

# NGO COMMUNITY RESPONSE AND RECOMMENDATIONS ON USAID'S DRAFT LOCAL CAPACITY DEVELOPMENT POLICY

InterAction developed the summary response below based on submissions from and discussions with Member organizations working on locally led development and localization. InterAction submitted formal comment of all input received from Members. The version below has been lightly edited for conciseness and clarity.

The InterAction community appreciates the opportunity to provide feedback on USAID's new Local Capacity Development Policy. Moreover, we commend the acknowledgment of the need for complementary local capacity development activities that are context-specific. This policy is timely, and with proper implementation and further clarification of the policy in different political contexts (i.e., closed, closing, and open societies), it will help advance the agency's goals of increased local ownership. The process of consulting with local organizations in developing this policy is welcome, and we hope it continues in the implementation and the development of other agency policies.

The following pages detail key areas for improvement in the current draft strategy and considerations for policy implementation. In our submission, we also highlighted appreciation for the length of the comment period (over one month), which allowed organizations to provide thoughtful feedback. We hope that similar timeframes will be given for comments on future agency policies. However, the provision of the policy and collection of comments were English only, thereby limiting feedback from local partners that this policy will potentially impact. Future comment periods should address this limitation.

## OPPORTUNITIES TO STRENGTHEN THE LOCAL CAPACITY DEVELOPMENT FRAMEWORK AND PRINCIPLES

### **Ensure that marginalized and underrepresented groups are mainstreamed throughout the policy and meaningfully included in decision making processes**

The policy makes general statements on listening to marginalized and underrepresented groups to inform capacity development programming. It should further demonstrate how it will include people outside the center of power while recognizing that marginalized groups are not a monolith. The policy should outline concrete action steps to engage with LGBTQIA+ people, women and girls, people with disabilities, Indigenous peoples, marginalized ethnic and religious populations, internally displaced persons, youth and the elderly, and other socially marginalized individuals.

#### **→ Recommendations:**

- Prioritize children and youth in the local capacity development strategy as influential voices and players in creating local policies and programs. Children and youth are largely absent from the policy as both a target population for development outcomes and an important stakeholder group.
- Meaningfully include disabled people's organizations (DPOs) to lead on programs and have equitable inclusion whenever working with civil society.
- Carve out a more significant role for Indigenous knowledge and experience learning to inform local priority setting and analysis.



- Apply a gender and social inclusion lens to all capacity strengthening activities. System strengthening is vital, but without a gender and social inclusion lens, it risks anchoring organizations in a system benefiting those who are already entrenched in male-dominated power structures.
- Outline steps involved in listening and gathering perspectives from representatives of these marginalized and underrepresented groups and how USAID ensures that all voices— not just the loudest or most influential— are considered and that the tools are utilized to understand the relationships between the various actors at the local level.

## **Start with the local system and build the capacity of the overarching system**

Members support the policy’s aim of shifting from short-term, compliance-related outcomes towards long-term performance improvement, recognizing that every actor is different, develops in unique ways, and has distinct priorities. The policy should further define how USAID intends to manage expectations for how long it takes to create sustainable capacity strengthening that is comprehensive and locally defined.

### **→ Recommendations:**

- Recognize that local capacity exists—even if comparatively low—so that the local capacity and context are starting points for USAID and other partners. Therefore, we recommend shifting terminology from “capacity development” to “capacity strengthening.”
- Ensure that the new capacities built and/or strengthened are not dependent on extrinsic support for sustenance.
- Invest in building the capacity of the overarching system beyond just the skills-building of individuals, including but not limited to infrastructure, communications, and equipment.
- Consider developing actor-based technical guidance, not just sector-based guidance.
- Strengthen the capacities of project teams through project-sponsored professional development activities to ensure host country staff have equitable access to career growth and continuing education opportunities afforded to their colleagues in the U.S.
- Consider anchoring social accountability across the seven principles to strengthen the relationship of direct accountability between citizens, policymakers, and service providers.
- Invest in cross-sectoral programming to develop literacy and health capacity-building materials and books in local languages to achieve joint objectives for USAID’s All Children Reading (ACR) and the Lecture Pour Tous Program, which increases overall capacity development of children and youth.
- Recognize how creating and reinforcing relationships more systemically can increase local capacity exponentially by linking local actors together in locally owned and sustainable spaces, (e.g., multi-stakeholder platforms) and filling critical gaps in local governance systems.

## **Understand the national and sub-national social and political context for local capacity strengthening**

The framework and principles acknowledge starting with local systems and local contexts to effectively strengthen the capacity of local actors. To aid this process further, it should address shrinking civic space and enabling environments for local capacity building, noting macro and national policy changes that incentivize or deter locally led capacity development.

## → Recommendations:

- Capacity-building programs should also challenge harmful and restrictive religious and traditional practices and beliefs underpinned in culture, emphasize the participation of women in socio-political spaces to influence gender-sensitive and inclusive policies, and support other legal and legislative instruments.
- Clarify what complementary interventions toward system-level change may look like and how capacity development can connect with and inform those efforts (i.e., anti-corruption, democracy, governance, and human rights).
- Provide greater guidance for how this strategy could be contextualized to account for different political contexts, from open, to closing and closed. How does this strategy look in countries with shrinking civic space compared to more open operating environments? Provide comparable guidance for conflict settings.
- Distinguish between development and humanitarian programming since the distinct types of programming have different funding, legal constraints, and clauses that govern its timeframes, flexibilities, and grant conditions. Toward that end, clearly outline how the policy applies to humanitarian and emergency programming.
- Understand how the United States is—consciously or not—contributing to these systemic barriers to development.
- Mention the agency’s forthcoming accountability mechanism and explain its role as a recourse for project-affected communities. At the same time, explicitly connect the policy with USAID’s governance commitment to ensure accountability for harms that occur despite preventative efforts.

## LOOKING AHEAD TO THE IMPLEMENTATION OF THE LOCAL CAPACITY DEVELOPMENT POLICY

Members welcome the spirit and approach of the policy and appreciate that a section on implementation was included. Members raised many specific questions on implementation, listed below, particularly on how this policy will relate to USAID concepts of risk management, procurement modifications that will be necessary to make this policy a reality, the expectations of Mission staff under the new policy, and roles and partnership with the INGO community. InterAction encourages USAID to continue consultations with local partners and the INGO community as these implementation decisions are made.

### Align USAID staffing with other agency policies/approaches

#### → Recommendations:

- Consider what a country aspires to achieve in its national development plans during the implementation of this policy.
- Address the staffing requirements created by full implementation of this policy, and specifically outline plans to increase the number of staff working on capacity strengthening for local actors. USAID should also consider the skillsets required to implement this policy and identify which gaps require training and which require new hiring. It is quite likely that training and dual hatting of current staff is insufficient to fully actualize this policy.
- Consider how to promote mutuality across the system, not only to direct partners. The principle of mutuality must be strengthened between U.N. agencies and their partners.
- Connect this policy to USAID’s parallel anti-corruption, governance, and human rights work to create an enabling environment where capacity development can translate into improved development goals as defined by local communities.

**Prioritize funding mechanisms that are decentralized to effectively strengthen the ability of local actors to “learn by doing” to enhance local leadership and influence.**

**→ Recommendations:**

- Clearly state how fiduciary risk will be practically balanced with capacity development aims.
- Establish flexible and acceptable financial management systems run by local organizations at the outset of a project, allowing this system to mature and refine throughout the project.
- Ensure that adequate budget and operational resources are in place before the program begins so that local organizations can effectively monitor results.
- Outline how local capacity development will be financed and what role INGOs can play in this process.
- Elaborate on how USAID plans to change funding mechanisms to take the longer time horizons into account for local capacity development.

**Ensure that local capacity development activities are developed, reviewed, and adapted with the Collaboration, Learning, and Adapting (CLA) framework in mind will help the development community remain sensitive to the ever-changing environments.**

**→ Recommendations:**

- Specify which results qualify as change at the systems level.
- Provide more guidance on expectations for the methodology and results for the systems analysis and clarify who defines performance improvement.
- Provide more robust guidance on implementing training rather than categorically de-prioritizing it. It’s popular for many valid reasons but isn’t always conducted in a creative, participatory, hands-on manner and most often isn’t evaluated or followed up by post-training supervision.
- Address barriers to producing and sustaining development outcomes outside of capacity development, such as state corruption, organized crime, and lack of cooperation from political elites. In complex contexts such as these, local actors with strong capacity may prevent worse harm as much or more than they advance change. Performance measurement should acknowledge the many possible outcomes of capacity development work, even when systemic change remains elusive.
- Explicitly outline opportunities for civil society organizations and NGOs, particularly local organizations, to be a part of the implementation of this policy and the mechanisms for external organizations to track implementation progress.