

LOCALIZATION AT USAID: THE VISION AND APPROACH

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

-ADMINISTRATOR SAMANTHA POWER

A RENEWED COMMITMENT TO LOCALIZATION IN PURSUIT OF LOCALLY LED ACTION FOR SUSTAINABLE SOLUTIONS

Today’s global development and humanitarian challenges are vast, demanding, and complex. They are also inherently local, shaped by the unique histories, power dynamics, and other factors specific to each context in which they occur. Our responses to these challenges must build on the priorities, knowledge, and aspirations of the people who live them every day and know them best.

USAID is redoubling our commitment to shift 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. Our engagement must become more inclusive, equitable, and responsive to the needs, priorities, and solutions/ideas of the communities, organizations, and people in the countries in which we work. This is both the right thing to do and a smarter use of resources. When USAID empowers local actors—and our efforts are responsive to local priorities, draw upon local capacities, diverse networks, and resources, and are accountable to local communities—we expect that results are more likely to be sustained by local organizations and institutions. Our engagement helps elevate the voices of marginalized populations who have long been silenced. We recognize that development agencies such as USAID cannot, on their own, drive lasting change in the places they work. Instead, our role is to support and catalyze local change efforts and processes.

Localization is the set of internal reforms, actions, and behavior changes USAID is undertaking to ensure our work puts local actors in the lead, strengthens local systems, and is responsive to local communities. Over the past decade, we have contributed thought leadership, invested in innovative processes, and adopted acquisition and assistance reforms to elevate local leadership and strengthen local systems. We have partnered with local organizations, provided project-based assistance to governments, and sought to shift power from foreign intermediaries to local implementers. But we must

further expand and enhance these efforts, embracing localization throughout our development and humanitarian assistance work and centering our organizational culture around localization objectives. Localization is more than directing awards to local organizations. Instead, it requires us to shift how we perceive local actors, valuing their knowledge, respecting their expertise, championing their agency, recognizing their commitment and integrity, and engaging them as partners rather than as our agents and beneficiaries. This kind of partnership will require us to emphasize trust-building, mutuality, and long-term commitments to a shared vision.

USAID'S LOCALIZATION VISION AND APPROACH

The Vision: USAID envisions expanding the share of its programs that are locally led, in which a diverse group of local actors define priorities, design projects, drive implementation, measure and evaluate results, and 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. Localization principles must also inform our engagement beyond our projects: our convenings, the expertise we seek, our policy reform dialogues, and all the ways we engage in development. In short, localization involves a set of programs and policies and a cross-cutting approach to address these top Agency priorities.

The Approach: To achieve this vision, USAID is establishing a set of goals, adjustments, and changes we will pursue to make our programs and our broader engagement more inclusive, equitable, and responsive to local needs. Localization must be a whole-of-Agency effort to: bring coherence to our various efforts to engage locally; address programmatic and operational impediments to pursuing equitable locally led development; reevaluate risk posture while continuing to safeguard U.S. taxpayer resources; outline clear measures of success; and build greater support for localization among our key stakeholders, collaborators, and partners. USAID will deepen its commitment to being transparent, inclusive, responsive to local actors, and supportive of their development aspirations. We also seek to catalyze these changes across the wider development community.

To advance localization, USAID will pursue four lines of effort:

1. Adapt our policies and program practices to foster locally-sustained change that is tied to each country's unique political, social, cultural, economic, and environmental conditions, while targeting the drivers of and barriers to change. Progress will depend on the effective application in our processes and programs of three mutually reinforcing practices:

a. Locally led development – The process by which a diverse group of local actors set their own development agendas; develop and implement solutions; use their capacities, leadership, and resources to promote equitable change; and ensure that positive outcomes can be sustained by local actors, for local actors.

b. Local systems practice – The lens we use to understand development results and suggest interventions to achieve sustainability. Improving development and humanitarian results requires strengthening system performance by developing local capacities, deepening interrelationships among local actors, improving equity, and aligning the incentives that shape the system.

c. **Local capacity strengthening** – A set of approaches that supports local actors to achieve their own mission; take actions to design and implement equitable responses to local challenges; learn and adapt; and innovate and transform over time.

2. Shift power to local actors and ensure they have a meaningful seat at the table. Localization requires integrating a diverse group of local voices and leadership into all aspects of our work. We need to take a fresh look across our acquisition and assistance and program cycle processes. We must examine our role in convening, policy reform dialogues, and other efforts that seek to advance progress beyond our programs’ reach. And we must think creatively about how to make space—every step of the way—for individuals, communities, and other local actors to influence and exercise leadership over where, how, and why we invest together to advance development outcomes. USAID will pay particular attention to elevating the voices of underrepresented populations: women and girls, LGBTQI+ people, persons with disabilities, Indigenous Peoples, marginalized racial, ethnic and religious populations, internally displaced persons, youth and elderly, and other socially marginalized individuals and groups. The principle “Nothing About Us Without Us”—which conveys the idea that decisions should only be taken with the full participation of those whose lives they will affect—will guide USAID’s efforts to embrace and incentivize behavior to devolve more leadership and ownership to local actors, and to reposition USAID as a supporter and catalyst of a more inclusive and locally led approach to development.

3. Channel a larger portion of assistance directly to credible local partners while ensuring accountability for the appropriate use of funds and achievement of development and humanitarian results. Implementing this approach will require creativity and innovation to help align awards and activities to individual local partners’ goals, capacities, and experience with USAID. There are also several programs and initiatives that will help advance this goal. In addition to current efforts such as Local Works, the New Partnerships Initiative, and the Cooperative Development Program, USAID will also promote regional initiatives, including Centroamerica Local, a five-year \$300 million program to put local actors in the lead in addressing the root causes of irregular migration from El Salvador, Guatemala, and Honduras. While providing direct funding to local partners is an important pillar of our localization efforts, it is, by itself, a partial approach. Recognizing USAID’s historical tendency to emphasize local awards as the primary means to advance localization, our current approach to localization emphasizes that direct local partnerships are just one part of a more comprehensive set of approaches.

4. Serve as a public advocate and thought-leader at the global and country level, using our convening authority, partnerships, voice, and the power of example to catalyze a broader shift to locally led development. Making this shift will require rethinking roles and reforming policies and practices across the entire global development community, from donor agencies and international philanthropies to national governments, the private sector, and local organizations. These efforts will highlight leadership for coalitions of Southern-led civil society actors. Closer to home, we need to link up localization efforts across the interagency—including with colleagues in the Development Finance Corporation (DFC), the Millennium Challenge Corporation (MCC), PEPFAR, the Inter-American Foundation, and the Department of State—to ensure that our programming is aligned and reinforcing and that our legislative and budgetary requests reflect our localization vision.

MEASURING AND MOTIVATING PROGRESS

We will need a variety of methods and metrics to capture all the dimensions of our greater embrace of localization. These efforts will be anchored in two interconnected, high-level indicators to measure Agency-level progress on localization:

- 1. USAID will provide at least a quarter of all our program funds directly to local partners by the end of FY2025.** This indicator will capture the value of obligations going directly to local prime partners¹ relative to the value of all direct obligations. The indicator will capture both Mission and Washington-based funding. However, categories of funding that are not direct awards—e.g., funding to public international organizations, interagency agreements, personal services contractors—as well as government-to-government assistance are excluded from the analysis. The 25 percent target is an ambitious Agency-wide goal; individual Missions and Operating Units will establish their specific targets based on local conditions.
- 2. USAID will take steps to ensure that by 2030, fifty percent of our programming will place local communities in the lead to co-design a project, set priorities, drive implementation, and/or evaluate the impact of our programs.** This indicator will measure the number of activities—e.g., awards to local or international implementing partners, government-to-government agreements²—that demonstrate the use of good practices for prioritizing local leadership at different stages in the procurement and program lifecycle, relative to the total number of activities implemented in the Fiscal Year.³ Progress toward this indicator will require changes in the behavior and actions of USAID staff and our international implementing partners, including international non-governmental organizations (INGOs), development contractors, and public international institutions that channel our support to partner countries.

In addition to the two core localization indicators, we will also track and report on two other mechanisms that support local leadership and have the potential to shift power toward local actors:

- **Subawards from non-local primes to local partners:** INGOs and development contractors will remain important partners to USAID. Improving how we track funding going to locally empowering subawards will better capture with whom we are working and will encourage implementing partners to ensure local and community-based partners assume programmatic leadership roles.
- **Government-to-government (G2G) programming:** National and sub-national governments and institutions play a key role in advancing many development objectives through their policy and regulatory functions, management of

¹ The data pulled for this indicator will capture local partners as those which are registered and headquartered in the country in question. However, our goal is to reach organizations that are based in and responsive to the communities where they operate. The definition of a local entity found in USAID's ADS 303 provides more detail on the types of local development actors with which we seek to partner: "A local entity means an individual, a corporation, a nonprofit organization, or another body of persons that—is legally organized under the laws of; has as its principal place of business or operations in; is majority owned by individuals who are citizens or lawful permanent residents of; and managed by a governing body the majority of who are citizens or lawful permanent residents of a country receiving assistance from funds appropriated under title III of this Act."

² ADS 201 defines an activity as "An implementing mechanism that carries out an intervention or set of interventions to advance identified development result(s). Activities range from contracts or cooperative agreements with international or local organizations, to direct agreements with partner governments, to partial credit guarantees that mobilize private capital, among other examples. Activities also include buy-ins under global agreements (e.g., Field Support agreements) that generate programmatic results in a given country or region. In Missions, activities should contribute to development result(s) set forth in their Country Development Cooperation Strategy."

³ The exact operational definition of this indicator is still in development. It will be co-designed and piloted with staff input.

domestic resources, responsibility for public service delivery, and remit to address public goods. Tracking project-based G2G assistance that supports efforts that are responsive and accountable to the local communities the government serves will help encourage and capture these types of collaboration.

THE PATH FORWARD

Localization will require a significant shift in how USAID manages the program cycle in terms of strategy, design, implementation, monitoring and learning. The dynamics of how we manage and diversify partnerships, structure agreements, co-create solutions, and manage challenges and difficulties demand a pivot from traditional contract and grants management to a hybrid technical cooperation model characterized by authentic and mutual partnerships. Staff will need guidance, as well as new knowledge, skills, and abilities to manage these changes, and the Agency will need new approaches to manage risks and strengthen capacities of local organizations.

USAID's approach to localization will build on past efforts and lessons learned to identify constraints and disincentives within our own procedures and practices that have impeded localization, and it will engage Agency expertise to find ways to overcome them. While some of these programmatic and operational impediments can be addressed relatively quickly through streamlined tools and processes, others—such as how we define and measure success, align staff incentives with localization, shift our organizational culture, or change our regulatory environment—will take time, resources, and creative leadership to resolve.

To move this agenda forward, we have engaged and will continue to work closely with practitioners, experts, and stakeholders within USAID, across the U.S. government, in the countries and communities in which we work, and across the development landscape to develop an action plan of localization reforms, including in the areas of: improving policy and program practices, ensuring Missions and Washington-based operating units are staffed to meet increased time and resource demands, mobilizing human and financial capital, examining acquisition and assistance practices, reevaluating risk management, expanding and improving partnership quality, building coalitions, and measuring results. These are ambitious goals, central to USAID's mission of advancing a free, peaceful, and prosperous world.