Bien Hoa Air Base Area Project—Phase I.

Figure 20: VINA E&C on the USAID locally led development spectrum



While VINA E&C worked as the prime contractor for civil construction under the project, VINA E&C still felt its work was situated between “informed” and “consulted” in the localization spectrum. This is because the relationships it has with USAID and the Ministry of Defense are based on a commercial contract with clear terms and conditions, which is quite dissimilar to arrangements for grants awarded to local organizations. Therefore, VINA E&C representatives felt it would not be relevant for them to try to move to higher levels of localization as USAID and the Ministry of Defense, as VINA E&C’s clients, must set the agenda and specifications to which the firm must respond. Nevertheless, during the contract execution, USAID provided a lot of support and guidance to VINA E&C in the completion of paperwork. VINA E&C appreciated this support, given it was the first time the firm had worked with USAID as a prime contractor.

Figure 21: VINA E&C: timeline of USAID programming engagement



Interviewees highlighted the following enablers and inhibitors of higher levels of localization, some within and some outside of USAID’s control:

Table 17: Enablers and inhibitors of localization for VINA E&C

	Enablers	Inhibitors
<p>Within USAID/Vietnam or USAID Washington’s immediate control</p>	<ul style="list-style-type: none"> • USAID’s willingness to take a risk by employing a local contractor to undertake highly complex, important work on behalf of the Mission through a very large contract. • USAID also took prompt and concrete action to work with local partners, e.g., by separating architecture and engineering work from construction work in the project design. • Mutual benefits for USAID (cost saving) and local companies (business opportunity, capacity improvement, etc.). • Stronger local capacity built from similar assignments, particularly Danang Air Base and IMI, which were implemented by different foreign and local firms. In a highly complex technical project like dioxin remediation, the capacity of local workers and managers is especially important, as is the organizational capacity of local companies. While USAID cannot provide support in capacity building to local companies, the agency can encourage their contractors (foreign and local) to use more local workers and managers and to provide them with training. • The international architecture and engineering contractor is highly capable and able to work well with local construction contractors. This gave USAID greater confidence that the construction work would be well implemented. 	<ul style="list-style-type: none"> • The bond required for bidders, in some cases, is a hindrance to local contractors. The bond is not refundable if a bidder does not win the tender. The amount of the bond is set by the contracting officer with consideration of the risks involved. Local companies are generally weak financially and an excessively high bond may hinder their interest in the tender. • Local firms are not familiar with all USAID regulations and contractual terms and conditions and may be unwilling to familiarize themselves.
<p>Outside of USAID’s immediate control</p>	<ul style="list-style-type: none"> • There is a growing number of local construction companies in Vietnam. The supply of potential contractors has grown in recent years. • Local firms have grown their capacity through experience working with other ODA-funded projects, Government-funded projects, and projects funded by the Ministry of Defense. 	<ul style="list-style-type: none"> • The winning bidder is required to submit a bank guarantee to ensure the performance of the contract. This is also required by Vietnamese laws. Local firms may not be able to meet this requirement, however. • Local companies still need to improve their technical capacity, labs, labor safety systems, etc. As the relationship between USAID and a local contractor is based on a commercial contract, it is not possible for USAID to provide capacity building to the local contractors as in the case of local NGOs. Local companies must build their own capacity to remain competitive. • Value-added tax refund procedures are complicated for local contractors under USAID projects, especially in year one or two.

LESSONS LEARNED AND IMPLICATIONS ON LOCALIZATION FROM THIS CASE

The VINA E&C case raises a number of lessons for USAID consideration, including:

- Being open to working directly with local private sector firms, as many have a robust capacity to tackle specific tasks in a cost-effective manner. These firms are also likely to be interested in working with USAID as a new client and an opportunity to build experience.
- High bond requirements for bidders may hinder interest in some cases when considering the potential perceived risks. The Office of Acquisitions and Assistance plays an important role in setting the bond required on bidders at a level that is commensurate to the risks and in reducing the financial requirements applicable to bidders.
- Local contractors need continued support to understand USAID regulations and contractual requirements.
- Local contractors also need tender information in both English and Vietnamese to facilitate communication and simplified tender documents and document requirements wherever legally possible and appropriate. For example, allowing submission of tender documents via email rather than through the System for Award Management may increase local response.
- International firms and other organizations can work closely with local firms and organizations in delivering the work. This builds critical skills and experience and creates opportunities for more direct local partnerships at a later stage. There is still a role for international firms when working directly with local firms; however, international firms can provide informal guidance as part of a project partnership and can identify existing capacity gaps as the project is implemented.

ANNEX II: ADVANCING LOCALIZATION IN USAID

Over the past two decades, donors, development practitioners, and communities have called for greater local leadership in aid efforts, arguing that local stakeholders are more likely to have the necessary capacities, contextual understanding, and local relationships to address intractable development challenges in their own communities. The 2000 Millennium Development Goals, the 2005 Paris Declaration, and the Busan Partnership in 2011 all emphasized these principles, and donor agencies, particularly USAID, have since worked to incorporate them into their own programming.

Research conducted during this period has validated the assumptions behind localization, with the Overseas Development Institute in 2014 highlighting seven cases of development programming in a range of contexts, attributing their success largely to leadership from “people with a very good understanding of how to operate effectively in a particular political context, and with strong personal commitment to achieving results.”¹ They noted that donors like USAID made “a useful contribution because they adapted their own aspirations and practices in ways that stimulated and facilitated local policy processes without distorting or undermining them.” More recently, the development sector has also faced growing calls for a shift in power toward local organizations and institutions and away from donor country leadership. However, only 1.2 percent of total international humanitarian assistance was provided directly to national and local actors in 2022.²

Over the same period, USAID has called for more local engagement and alignment in its programming. In 2014, the Agency released the Local Systems framework, emphasizing the importance of understanding the local context and how aid programming would likely interact with it and of engaging directly with local communities to better understand those systems.³ USAID has also supported locally led development programming on a range of issues through Local Works since 2015.⁴ The Agency also launched its New Partnerships Initiative in 2019 to lower the barriers to nontraditional partnerships, particularly by simplifying contractual procedures and financial conditions.⁵ More recently, USAID released its Local Capacity Strengthening Policy, which commits the Agency to an approach to collaboration with local partners to define their own vision of success, strengthen their ability to be effective and the relevant actors in their own context, and elevate local ownership over development programming.⁶ Yet, direct funding to local organizations—an important element of shifting power to local organizations—has remained low, with only about 5.5 percent of USAID’s average annual direct funding going to local organizations from 2014 to 2020.⁷

To shift this dynamic, in November 2021, USAID Administrator Samantha Power announced a new “vision of inclusive development” by committing to provide at least a quarter of all funds directly to local partners within four years,⁸ and to place local communities in the lead of design, implementation, or evaluation of half of all programming by 2030. The Agency subsequently developed this into a wider agenda known as localization, which USAID describes as a “the set of internal reforms, actions, and behavior changes USAID is undertaking to ensure [its] work puts local actors in the lead, strengthens local systems, and is responsive to local communities.”⁹ USAID will deliver this agenda through four lines of effort: 1) adapting policies and program practices to enable

¹ Booth & Unsworth (2014).

² Paxton & Forster (2023).

³ USAID (2014).

⁴ USAID (n.d.a).

⁵ USAID (n.d.b).

⁶ USAID (n.d.c).

⁷ USAID (2023a).

⁸ USAID notes that the denominator of this is the total development and humanitarian acquisition and assistance funds obligated in a given fiscal year, excluding partner government assistance, interagency agreements, personal services contracts, and agreements with public international organizations. See USAID (2023b).

⁹ USAID (2022).

localization; 2) shifting power to local actors; 3) channeling a larger portion of assistance to local partners; and 4) serving as a public advocate and thought leader on locally led development. The Agency intends for these commitments to bolster locally led action on development challenges, thereby delivering more sustainable solutions and creating more durable long-term partnerships with local actors. It has also embedded these commitments into its most recent *Policy Framework*, which serves as its organizational roadmap.¹⁰

Importantly, the Agency appears to have widened its risk appetite, encouraging Missions to engage less-experienced local actors in its programming. The Agency’s Office of Acquisition and Assistance (OAA) has also released guidance on using instrument selection to advance localization, helping Mission staff to overcome perceived barriers and identify the “best fit” for use with local actors.¹¹ The guide notes that “authentic localization—locally led and locally driven development—requires taking risks and letting go of some control, allowing local actors to drive priority setting, activity implementation, and evaluation.” It notes that assistance instruments, such as fixed amount awards (FAAs) and transition awards, are often the most appropriate choice to advance these goals as they allow for greater partnership with local actors and allow for capacity strengthening. A separate USAID-commissioned report notes that, while they are still a small portion of the Agency’s overall funding to partners, USAID is increasingly relying on FAAs to establish local partnerships and build capacity in organizations that are new to working with USAID, as they are based on clear milestone delivery and established cost principles, managing fiduciary risk.¹² However, the OAA resource also states that acquisition may also be a viable option for localizing programming, for example, when working with the local private sector or when aiming to assess performance without prescribing approaches. The guide recommends USAID carefully consider its own management capacities and risk appetite when selecting instruments, cocreating directly with local partners and leveraging opportunities for learning and feedback.

A number of questions remain, however. The Brookings Institution recently identified several key operational challenges to localization, including:¹³

- **Capacity:** Few organizations have the capital, management, and technical expertise necessary to implement larger obligations at scale according to US Government requirements. Breaking down grants and contracts into smaller awards would likely require a significant increase in USAID staff to manage the various activities at a point when the current staffing level faces challenges in managing the existing portfolio.
- **Risk:** While some local organizations would be well placed to manage a grant aligning well with their mission and community, others would be unable to manage risks effectively, including safety standards, money laundering regulations, and reporting requirements. USAID presently uses international NGOs and contractors to assume some of this risk, but this creates additional overheads, and their approaches may not align with local needs. At the same time, for the Agency to assume these risks and conduct the level of monitoring and enforcement required to manage local programming effectively, it would require USAID to take on significantly more work than is possible at current levels. USAID is also reluctant to view programmatic failure as a learning opportunity. As a result, these challenges may outweigh the potential that the kind of programming that is not sufficiently embedded in local priorities and ownership is less likely to produce a sustainable impact.
- **Budget rigidity:** The US foreign assistance budget is developed largely through processes taking place in Washington and responding to American policymakers’ priorities, rather than local realities, and amendments necessitate substantial approval processes.

¹⁰ USAID (2023c).

¹¹ USAID (2023d).

¹² This resource details experiences and lessons on using FAAs, including developing milestones, establishing a common understanding of purpose and constraints, and integrating implementation and capacity building. See: Steller, S., & Pope, C. (2024).

¹³ Adapted from Ingram (2022) and Fine (2024).

- **Bilateral commitments:** As USAID’s principal counterpart is the national government of partner nations, its funding generally must align with government priorities, such as infrastructure, health and education systems, and economic growth. These priorities may be too wide-ranging for local partners to address effectively. Local government counterparts also often expect USAID to support large-scale programming implemented by organizations with sophisticated systems and expertise, which local actors may not be able to mobilize.
- **Program management:** USAID practices follow international standards, but these may not align with local ways of working and can create significant burdens on local partners.
- **Organizational culture:** USAID staff would need to shift from a technical to a facilitation role and manage challenging circumstances, such as divergence between a local solution and what USAID sees as the best practice. USAID’s own operating model also strongly incentivizes relationships with experienced foreign aid contractors well-adjusted to the Agency’s rules and regulations, while the Agency itself has limited funding for its own operating expenses.
- **Values:** Not all local ownership necessarily aligns with the values the US espouses, such as the rule of law, gender equality, and minority inclusion. At the same time, not all local organizations are willing to align with USAID’s priorities and regulations—indeed, they expect USAID to offer grants to support the local actor’s own mission rather than USAID’s.
- **Power dynamics:** American taxpayers and policymakers may be unwilling to cede decision-making authority to local stakeholders over aid funding. Meanwhile, American foreign assistance is, at times, used in service of other foreign policy goals, which may undermine localization.

Taking these challenges into account when reviewing the new USAID *Policy Framework*, Brookings recently questioned how much power is likely to be transferred to local actors from USAID.¹⁴ Publish What You Fund also questioned the precise definition of “local”: USAID defines a local partner as being “an individual, corporation, nonprofit, partner country government entity, or another body that...is providing assistance in the same country or region as its principal place of business or performance.”¹⁵ This could, for example, include locally established partners of organizations headquartered in the Global North, which may arguably overestimate the actual funding provided to local partners.¹⁶

¹⁴ Ingram & Reichle (2023).

¹⁵ USAID (2023e).

¹⁶ Publish What You Fund estimates that the funding gap to local partners caused by such an overestimation could amount to \$1.43 billion per year. See: Publish What You Fund (2023).

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ANNEX IV: FULL LISTING OF PERSONS INTERVIEWED

The full listing of persons interviewed was submitted separately in line with data de-identification policies. Please contact Mai Pham, mai.pham@socialimpact.com, to request the data.

ANNEX V: DATA COLLECTION TOOLS

KEY INFORMANT INTERVIEW (KII) GUIDE – USAID – GENERAL

1. Purpose of the Interview:

Verbal Consent Statement for the KIIs

Hello, my name is _____, and I am here on behalf of USAID Learns. Our team is conducting the localization assessment to help document and inform the Mission about the status, best practices, and lessons learned regarding the localization effort of USAID/Vietnam. The highlights from the assessment will be shared with other Missions in a USAID regional meeting on localization in February 2024.

Given your familiarity and experience with the topic, you are invited to participate in an interview to share your perspectives on the achievement of the localization effort of USAID and the opportunities for localization in the context of Vietnam. If you agree to participate, you will be one of about 30 key informants we interview in this assessment.

The interview will take approximately one hour. Your participation is voluntary, and you may stop the discussion anytime without penalty. You can also choose which questions to answer and how much information you want to share.

Your participation will help the assessment team understand the context and the enabling and inhibiting factors of the USAID localization effort in Vietnam. The information will help inform the future action plan of the Vietnam Mission regarding localization, but there will be no direct benefit to you personally.

We do not anticipate any risks to your participation. Only the assessment team will have access to your identifying information. Your responses will be shared with the evaluation team and may be shared with USAID if requested but will not be shared with anyone else outside of USAID or our evaluation team. We may use direct quotes in the evaluation report; however, we will only use quotes that ensure your anonymity.

If you have any questions or concerns, you may contact Mai Pham – USAID Learns Research Director (+84 912669489) for more information or the Social Impact Institutional Review Board at irb@socialimpact.com or +1 703 465 1884 with questions.

Do you have any questions about this interview? If you are willing to be interviewed, please indicate this by verbally agreeing.

Do you consent to participate in this interview? Yes // No

With your permission, we would like to record this discussion so we can listen to the recording later to assist with our transcription. Are you comfortable if we record this interview?

Do you consent to be recorded? Yes // No

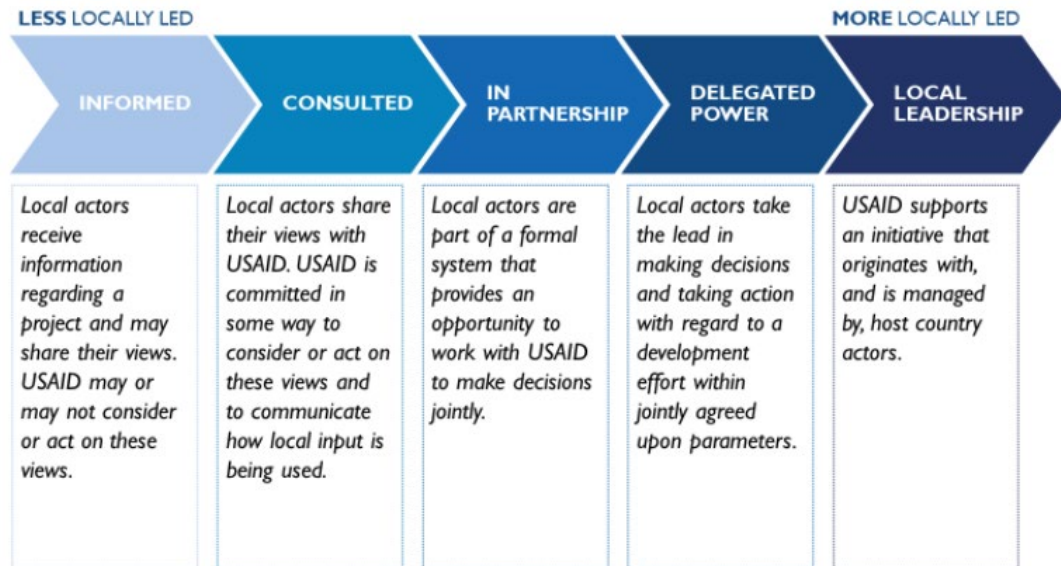
2. Targeted Group: Activity managers and/or A/CORs + Localization Officer

3. Interview Duration and Method: 60–90 minutes, in-person or online interview

4. Interview Questions:

Interviewer explains: As we understand the term, localization is a power-shifting process to diverse local actors to address development challenges. This shift in power means these actors receive USAID funding, set priorities, design and implement programming, monitor and evaluate impact, and fully own and sustain these efforts.

Localization can be thought of as a spectrum, as depicted on this five-step scale. On the lower end of that spectrum, we can think of the relationship as essentially USAID just informing local actors and not genuinely considering their perspectives. On the other end, we have true local leadership, with USAID playing a supporting role. In between those two points is where we feel localization starts, with USAID and local actors working in partnership and making joint decisions.



Please keep this definition of localization in mind during our conversation today.

Based on this definition and understanding of localization, we would like to discuss with you some of the following questions.

1. Referring to our definition, how would you describe the level of localization in USAID's programming in Vietnam? Why do you think this way?
 - a. Probe: Where would you place the Mission on our spectrum, thinking about its programming overall?
2. Has localization been a priority for the Mission in general? Over how long of a period?
 - a. Probe: USAID has two main indicators related to localization: 1) direct funding to local partners and 2) placing local communities in the lead in USAID programming—is there a difference in how the Mission prioritizes these? Why or why not?
3. What do you believe enables localization in Vietnam?
 - a. Probe: Both in terms of direct funding and the second indicator of placing local communities in the lead?
4. What hinders localization in this context?
 - a. Probe: Both in terms of direct funding and the second indicator of placing local communities in the lead?
5. What impact has localization had on USAID programming in Vietnam, positively or negatively?
 - a. Probe: What impact do you believe it has had on USAID's reputation in Vietnam?
6. What could USAID/Vietnam do more of or do differently to promote localization and locally led development in Vietnam?

7. What could the global Agency be doing to support more locally led programming in Vietnam?
8. Is there anything else we haven't discussed on the topic of localization that you would like to comment on?

Thank you for your contribution!

KII GUIDE – USAID – CASE RELATED

1. Purpose of the Interview:

Verbal Consent Statement for the KIIs

Hello, my name is _____, and I am here on behalf of USAID Learns. Our team is conducting the localization assessment to help document and inform the Mission about the status, best practices, and lessons learned regarding the localization effort of USAID/Vietnam. The highlights from the assessment will be shared with other Missions in a USAID regional meeting on localization in February 2024.

Given your familiarity and experience with the topic, you are invited to participate in an interview to share your perspectives on the achievement of the localization effort of USAID and the opportunities for localization in the context of Vietnam. If you agree to participate, you will be one of about 30 key informants we interview in this assessment.

The interview will take approximately one hour. Your participation is voluntary, and you may stop the discussion anytime without penalty. You can also choose which questions to answer and how much information you want to share.

Your participation will help the assessment team understand the context and the enabling and inhibiting factors of the USAID localization effort in Vietnam. The information will help inform the future action plan of the Vietnam Mission regarding localization, but there will be no direct benefit to you personally.

We do not anticipate any risks to your participation. Only the assessment team will have access to your identifying information. Your responses will be shared with the evaluation team and may be shared with USAID if requested but will not be shared with anyone else outside of USAID or our evaluation team. We may use direct quotes in the evaluation report; however, we will only use quotes that ensure your anonymity.

If you have any questions or concerns, you may contact Mai Pham – USAID Learns Research Director (+84 912669489) for more information or the Social Impact Institutional Review Board at irb@socialimpact.com or +1 703 465 1884 with questions.

Do you have any questions about this interview? If you are willing to be interviewed, please indicate this by verbally agreeing.

Do you consent to participate in this interview? Yes // No

With your permission, we would like to record this discussion so we can listen to the recording later to assist with our transcription. Are you comfortable if we record this interview?

Do you consent to be recorded? Yes // No

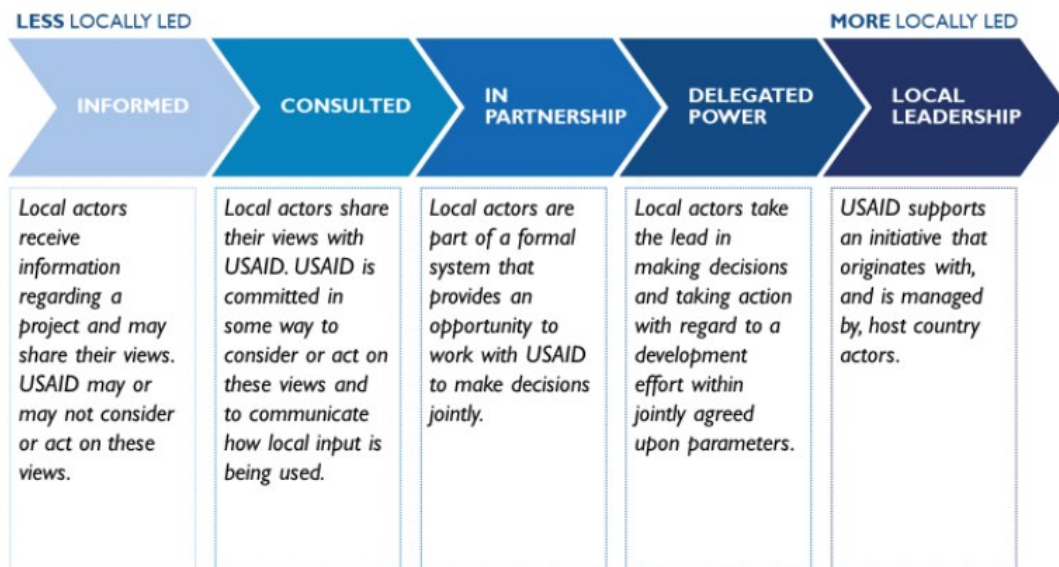
2. Targeted Group: Activity managers and/or A/CORs + Localization Officer

3. Interview Duration and Method: 60–90 minutes, in-person or online interview.

4. Interview Questions:

Interviewer explains: As we understand the term, localization is a power-shifting process to diverse local actors to address development challenges. This shift in power means these actors receive USAID funding, set priorities, design and implement programming, monitor and evaluate impact, and fully own and sustain these efforts.

Localization can be thought of as a spectrum, as depicted on this five-step scale. On the lower end of that spectrum, we can think of the relationship as essentially USAID just informing local actors and not genuinely considering their perspectives. On the other end, we have true local leadership, with USAID playing a supporting role. In between those two points is where we feel localization starts, with USAID and local actors working in partnership and making joint decisions.



Please keep this definition of localization in mind during our conversation today.

Based on this definition and understanding of localization, we would like to discuss with you some of the following questions.

1. Please tell me a bit about [case].
 - a. Probe: What is/was it trying to achieve? What are/were its headline results? Who is/was involved? How did it operate?
 - b. Probe: How was it designed? To what extent were local actors involved?
2. To what extent do you believe [case] aligns with our definition of localization? Where would you place it on our spectrum? Why do you feel this way? Please explain in detail and share with us examples and evidence.
 - a. Probe: How has this evolved over time?
 - b. Probe: What was the effect of this level of localization on [case]’s results?
3. What do you believe enabled [case] to be more locally led? Which of these factors were within the Mission’s control and which were not (for example, due to the specific context of Vietnam)? (Note to the interviewer—balance the emphasis between enablers/hindrances depending on the respondent’s assessment of localization for the case overall.)
4. And what do you believe hindered [case]’s ability to be locally led? Again, which of these factors were in the Mission’s control, and which were not?

5. Are there any opportunities for greater localization? What are they?
6. How could USAID/Vietnam adapt its approach to funding, managing, and monitoring programming to enable greater localization?
 - a. Probe: Besides direct funding, what are the other indicators that can be most relevant to measure localization in Vietnam’s context?
7. In what ways do GVN partners, implementing partners, and local consultants/service providers need to change to enable greater localization in Vietnam? (Interview to probe local laws/regulations, relationship between USAID and Vietnam, etc.)
8. What about USAID globally? (Interviewer to probe regulation, leadership, links between Missions and central offices, etc.) Any changes in the regulations on the USAID side needed?

Thank you for your contribution!

KII GUIDE – IMPLEMENTING PARTNERS

I. Purpose of the Interview:

Verbal Consent Statement for the KIIs

Hello, my name is _____, and I am here on behalf of USAID Learns. Our team is conducting the localization assessment to help document and inform the Mission about the status, best practices, and lessons learned regarding the localization effort of USAID/Vietnam. The highlights from the assessment will be shared with other Missions in a USAID regional meeting on localization in February 2024.

Given your familiarity and experience with the topic, you are invited to participate in an interview to share your perspectives on the achievement of the localization effort of USAID and the opportunities for localization in the context of Vietnam. If you agree to participate, you will be one of about 30 key informants we interview in this assessment.

The interview will take approximately one hour. Your participation is voluntary, and you may stop the discussion anytime without penalty. You can also choose which questions to answer and how much information you want to share.

Your participation will help the assessment team understand the context and the enabling and inhibiting factors of the USAID localization effort in Vietnam. The information will help inform the future action plan of the Vietnam Mission regarding localization, but there will be no direct benefit to you personally.

We do not anticipate any risks to your participation. Only the assessment team will have access to your identifying information. Your responses will be shared with the evaluation team and may be shared with USAID if requested but will not be shared with anyone else outside of USAID or our evaluation team. We may use direct quotes in the evaluation report; however, we will only use quotes that ensure your anonymity.

If you have any questions or concerns, you may contact Mai Pham – USAID Learns Research Director (+84 912669489) for more information or the Social Impact Institutional Review Board at irb@socialimpact.com or +1 703 465 1884 with questions.

Do you have any questions about this interview? If you are willing to be interviewed, please indicate this by verbally agreeing.

Do you consent to participate in this interview? Yes // No

With your permission, we would like to record this discussion so we can listen to the recording later to assist with our transcription. Are you comfortable if we record this interview?

Do you consent to be recorded? Yes // No

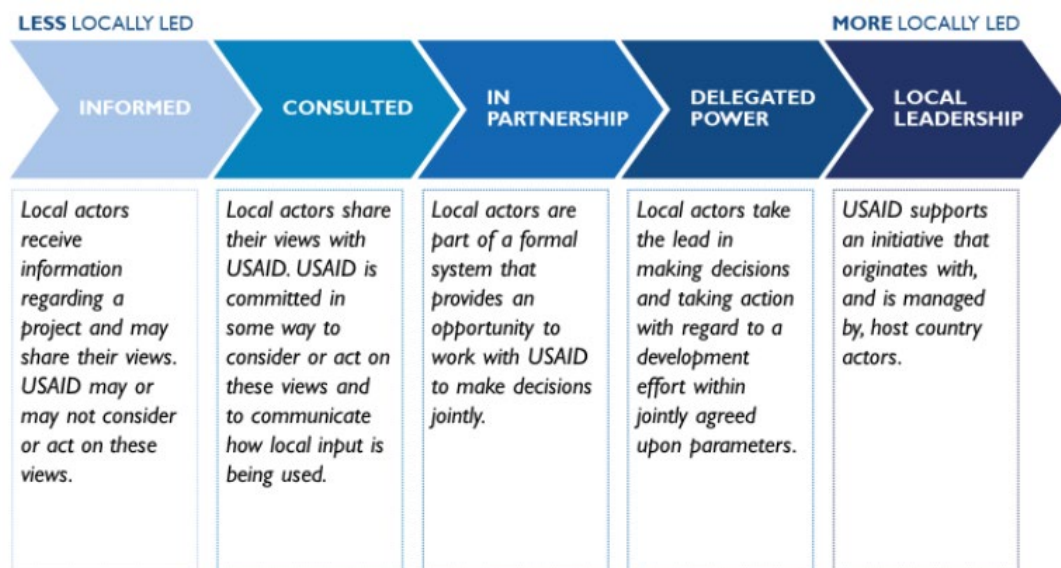
2. Targeted Group: Chief of Party, technical and finance officers of prime contractors and sub-contractors

3. Interview Duration and Method: 60–90 minutes, in-person or online interview.

4. Interview Questions:

Interviewer explains: As we understand the term, localization is a power-shifting process to diverse local actors to address development challenges. This shift in power means these actors receive USAID funding, set priorities, design and implement programming, monitor and evaluate impact, and fully own and sustain these efforts.

Localization can be thought of as a spectrum, as depicted on this five-step scale. On the lower end of that spectrum, we can think of the relationship as essentially USAID just informing local actors and not genuinely considering their perspectives. On the other end, we have true local leadership, with USAID playing a supporting role. In between those two points is where we feel localization starts, with USAID and local actors working in partnership and making joint decisions.



Please keep this definition of localization in mind during our conversation today.

Based on this definition and understanding of localization, we would like to discuss with you some of the following questions.

1. Please tell me a bit about [case]. What is/was it trying to achieve? What are/were its headline results? Who is/was involved?
2. To what extent do you believe [case] aligns with our definition of localization? Where would you place it on our spectrum? Why do you feel this way? Please explain in detail and share with us examples and evidence.

- a. Probe, if needed: Briefly explain the implementation structure of [case]. To what extent do you think local partners participate and contribute to 1) setting priorities; 2) designing and implementation; 3) monitoring and evaluation; and 4) sustainability?
 - b. Probe: How has this evolved over time?
 - c. Probe: What was the effect of this level of localization on [case]’s results?
3. What do you believe enabled [case] to be more locally led? Which of these factors were within your control and which were not (for example, due to the specific context of Vietnam)? (Note to interviewer—balance the emphasis between enablers/hindrances depending on the respondent’s assessment of localization for the case overall.)
4. And what do you believe hindered [case]’s ability to be locally led? Again, which of these factors were in your control and which were not?
 - a. Probe for enabler/hinderer: GVN involvement, USAID control, contracting mechanism, amount of funding, USAID restrictions of some form
5. If your relationship with USAID could be restarted, what would you do differently?
6. What opportunities exist to promote more localized programming in Vietnam? What needs to change in order to exploit those opportunities?
7. What lessons or recommendations would you offer to USAID based on your experience with [case] to promote greater localization?
 - a. Probe: How would you recommend USAID conceptualize and monitor localization?

Thank you for your contribution!

KII GUIDE – LOCAL CONSULTING FIRMS, CONSULTANTS AND SERVICE PROVIDERS

1. Purpose of the Interview:

Verbal Consent Statement for the KIIs

Hello, my name is _____, and I am here on behalf of USAID Learns. Our team is conducting the localization assessment to help document and inform the Mission about the status, best practices, and lessons learned regarding the localization effort of USAID/Vietnam. The highlights from the assessment will be shared with other Missions in a USAID regional meeting on localization in February 2024.

Given your familiarity and experience with the topic, you are invited to participate in an interview to share your perspectives on the achievement of the localization effort of USAID and the opportunities for localization in the context of Vietnam. If you agree to participate, you will be one of about 30 key informants we interview in this assessment.

The interview will take approximately one hour. Your participation is voluntary, and you may stop the discussion anytime without penalty. You can also choose which questions to answer and how much information you want to share.

Your participation will help the assessment team understand the context and the enabling and inhibiting factors of the USAID localization effort in Vietnam. The information will help inform the future action plan of the Vietnam Mission regarding localization, but there will be no direct benefit to you personally.

We do not anticipate any risks to your participation. Only the assessment team will have access to your identifying information. Your responses will be shared with the evaluation team and may be

shared with USAID if requested but will not be shared with anyone else outside of USAID or our evaluation team. We may use direct quotes in the evaluation report; however, we will only use quotes that ensure your anonymity.

If you have any questions or concerns, you may contact Mai Pham – USAID Learns Research Director (+84 912669489) for more information or the Social Impact Institutional Review Board at irb@socialimpact.com or +1 703 465 1884 with questions.

Do you have any questions about this interview? If you are willing to be interviewed, please indicate this by verbally agreeing.

Do you consent to participate in this interview? Yes // No

With your permission, we would like to record this discussion so we can listen to the recording later to assist with our transcription. Are you comfortable if we record this interview?

Do you consent to be recorded? Yes // No

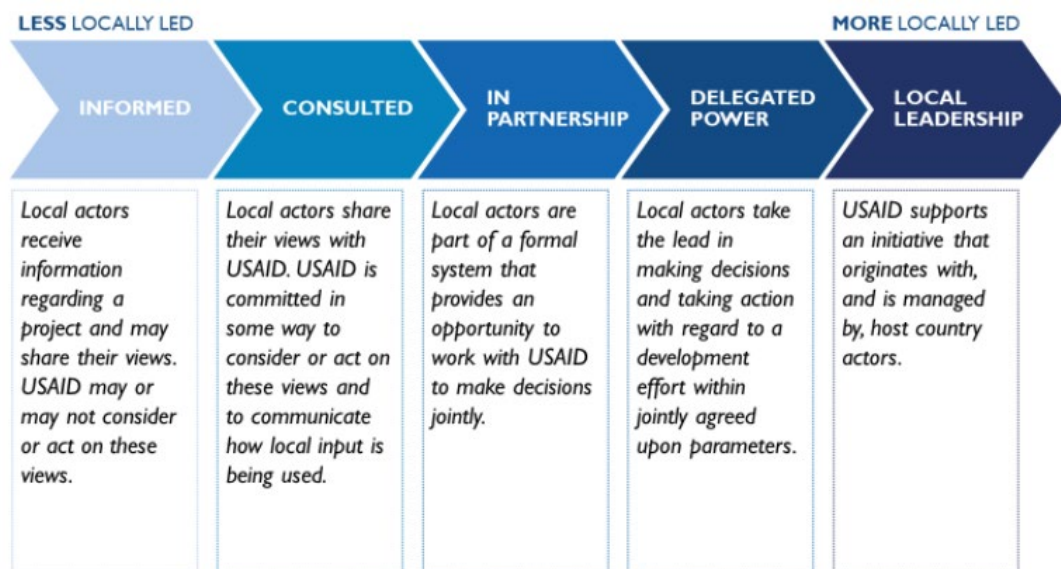
2. Targeted Group: Local consulting firm, local consultants, local service providers

3. Interview Duration and Method: 60–90 minutes, in-person or online interview.

4. Interview Questions:

Interviewer explains: As we understand the term, localization is a power-shifting process to diverse local actors to address development challenges. This shift in power means these actors receive USAID funding, set priorities, design and implement programming, monitor and evaluate impact, and fully own and sustain these efforts.

Localization can be thought of as a spectrum, as depicted on this five-step scale. On the lower end of that spectrum, we can think of the relationship as essentially USAID just informing local actors and not genuinely considering their perspectives. On the other end, we have true local leadership, with USAID playing a supporting role. In between those two points is where we feel localization starts, with USAID and local actors working in partnership and making joint decisions.



Please keep this definition of localization in mind during our conversation today.

Based on this definition and understanding of localization, we would like to discuss with you some of the following questions.

1. Please tell me a bit about [case] from your perspective. What is/was it trying to achieve? What is/was your role?
2. To what extent do you believe [case] aligns with our definition of localization? Where would you place it on our spectrum? Why do you feel this way? Please explain in detail and share with us examples and evidence.
 - a. Probe if needed: Briefly explain the implementation structure of [case]. To what extent do you think local partners participate and contribute to 1) setting priorities; 2) designing and implementation; 3) allocation of resources; and 4) adapting development programming based on learning?
 - b. Probe: How has this evolved over time?
 - c. Probe: What was the effect of this level of localization on [case]'s results?
3. What do you believe enabled [case] to be more locally led? Which of these factors were within the Mission's control and which were not (for example, due to the specific context of Vietnam)? (Note to the interviewer—balance the emphasis between enablers/hindrances depending on the respondent's assessment of localization for the case overall.)
 - a. Probe: Extent to which the respondent or their organization specifically pushed for localization as defined.
4. And what do you believe hindered [case]'s ability to be locally led? Again, which of these factors were in the Mission's control and which were not?
5. Based on the experience of your project, in what ways do implementing partners [cite example from the case] need to adapt its approach/internal rules to enable greater localization?
6. Based on the experience of your project, in what ways do GVN partners need to change to enable greater localization? Any needed changes in the regulations on the Vietnamese Government side?
7. Similarly, in what ways does USAID need to change?
8. What opportunities do you see for USAID to promote localization in the future?

Thank you for your contribution

ANNEX VI: STATEMENT OF WORK

Task Name: Localization Assessment for USAID/Vietnam

Task Number: 4.056

Learns Team: Mai Pham as Project Manager, Sean Mulkerne as Team Leader, and Monalisa Salib as Quality Advisor

USAID Task Manager: Anthony Kolb and Secondary: Chad Conlin

Date: Updated on January 09, 2024

CONTEXT

“If we truly want to make aid inclusive, local voices need to be at the center of everything we do.” – USAID Administrator Samantha Power

USAID renewed its longstanding commitment to localization in 2022, aiming to pursue locally led action for sustainable solutions. Localization, for USAID, is a set of internal reforms, actions, and behavior changes that it undertakes to ensure its work puts local actors in the lead, strengthens local systems, and is responsive to local communities. The commitment focuses on shifting more leadership for priority setting, project design, implementation, and measuring results to the people and institutions with the capabilities and credibility to drive change in their own countries and communities. USAID believes it is not only the right thing to do but also a smarter use of resources.

USAID’s vision is to expand the share of its programs that are locally led, in which a diverse group of local actors define priorities, design projects, drive implementation, and measure and evaluate results. It intends to set out the conditions and ways of working that enable local actors to more fully own and sustain efforts to save lives, reduce poverty, strengthen democratic governance, reduce corruption, address climate change, work to prevent conflicts, respond to global pandemics, and emerge from humanitarian crises. The vision is set to be pursued through four lines of effort: 1) adapt policies and program practices; 2) shift power to local actors; 3) channel a larger portion of assistance; and 4) serve as a public advocate and thought leader.

To measure the effort, USAID set two core localization indicators:

- 1) USAID will provide at least a quarter of all their program funds directly to local partners by the end of fiscal year (FY) 2025; and
- 2) USAID will take steps to ensure that by 2030, 50 percent of USAID programming will place local communities in the lead to codesign a project, set priorities, drive implementation, and/or evaluate the impact of their programs.

In addition to the two core localization indicators, USAID plans to track and report on two particular mechanisms: 1) sub-awards from non-local primes to local partners and 2) government-to-government programming.

As reported for FY 2022,¹ direct funding from USAID to local partners was 10.2 percent of obligations globally, the highest number of direct local funding in at least a decade.

USAID/Vietnam is doing significantly better on the core indicator number one (providing program funds directly to local partners) than most other countries in Asia. The share of direct funding to local partners of the Mission in FY 2022 was 32.3 percent. However, this number does not tell the

¹ See: United States Agency for International Development (USAID). (2023). *Moving toward a model of locally led development: FY 2022 localization progress report*. https://www.usaid.gov/sites/default/files/2023-06/FY%202022%20Localization%20Progress%20Report-June-12-23_vFINAL_1.pdf

whole story of the Mission’s localization efforts. It does not provide insight into how this was accomplished, what happened along the way, what the challenges or successes were, what in the operating environment enabled or hindered localization, whether localization (in terms of power-shifting to local actors) genuinely took place, and what lessons should be applied to future localization efforts.

PURPOSE, USE, AND USER

USAID/Vietnam requested USAID Learns to support the Mission in conducting a localization assessment, which will help document and inform the Mission about the status, best practices, and lessons learned for all stages of the program cycle regarding localization in Vietnam. Primary users of this assessment are USAID/Vietnam technical staff involved in design and implementation (primarily Agreement/Contracting Officer’s Representatives (A/CORs) and office directors and deputies); regional colleagues attending a localization learning session in Bangkok in early 2024; and USAID/Washington stakeholders working on localization. The conclusions from this effort will also be transparently shared with local stakeholders engaged in data collection and sensemaking.

ASSESSMENT QUESTIONS

The assessment will start from a presumption that localization is critical to the sustainability and effectiveness of development assistance. It will also begin from the presumption that there are successful and less successful or unsuccessful cases at USAID/Vietnam of directly funding local organizations—both in terms of management and/or achieving intended development outcomes. This presumption will be examined during the desk review based on documents provided by USAID.

The assessment will answer the ultimate question of why localization efforts at USAID were successful or not and what can be learned from these successful or less successful cases. Under this scope, localization cases or efforts refer specifically to direct funding from USAID to local organizations.

Once successful and less successful cases are identified, the assessment will ask the following about these cases, using key differences between them to generate insights and learning:

1. What is the current state of localization in the USAID/Vietnam Mission?
2. What are some of the most prominent cases of localization in USAID/Vietnam programming? What enabled or hindered the level of local leadership in each of these cases? Which of these factors were within the Mission’s control, and which were not (for example, due to the specific context of Vietnam)?
3. What are the lessons learned from these cases to inform future localization in the Vietnam portfolio? What opportunities are there for greater localization?
4. In what ways do USAID and local counterparts need to adapt their approach to enable greater localization? What should other stakeholders do differently to support locally led development in Vietnam?

SUGGESTED APPROACH

A case study approach will enable USAID/Vietnam to achieve greater depth and understanding and tell the full story of specific cases in response to question one above. Such an approach values depth over breadth and is useful for learning from examples. However, a limitation of a case study approach is that conclusions from specific cases are not generalizable and cannot be assumed to hold true for all direct funding to local organizations from USAID/Vietnam.

To select useful cases for learning, the assessment team will look at both successful or not-so-successful cases to highlight the “why and why not” in localization efforts at the Mission. USAID/Vietnam will provide a list of its localization efforts in which USAID directly funded local organizations. It is expected that each Technical Office in the Mission should have documentation of their cases with evidence of why it is or not a successful case. A key criterion for determining whether one was a successful or not-so-successful case is whether the intended development or localization outcomes were achieved with limited and minor unintended negative outcomes.

In the scoping phase and in consultation with the Mission, the assessment team proposed four cases for concurrence with USAID in the in-brief meeting, including the Provincial Competitiveness Index, Centre for Social Initiatives Promotion, LIFE Centre, and Action to the Community Development Institute. At that time, the assessment team estimated that it would have the capacity to assess four cases, given the original timeline of the regional meeting in January. In the in-brief, USAID agreed to extend the timeline, with the requirement of expanding to seven cases, as in Table 1 below, to ensure all Technical Offices of the Mission are covered.

Table 18: Cases selected for the assessment

Development Objectives (DOs)/Technical Offices	Cases/Local organizations
DO1/Office of Governance and Economic Growth	Provincial Competitiveness Index
DO2/Office of Health	LIFE Centre, IRD VN
DO3/Office of Climate Change, Energy, and Environment	Center for Environment and Community Research
Special Objective/Reconciliation and Inclusive Development Office	Centre for Social Initiatives Promotion, Action to the Community Development Institute, VINA E&C Investment and Construction JSC

The assessment team will conduct interviews with USAID activity managers and/or A/CORs and the engaged local organizations and local counterparts (Government of Vietnam or otherwise) to get more insights into the selected cases, particularly the factors that impacted the success (or lack of success) of each case. The case studies should be the foundation to draw lessons learned and answer the assessment questions above, supplemented by generalized interview questions with USAID/Vietnam staff on localization in Vietnam. In addition, where there have been intentional transitions to non-direct local funding, the assessment team will interview relevant USAID, international, and local implementing partners to understand why changes have been made.

TIMELINE

- August 15, 2023: Finalization of the statement of work, including suggested cases to review from USAID
- September 1, 2023: Background documentation on the suggested cases provided by USAID
- September 15, 2023: Recruitment of the consultant. Currently, USAID Learns is planning to use internal staff resources for the lead and advisory roles and will recruit a local consultant to support this effort.
- September 30, 2023: Documentation of cases provided by the Technical Offices to USAID Learns.

- October 13, 2023: In-brief meeting with the Mission to gain consensus on the methodology and work plan.
- October 15–December 30, 2023: In-depth interviews with relevant USAID/Vietnam staff who were activity managers/A/COR of the selected cases of localizations and their local partners. Relevant context interviews with USAID Front Office of Acquisitions and Assistance, Office of Financial Management, and other USAID senior staff.
- January 31, 2024: Validation and sensemaking session with interviewees/stakeholders to update findings and finalize recommendations.
- February 2, 2024: Utilization event with USAID senior staff.
- February 28, 2024: Final draft (~10–15 pages) and presentation of the localization assessment for USAID review.

Table 19: Assessment Timeline

TASK	October			November				December			January				Feb			
	10/9/23	10/16/23	10/23/23	10/30/23	11/6/23	11/13/23	11/20/23	11/27/23	12/4/23	12/11/23	12/18/23	12/25/23	1/1/24	1/8/24	1/15/24	1/22/24	1/29/24	2/5/24
USAID Kickoff Meeting	13																	
Desk Review					10													
Logistics & Fieldwork										22								
Analysis															26			
Sense-Making with USAID																31		
Reporting																		9

DELIVERABLES

The assessment should produce three major deliverables:

- 1) A preliminary presentation and facilitated validation and utilization event;
- 2) A final presentation that highlights the findings, conclusion, and recommendations of the assessment and outcomes of the validation and utilization events. The presentation could also be used by the Mission at the regional meeting regarding localization in Bangkok in March/April 2024; and
- 3) A final report to be published on Development Experience Clearinghouse or included as part of a bigger publication of USAID Global or Regional regarding localization.

ESTIMATED LEVEL OF EFFORT FOR USAID LEARNS STAFF AND CONSULTANTS

Technical support and direction will be provided by the USAID Learns Collaborating, Learning, and Adapting Team, specifically the Research Director and the Senior Governance and Learning Specialist, with support from the Chief of Party. USAID Learns will also support the facilitation of workshops and other key meetings. Logistical coordination, note-taking, and interpretation, as well as scheduling, will be managed by USAID Learns in conjunction with USAID/Vietnam.

USAID Learns plans to recruit a local consultant to assist in completing the assignment with about 40 days of level of effort.

Responsibilities:

- Review documentation related to USAID localization commitment.
- Review documentation regarding the Mission cases in localization.
- Conduct interviews with USAID staff and local counterparts, if necessary, to gain deeper insights into the cases.

- Draft case studies as assigned.
- Revise the report based on feedback and comments from USAID.
- Prepare the presentation to showcase the assessment results with the Mission.

Required Qualifications:

- A senior professional with at least ten years of experience in development research and/or programming.
- Master's degree in a discipline related to development, political science, social policy, or similar.
- Significant expertise in research and report writing.
- Experience working with senior stakeholders (donors, implementers, government officials) in Vietnam.
- Fluency in English and Vietnamese.
- Excellent oral and written skills.
- Ability to work independently to meet deadlines and adhere to high-quality standards.

Preferred Qualifications:

- Specific experience in participatory approach, community-based or local-led programming and implementation.
- Previous experience with USAID.

CHANGE LOG

The scoping document is a living document. Please note any changes/adaptations from the approved scope outlined above. (Do not redo the scoping document.)

United States Agency for International Development
Hanoi, Vietnam

